



**LAUREA**  
UNIVERSITY OF APPLIED SCIENCES  
*Together we are stronger*

# Entering the Swedish nutraceutical market: a case study

Roccato, Marco

2016 Leppävaara



Laurea University of Applied Sciences  
Leppävaara

## Entering the Swedish nutraceutical market: a case study

Marco Roccato  
Degree Programme in Business Management  
Bachelor's Thesis  
June, 2016

Roccato, Marco

**Entering the Swedish nutraceutical market: a case study**

Year	2016	Pages	47
------	------	-------	----

---

The purpose of this thesis project was to provide an effective strategy to support the internationalization process to neighbouring countries for a small-sized Finnish nutraceutical distributor. The main point of the work is to provide an effective strategy which is based on the data collected on the market of the country, its main competitors and retailers, distribution and market trends.

The main question of how to enter the Swedish nutraceutical market effectively has been analyzed first in terms of theoretical research, presenting the main theories of internationalization for small- to medium-sized enterprises, particularly regarding internationalization drives and partner selection, which are considered key elements in the case ahead.

A study of the country's general environment has been conducted using a PESTEL analysis and cