

**Selling to Sweden**  
**Case: SW-Development Ltd.**

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## **ABSTRACT**

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To be able to succeed in sales, a company is forced to have a sales strategy. Different strategies may be combined to achieve the most cost effective solution. This thesis concentrates on figuring out different sales strategies taking B2B (business to business) sales into consideration. Finally a proposition about the sales strategy for SW-Development Ltd. for Swedish markets is given.

This thesis was conducted during a practical training period at SW-Development Ltd. SW-Development Ltd is specialized in supply chain profitability improvement and provides solutions as a form of software. The intention of this thesis was to gather clear facts about the differences between Sweden and Finland for this internationalizing company. Information about the target country was gathered to a PESTLE –analysis for getting a broad overview. With this analysis the company may compare the differences and estimate resources needed for sales in Sweden. SW-Development Ltd. already has Swedish customers but with the help of this thesis they may improve the quality of their sales.

SW-Development Ltd. has a very specialized product and therefore findings in this thesis cannot be generalized. However, overall knowledge about sales and the target country assisted on creating a unified entirety.

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Key words: sales work, sales strategy, Sweden, PESTLE

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## 1. INTRODUCTION

Selling process include many details that need to be taken into consideration to be able to succeed. B2B sales usually pursue to create a customership that lasts for many years and this requires a lot of work even before the meeting and long after closing the deal. Many features need to be taken into consideration by the sales person and it needs to be remembered that every customer company is different with different needs.

This Bachelor's thesis aims to deliver clear facts about sales strategies and propose a strategy to be used when selling in Swedish markets. Before one can deliver a competent proposal of strategy, also sales strategies and the features of the target country must be understood. Different strategies work for different kinds of products and services and for different kinds of customers. All that has to be noted in sales planning.

The information was gathered from different sources of literature. Internet was also playing big role as a source of information. The commissioning company and the representatives of it were closely being in touched during the thesis making period.

## **2. SW-DEVELOPMENT LTD.**

### **2.1 Company presentation**

SW-Development Ltd. is a Finnish, family owned company operating in the field of software development. SW-Development Ltd. is specialized in improving supply chain profitability and its headquarters is located in Tampere, Finland. The company is mostly called as SWD and this is the abbreviation used in this thesis as well.

In this form the company has operated from the year 2003, but the roots extend all the way back to the year 1993. SWD specializes in supply chain profitability improvement and offers its' clients optimization of sales, purchase, production and logistics. Currently SWD employs 28 employees but there are several recruitment processes going on all the time. New talented professionals are recruited whenever found. SWD has been able to get many international clients from the fields of steel, rubber, assembly, mechanical engineering and foodstuff. To mention some of the well-known clients there are for example Sandvik Mining and Construction Oy, Olvi Oyj and BRP Finland Oy.

SWD has received "Strongest in Finland" –certificate which is a proof of company's creditworthiness, reliability and excellent ability to pay. What the certificate tells to customers, partners, creditors and others involved with the company, is that the cooperation is on solid ground. (Suomen asiakastieto Oy)

This company with a good financial standing is planning on larger internationalization and SWD already has an operating model to be able to serve global clients. This enables high-class project deliveries and customer service despite the location of a customer. In addition, SWD is able to operate more internationally through its global cooperation partners such as Accenture Oy, CGI and Acando Oy.

## 2.2 Analysis of the company situation

An SME, small or medium sized company, is defined by the law of European Union. Usually following criteria are used when defining a company:

1. The total number of employees
2. Either the turnover or the total amount of the balance sheet.

If there are less than 250 employees in a company or the turnover is less than 50 million euros or the total amount of balance sheet is below 43 million euros, the company is defined as a medium sized company. Then again, a company that employs under 50 people, the turnover is less than 10 million euros or the balance sheet stays below 10 million euros, is defined as a small company. Micro company then employs under 10 people and the turnover is less than 2 million euros. Also the total amount of balance sheet is less than 2 million euros. (European Commission). By these criteria we may state that SWD is a small company.

SWD has over ten years of experience of product development and the personnel contain professionals from many different fields of business. SWD has a broad understanding of industrial engineering and management which ensures the project personnel's comprehension about the objectives. Also a quality management system consistent with the ISO9001 is used in the company. When it comes to Swedish markets, it can be said that it is a great advantage for the company that there are several employees who speak fluent Swedish. In addition, the management is Finnish Sweden. Naturally it makes it easier to do business properly if the language is common.

Proper education is required from all applicants and employees. The management team has at least a university level education and has been working in the industry for years. SWD invests on high quality and up-to-date know-how with its personnel and all employees may take additional courses and trainings to maintain their professional knowledge.

### 2.3 The product

SWD is a Microsoft Gold Partner and the product, SWD<sup>PES</sup>, is a certified Microsoft product. SWD<sup>PES</sup> also recently became SAP certified. Technically SWD<sup>PES</sup> is an integrated MES –solution (Manufacturing Execution System) which includes APS –tool (Advanced Planning and Scheduling) and planning features for shop floor level. SWD<sup>PES</sup> is based on real time calculations. The deficiencies in enterprise resource planning are fixed by a seamless integration with the client’s existing ERP (Enterprise Resource Planning) systems. Customers’ production and logistics processes are improved by utilizing intelligent simulation and optimization systems. The increased accuracy in strategic, tactical and operational planning enables SWD’s clients to use their resources for better competitive advantage. SWD<sup>PES</sup> is easy to use and uses simulation and optimization to produce clear overview of the financially most profitable production scenarios. (SWD) Figure 1 is a view from SWD<sup>PES</sup>.



Figure 1; A view of SWD<sup>PES</sup> (SWD)

## **2.4 SWD's existing customers**

Many leading steel, rubber, assembly, mechanical engineering and foodstuff companies rely on SWD's services. For example, there are some well-known companies in SWD's portfolio, such as:

- Olvi Oyj
- Oy Snellman Ab
- Reima Oy
- Sandvik Mining and Construction Oy
- BRP Finland Oy
- Rudus Oy

At the moment SWD's portfolio includes almost 80 companies and most of those companies have operations in Sweden as well.

## **2.5 Customers and markets in Sweden**

Customers of SWD mainly come from the fields of steel, rubber, assembly, mechanical engineering and food industries. Mechanical engineering plays a big role in Swedish economy. All technological companies, which include transportation, telecommunications, electronics, and metal, and machinery industries, employ over 290 000 employees and their total turnover is around 800 billion Swedish Kronor. (Suomalais-Ruotsalainen Kauppakamari)

Machinery industry is very dependent on exports and it is showing signs of becoming weaker. Industry organization of Sweden speculates that the order backlog will decrease in both; the home country and in the most important export markets, which are The Middle-Europe and The United States of America. Many reasons are affecting on this; the crisis of the Euro area, monetary problems in target countries and the decrease of investments in the home country.



The population relation between Sweden and Finland is 1,75 which means that the markets in Sweden are almost twice a size compared to Finland. In 2008 the total turnover of groceries in Sweden was around 17,5 billion Euros when in Finland the corresponding figure was around 10 billion. Biggest market area is in Stockholm. Göteborg comes second and Malmö and Helsingborg are in the third place. (Suomalais-Ruotsalainen Kauppakamari)

### **3. STAGES OF SALES WORK**

In international marketing personal sales work is expensive but effective way to compete with competitors. Personal contacts and personal information sharing are essential factors when it comes to building professional relationships and creating confidence. The importance of personal sales work is emphasized especially in the beginning of exporting, in offering and decision making stage, in customer service and disagreement situations and in contact with significant and big deals. (Vahvaselkä 2009, 223)

International business actions require professional workforce. It is important to have customer-oriented marketing professionals who know the industry, product, customers and their businesses as well. When aiming to international markets international orientation comes in to question. What international orientation here means is:

- international work experience of the employee and the manager and all the connections derived from experience
- strong education and possible studies abroad
- good written and spoken language skills
- knowledge of cultures
- solid knowledge of business cultures (Vahvaselkä 2009, 224)

#### **3.1 Planning and preparation stage**

Before it is even wise to proceed to sales negotiations, planning and preparation need to be done carefully. Sales negotiator has to have adequate basic data to be able to be successful in a negotiation situation. The knowledge need to cover at least following aspects: information about own company and the history of it, company actions and competitive advantages, knowledge about the whole industry and its evolution, economy know-how, features of the products and services that are sold, overall knowledge about the markets, information about the customers and their businesses, information about the competitors and their products and competitive advantages. In addition, sales negotiator need to know how to act in a contact and negotiation situations, how to pay attention to

people from different cultures, how to create a confident essence and what routines and documentation methods the company is using. (Vahvaselkä 2009, 224)

### **3.1.2 ABC - classification**

When creating new customer relationships it is wise to collect the basic data again. Before you can offer a solution to a problem you need to understand the problem completely. Customers are usually classified into different groups based on different criteria. One way to make the classification is the ABC – system. Basically the ABC – classification means the following:

A – Customers (key customers): 20% of the customers produce 80% of the company's profits

B – Customers (medium sized customers): 30% of the customers produce 15% of the company's profits

C – Customers (small customers): 50% of the customers produce 5% of the company's profits

Based on the classification the company may plan customer visits and the usage of time. All in all, the investments for the customer can be evaluated through the classification system. (Vahvaselkä 2009, 227)

### **3.2 Preparation of sales negotiation**

The negotiation is based on a customer analysis. Through this analysis a goal for the meeting is set, the path of the negotiation is planned, all necessary material is gathered, the negotiators are named and their responsibilities are specified. (Vahvaselkä 2009, 227)

Sales person has to keep thinking about the fact that well prepared negotiation strives for closing the deal and building a long term customer relationship. When the salesperson has figured out the basic information about the customer and done thorough preparation, the usable time can be spent wisely. In addition to collecting information, salesperson

needs to prepare all necessary presentation materials and fill up possible forms that are included in sales and customer management processes. (Rubanovitsch, Aalto 2007, 43)

Before the negotiation situation, it is wise for the salesperson to think about strong selling points to be presented for the customer. Concrete arguments are especially valid when the customer is already buying corresponding products from a competitor. The answers have to be argued firmly and the real value for the customer has to come out in a negotiation. (Rubanovitsch, Aalto 2007, 44)

### **3.3 Contacting**

Contacting a potential customer and managing to set up a meeting opens a door to a customer. There are many ways to make the first contact; by phone, by email, by sending a letter or personally. (Vahvaselkä 2009, 228-229)

Rubanovitsch and Aalto state that a phone is still one of the most valuable items of a salesperson. By making a personal phone call it is more likely for the customer to concentrate on the issue than by sending an email that could be sent to anyone. It is important to prepare for the call as well as for the meeting. The customer is more likely listening a well prepared salesperson than someone who has not done background work. (Rubanovitsch, Aalto 2007, 54)

### **3.4 Sales negotiation and closing the deal**

Sales negotiation include following stages:

1. Opening
2. Backgrounds, needs, problems and appreciations
3. Product presentation, argumentation and an offer
4. Customer's counterarguments and processing of them

When going in to a sales negotiation, salesperson's goal is to get an order or other

commitment from the customer. Buying signals need to be recognized and the salesperson needs to know when it is wise to try to close the deal. The customer somehow points out the willingness to buy. Usually these buying signals are weak and hard to be recognized. A good sales negotiation always ends up in drawing up a specific action plan. (Vahvaselkä 2009, 229)

Closing the deal requires goal-directed attitude from the salesperson. The salesperson has to:

- evaluate the exact moment for making the decision
- assist and courage customer on the decision making
- maintain good and constructing negotiation atmosphere
- to think that the decision making is an obvious and natural matter
- base the decision on customer's needs
- believe in his matter
  - the confidence between the seller and the buyer is born naturally
- to create a positive final impression (Vahvaselkä 2009, 229)

What is also an essential point in a negotiation is that the sales person should not assume anything about the customer. The sales person should not assume to know clients' needs and hopes and the customer should not be compartmentalized. The customer is only buying based on own reasons – not based on the salespersons' reasons. (Rubanovitsch, Aalto 2007, 47.)

### **3.5 After care**

In this section after sales actions are named as "after care" as Vahvaselkä does in her book "Kansainvälinen liiketoiminta ja markkinointi".

The intention of after care is to make sure that the product is delivered and made workable for the customer. After closing the deal immediate actions of after care are:

- appreciate the decision of the buyer
  - express gratitude about the deal

- make sales analysis (revenue and objectives of the deal)
- fill up the sales report
- fill up the customer information card
- fill up the paperwork related to the deal, deliver the product by the contract, check and supervise that invoicing is done correctly
- remember to market maintenance-, repair- and replacement part services
- sell accessories and additional services
- contact the customer via phone and inquire for possible problems
- deal with possible reclamations (Vahvaselkä 2009, 230.)

### **3.5.1 Follow-up**

A good salesperson makes a follow-up call soon after the deal. The willingness to buy from the same salesperson is minimal if he or she have not been keeping in touch with the customer. During the follow-up call a salesperson might find out that the customer is dissatisfied with the product. This is a very valuable information – it is good to hear such dissatisfactions as early as possible since the good experience is usually told to one acquaintance where as bad experience is told to dozens.

Long lasting customer relationship and customer satisfaction are the priorities of follow-up. It is very valuable action for both; already existing customers and for those who have shown their interest. In addition, follow-up aims to support the decision of the buyer. Especially after remarkable deals the buyer might feel "buying hangover" and this is when the follow-up is more than important. Unsecure feelings about the deal and the price-quality-relation can be reduced by showing the customer that the salesperson is really interested about the customer also after signing the deal and is willing to help whenever needed. (Rubanovitsch, Aalto 2007, 155-156.)

### 3.6 The referees

There is possibly nothing as valuable advertisement for a company than a satisfied customer. A customer that has received good and overall service may possibly act as a referee for a company. This kind of a customer is more than important when it comes to finding new customers. Referees are not only an efficient but usually they are the most cost-effective way of finding new customers. (Rubanovitsch, Aalto 2007, 158.)

Customerships should be remembered to be take good care of. A company's success is not all about the ability to get new customers; it is more about the ability to keep the old ones. A customer that buys again is the best advertisement a company can get. Re-buying is the factor that tells the actual level of customer satisfaction. (Rubanovitsch, Aalto 2007, 77.) Figure 2 shows the path how a meeting is easier to set if a company has a good reputation and has referees.

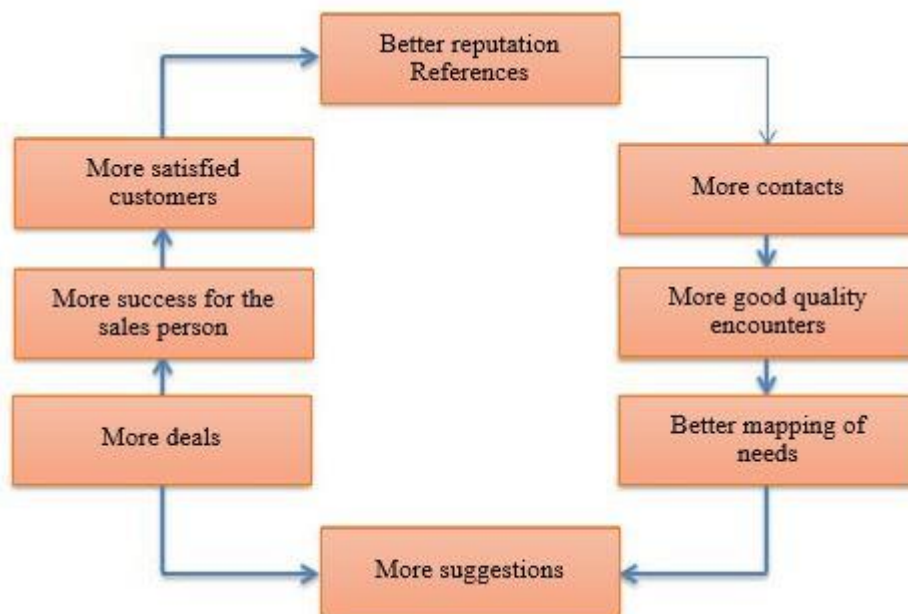


Figure 2; Making an agreement about a meeting with a potential customer is more easily made if the company has a good reputation and has referees. (Rubanovitsch & Aalto, 76)

## 4. SALES STRATEGIES

Product sales, solution sales, value sales. These are the three selling strategies that may be used in a company simultaneously. It is the customer that defines which strategy to use. (Kaario 2003, 27) Figure 3 shows sales strategies from customer perspective.

	"Self sufficient"	Need for expertise	Need for more value
Knowledge of product & application	Customer has sufficient knowledge of product and application	Supplier has superior knowledge in product area	Supplier has superior knowledge of application usage & financial impact
Price orientation	Focus on product cost	Focus on total cost	Focus on total cost in longer term & EVA
View on supply-side operation	Arms length attitude	Co-operative attitude in specific field of application	Open attitude – willing to utilize supplier's expertise in a broad sense
Trust in supplier	Trust in product	Trust in supplier	Trust in supplier as partner for several functions
Openness to share key business issues	Closed	Restricted to certain function	Willing to share in expectation of good return
	↓ Product purchaser	↓ Solution seeker	↓ Value seeker

Figure 3; Sales strategies from customer perspective. (Kaario, 28)

### 4.1 Product sales

The product features are the sales arguments to be used in product sales. The sales person needs to know the product well and be an expert to be able to explain the technical aspects of the product. For product sales to be profitable, the sales person is almost obliged to give the customer visibly differentiated or competitively priced product. Product sales is the way to go when the customer has adequate information knowledge of the product and is used to buying and using the product. Due to high level of knowhow concerning the product, the price is usually the negotiable issue.

What is important considering product sales is to deliver excellent products and/or deliver at the lowest price. The focus should be on building strong brands in addition to efficient



production and delivery process.

Usually customers of product sales are seeking for lower costs or trying to find new product features themselves. The supplier must always think about how to be one step ahead of the competition and how to outperform them. Moreover, what needs to be understood, is how the competition is attacking or trying to change the competitive environment.

The purchasing department is usually the one in customer's organization that the business is done with. Contacts to the business unit may be very limited. (Kaario 2003, 28-29)

## **4.2 Solution sales**

A solution is an answer that brings in more value than the components bought separately. It consists of products (hardware), services (software and professional services) and information. It is a package that cannot be decomposed and this why it has to be purchased from one vendor. A solution is an answer to a certain need and this is the reason for argumentation to be based on how well the solution meets the needs. Again, the sales person is an expert and in solution sales one must understand the connection between customer's current environment and how the solution is integrated to it. The sales person has to be ready to argue the expected benefits of the solution.

In solution sales, price is rarely the first issue to talk about. The far most important matter for the sales person is to be able to link the product benefit to the customer's needs. The discussion concentrates on the total cost instead of just the purchasing price. In addition, cooperation in the fields of installation and maintenance are facts to be brought up.

The customer has to be able to trust, not only the product, but the supplying company as well. If the organization and the ability to deliver on given promises is highly trusted, trust in the product is not that relevant.

Customers for a solution seller are those companies that are not looking only for products to be bought. These companies are looking for a total solution to a given need and they

are willing to discuss business-related issues and reveal some information on current operational processes. The business target is to increase profit with these customers and gain good internal references to be able to widen the cooperation to other departments and functions.

Generally, the business function management is involved in the purchasing processes like these. The purchasing department does not make the decision of buying alone. (Kaario 2003, 29-30)

### **4.3 Value sales**

In value sales the sales person is more like a consultant than a product expert. The concentration is on creating value for the customer. The product or understanding customer's need becomes secondary facts. The sales person needs to be able to deliver positive impacts on the customer's business outcomes.

What is essential to value sales is that the sales person has to have thorough knowledge about the customer's business, what is driving it and how the profits can be affected. This requires for understanding the current process practices of the customer.

Such contracts require not only management level to be involved, but also top management. What this means for a sales person is that a wider range of contacts in the customer's organization must be taken into consideration. For top management, traditional product, services, or outsourcing solutions are not enough. The sales person needs to be able to provide benefits that boost customer's competitiveness. Due to that the value drivers of the customer needs to be understood. The result of mapping the provider's capabilities to the customer's processes should be a change in the customer's process. Hence it can be noted that the consultant actually acts as a process innovator. If the process innovator succeeds in one's job and is able to provide true and meaningful process innovation, competitors are likely to be beaten. How the success in value sales can be measured lies in the accomplishments of innovating new process enhancements and how the customer's profits are driven.

The purchase price usually does not become a determinant when selling value. What becomes more important is the total cost of ownership over a longer period of time. Understanding the long-term value of implementation and usage of the product becomes a mainline in the discussions. Due to this, the sales person needs to have solid knowledge about the product and the financial impacts followed by the purchase of it.

This kind of a relationship requires mutual trust; the customer trusts in the knowledge of the supplier and the supplier trusts for the customer not to reveal the details of the relationship to competitors and that the relationship will last for a long period of time. Mutual success is the goal of both parties. (Kaario 2003, 31-33)

## 5. SWEDEN – PESTLE – ANALYSIS

PESTLE analysis stands for the words political, economic, sociological, technological, legal and environmental. It is an analysis for reviewing the macro environment. These factors are something that a company cannot have an effect on. However, a company may benefit by considering these factors in the strategic decision making. (Strategic planet)

### 5.1 Political

“Politics of Sweden takes place in a framework of a parliamentary representative democratic constitutional monarchy.” (Politics of Sweden) In 1971 Sweden became a single-chamber parliament. In this constitutional kingdom the highest authority lies in the hands of legislative session. The government holds the executive power and it is led by the Prime Minister of Sweden. Juridical power is implemented by independent courts of law.

Sweden beholds four constitutional laws:

- System of government (regeringsformen)
- Inheritance order (successionsordningen)
- Decree of liberty of the press (tryckfrihetsförordningen)
- Constitutional law of liberty of speech (yttrandefrihetsgrundlagen)

There are 21 provinces and 290 municipalities in Sweden. Local government is based on wide municipal autonomy. The decision-maker in a municipality is the municipal council and the leading politician is the chairman of the municipal executive committee.

(Suomen suurlähetystö)

Sweden is not a part of The North Atlantic Treaty Organization (NATO), which is a political and military alliance based on the North Atlantic Treaty. The core meaning of NATO is to secure the freedom and security of its members. (Nato)

In 1995 Sweden joined European Union together with Finland and Austria. In addition, Sweden is an active member of United Nations, and other organizations such as OECD (Organization for Economic Cooperation and Development) and IMF (International Monetary Fund). As a member of Schengen area Sweden became one year after joining EU, in 1996. (European Union)

Freedom, peace and reconciliation around the world are the pushing forces of Sweden's foreign policy. They pursue to work on promoting democracy, human rights and sustainable development. The government enhances the meaning of EU and has brought EU as one of the main issues in the government's foreign policy and in the execution of policy. Sweden appreciates its close relations to its neighboring countries and the government emphasizes the cooperation of Nordic countries. (Suomen suurlähetystö)

## **5.2 Economic**

Sweden is highly industrialized country. When Finland's economy is strongly relying in iron ore and wood, Sweden's economy strongly stands for metal and chemical industry. However, minerals are important for Sweden; it produces the most of European's iron ore. The largest amount of energy production comes from hydropower, since there are no coal resources. (Suomalais-ruotsalainen Kauppakamari)

“The gross domestic product (GDP) measures of national income and output for a given country's economy. The gross domestic product (GDP) is equal to the total expenditures for all final goods and services produced within the country in a stipulated period of time“. (Trading economics). In 2012 GDP of Sweden was 536 billion U.S. dollars and in 2013 it declined to 523, 94 billion USD. So far this year the amount is 557, 94 USD. (Trading economics) The evolution of the GDP of Sweden can be seen in figure 4.



Figure 4; Sweden GDP. (Trading economics)

Despite the fact that during last few years there has been national economic stagnation, Sweden has managed to cope well. However, this prolonged economic crisis of EU has had its impacts on Sweden as well. It can be seen for example as increased unemployment rate; in May 2013 the unemployment rate was 8, 2 per cent, where as in 2012 the corresponding number was 7, 5 per cent. Youth unemployment was very high as well - 19 per cent in August 2013. (Suomen suurlähetystö)

The currency in Sweden is Swedish krona and in 16<sup>th</sup> of July 2014 1 EUR was 9, 2564 SEK and 1 U.S. dollar was worth of 6, 8317 Swedish krona. (Valuutat) Swedish governmental bank is in charge of monetary policy. They practice monetary policy which aims to price stability (2% inflation in a year). (Suomalais-ruotsalainen Kauppakamari)

### 5.3 Sociological

This section handles different aspects of socio-cultural approach. Covered topics are language, religion, values and attitudes, age of population, education and business culture of Sweden.

#### 5.3.1 Language

Swedish is the mother tongue people talk in Sweden. Swedish has over 8, 3 million native speakers all over the world which of 7, 9 million live in Sweden. Swedish is also one of Finland's two mother tongues. In addition, there are six community languages, which are Finnish, "Mäenkieli", Sami, Jiddiš, Romani and Swedish sign language. (Norden) Figure 5 shows the knowledge of foreign languages in Sweden in 2005.

Knowledge of foreign languages in Sweden, 2005, in per cent.

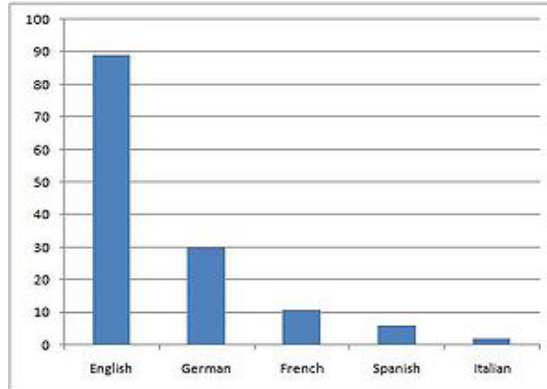


Figure 5: Knowledge of foreign languages in Sweden 2005 (Ruotsin Kielipolitiikka)

A foreigner can cope well with English in Sweden. Swedes have had English as a mandatory school subject since 1940 and this is perhaps the reason for almost 90% of them were speaking English in 2005. About 30% spoke German and around 10% spoke French. Immigrants have of course brought some other languages to the country as well, but those languages are not spoken so extensively. (Ruotsin Kielipolitiikka)

### **5.3.2 Religion**

Around 75 per cent of all Swedes belong to Lutheran Church as in Finland the percentage is 75, 2%. Until the year 2000 Swedish church had the status of state church. Nowadays the state of church is secured in the law of Sweden. Even though the most of Swedes belong to church, they are not very religious and during last few years memberships in churches have declined.

Because of immigration there are many other active religions in Sweden as well. Most common of those are Roman Catholics, different Orthodox orientations, Islam and Free Church. (Pohjola-Norden)

### **5.3.3 Values and attitudes**

Democracy is highly appreciated in Sweden. It seems that within the democratic regime they concentrate on formal matters, whereas Finns are focusing on the consequences of this kind of actions regarding income distribution and crime policy.

Equality between men and women is another issue that is highly appreciated in Sweden. In WVS (The World Values Survey) research that was executed in 2006 Swedes seemed to be more favorable about equality than Finns. About 80 % of all respondents answered equally on four questions included in the survey. The questions were modified as claims which were; if there are only a small amount of workplaces available, men should have a priority when considering getting a job, men are better politic leaders than women, university degree is more important to men than women, and men are more suitable for business executives than women. The corresponding share of Finnish respondents was notably minor – only 60 %.

(Eri tapoja kohdata suuri elefantti – Suomalaisen ja ruotsalaisen kulttuurin vertaileva tutkimus)

Swedish people are considered as a very liberal nation. Maybe this is because of the fact that almost every fifth Swede is an immigrant or at least one parent is born outside Sweden and so they are used to multicultural environment. (Passport to trade 2.0.)



For what it comes to everyday behavior, Swedish people take hospitality as an important factor. It is perceived negatively if someone fails to say “thank you”. In addition, it is very rare to be witnessed that a Swede shows strong emotions or anger publicly. Usually they speak softly and calmly. (Kwintessential)

### 5.3.4 Population

May 31<sup>st</sup> 2014 there were 9 684 858 inhabitants in Sweden. From previous year the population has grown 1, 00 %. When examining tables from Swedish national authority for collecting and compiling statistics on various fields of society and economy, it can be seen that in December 2013 there were almost even number of men and women; the difference was only about 15 000 in favor of women. The distribution can be seen in figure 6.

Women	Men	Total
4 830 507	4 814 357	9 644 864

*Figure 6; Sex distribution in Sweden (Statistics Sweden)*

In Sweden it is possible to start drawing retirement allowance after the age of 61. However, until the age of 67, an employee may decide how he or she is willing to continue working. In December 2013 there was 3 049 304 women and 3 137 333 men between the ages of 18 and 67. In total the number was 6 186 637. (Statistics Sweden)

### 5.3.5 Education

Education is free and compulsory in Sweden for children aged 7 to 15 or 16. However, almost everybody start their scholar career in the age of 6. After these school years youngsters go to upper secondary school and that is only if they pass their exams at least in Swedish, English and mathematics. Others study educational programs customized according to their needs. Local municipalities play big role on education; around 50% of the municipal budget is spent on education.

A new higher education system came into action in 2007. The system is divided into three

levels: basic level, advanced level, and doctoral level. Before a student is able to enter higher education program, the applicant must substantiate a minimum proficiency in Swedish and English. This is done by taking 2 years of Swedish and English or passing Swedish B and English A. TISUS, which stands for “Test in Swedish for University Studies”, is a way for international students to prove their ability in Swedish. (Education in Sweden)

### **5.3.6 Business culture**

Punctuality is important for Swedish people not only when making business but also in private life. This represents respect and efficiency. Besides punctuality, Swedes are very organized. They usually plan everything properly and frequently make schedules. Agendas are generally followed during meetings and it is very important to keep the promises made.

When preparing for a business meeting with Swedes, it should be done properly. They tend to be analytical and precise. All details should also be presented on paper as well. It is wise to make sure that the presentation is matter-of-fact and well organized. Confidence is built by following these steps. When considering factors about how to act in practice, a guest should always remember that the meeting is formal. Formality and seriousness belong in dealings until Swedish personnel allows the event to become more casual. (Kwintessential)

Dress code for a business meeting is conservative and decent. However, Sweden is a country where casual dress code is the most popular in a work place. Swedish people value quality and they are kept as fashionably well-dressed. A presentable outfit for a man for business meeting would be a dark suit and tie, and a business suit for a woman. Alternatively a woman may dress up in skirt or trousers and a blouse. Dress code should be kept in mind also during the evening. Even though most of the restaurants do not require men to wear ties, upscale ones are expecting both men and women to be dressed well.

Corruption is very minimal in Sweden. In 1962 there came a Swedish criminal code in

action that includes sanctions for bribe. It is illegal to receive or give any kind of bribe. (Passport to trade 2.0.)

#### **5.4 Technological**

Technology in Sweden is on high-level and there are many inventions that are known worldwide. One of those grate inventions is Skype. This invention makes it possible to make free calls and video calls with devices that are connected to internet. In 2005 the company was bought by eBay for 23 billion kronor. Simultaneously Skype has around 30 million online users. In May 2014 Microsoft absorbed Skype for 55 billion kronor.

Another well-known innovation that comes from Sweden is Spotify. This music streaming platform was founded in 2006 and had over 10 million users. When Spotify was launched in the US market in 2011, there were tens of thousands of new users again. The turnover of the firm is estimated to be around 2 billion kronor, which is around 311 U.S. dollars. Stock value is somewhere around 15 billion kronor.

“The Web Index is the world’s first measure of the World Wide Web’s contribution to development and human rights globally.” (Webindex) According to this survey done in 2013, Sweden holds the first place of all 81 countries covered. Areas such as universal access; freedom and openness; relevant content; and empowerment are evaluated in the survey. (Webindex)

#### **5.5 Legal**

When it comes to working in Sweden, there are many laws related to it. Employment rights are protected by a number of labor laws to make sure that an employee cannot be fired without a proper notice.

There is no law about minimum wage in Sweden. However, minimum payment is covered in Swedish collective agreements and it varies from one business area to another. The Swedish employers’ organizations negotiate with employers for collective arguments to

guarantee same rules for everyone and the minimum terms of employment.

Trade and labor unions manage and support collective bargaining in Sweden. If a collective agreement is in use at the workplace, an employee is covered by it even not being a member. If there is no collective agreement, union can be contacted for assistance. (Workers' rights and unions, Sweden)

Taxation in Sweden is supervised by The Swedish Tax Agency. One does not have to pay taxes in following cases;

- An employer does not have an office or workplace in Sweden and the stay in Sweden is only for a short time
- An employee is working for a maximum of 183 days during one year. In this case the foreign employer is not allowed to have a fixed operating base in Sweden; meaning "a permanent place for commercial enterprise from which the enterprise is run totally or partially."

On the other hand, taxes become payable if;

- An employer has a fixed operating base and the working period takes longer than six months
- There is a case that an employer has a fixed operating base in Sweden and employs a non-resident foreign employee for at most six months. In this case SINK (special income tax) becomes payable. After six months taxes are paid according to the normal provisions concerning state and municipal income tax as the employee is considered as a resident of Sweden. SINK amounts to 25 per cent. This may also be applicable if there are repeated periods of residence in Sweden.

There is also a possibility to pay tax at once according to the normal provisions concerning state and municipal income tax and receive a cost deduction afterwards. This can only happen through Swedish Tax Agency. In this case the tax rate is over 25 per cent. Basic deductions and general deductions can be taken from taxable income if the total income has entirely or almost been earned in Sweden. These kind of deductions does not apply in the case of special income tax.

In case a foreign employer sends an employee to Sweden for a working period less than a year, social security contributions does not need to be paid. If the employee comes from another EU/EES country the membership of the other country's national insurance system has to be verified. In all other cases social security contributions must be paid. There is the Swedish Tax Agency's Overseas Office in Malmö or the Overseas Unit in Stockholm where foreign employers must register. (Swedish work environment authority)

## 5.6 Environmental

Sweden is located in Scandinavia and it shares land borders with Norway and Finland. Of all Nordic countries, Sweden is the most populous country and population density is highest in the Southern part of Sweden.

Environmental issues are taken seriously in Sweden. The country has been actively involved with both national and international work in the field of environment. Nowadays Sweden has the highest percentage (over 47 per cent) of renewable energy in the EU and that is a proof of such actions. (Sweden's environmental policy)

The environmental policy of Sweden seeks to forward to the next generation a society in which the major environmental issues have been solved. Swedish *Riksdag*, which stands for the Swedish Parliament, has set 16 objectives to be able to achieve that;

5.2.Reduced Climate Impact

5.3.Clean Air

5.4.Natural Acidification Only

5.5.A Non-Toxic Environment

6. A Protective Ozone Layer

7. A Safe Radiation Environment

8. Zero Eutrophication

9. Flourishing Lakes and Streams

10. Good-Quality Groundwater

11. A Balanced Marine Environment, Flourishing Coastal Areas and Archipelagos

12. Thriving Wetlands

13. Sustainable Forests
14. A Varied Agricultural Landscape
15. A Magnificent Mountain Landscape
16. A Good Built Environment
17. A Rich Diversity of Plant and Animal Life (Government offices of Sweden)

## 6. DISCUSSION AND RECOMMENDATIONS

The intension of this thesis was to summon main differences between Finland and Sweden when selling to Sweden. All in all, the information gathering went without grater problems and basic information was successfully gathered.

Sales work had to be split into smaller pieces to be able to fully understand the process and how much it requires work to be done. A successful selling process takes even the smallest details into consideration and requires detailed work from the sales person. Sales strategies required more deeply delving into to be able to understand the differences and the requirements properly. Different kind of products and services require different manners of an approach.

SWD<sup>PES</sup> brings value for the customer's business but on the other hand it gives a solution to a problem. What is the right sales strategy for SWD, is to combine features from value sales with the features of solution sales to be able to achieve the most cost effective conclusion. The intension is in creating long term customer relationships as in value sales but the endeavor is also to sell a package that cannot be decomposed and this is why it has to be purchased from one vendor. Desired outcome in value sales is a change in customer's process and this is something that can be done with SWD<sup>PES</sup>.

Creating awareness in the target country would probably be a good investment. SWD is quite unknown even in Finland and competing with the companies that are known in Sweden can be very challenging. For example, the use of the reference companies could create wanted interest towards SWD. However, a competitor analysis is recommended to be done next. It is essential when entering new market areas since it evaluates the strengths and weaknesses of current and potential competitors and it gives an opportunity to determine opportunities and threats. It should be done to be able to see how SWD is placed compared to its competitors.

The importance is in understanding customer's needs and modifying the sales situation according to it. What is essential, is to study and understand customer's business and needs to be able to justify the benefits of the purchase.

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Figure 1:

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Figure 2:

Making an agreement about a meeting with a potential customer is more easily made if the company has a good reputation and has referees

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Figure 3:

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Figure 4:

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Figure 5:

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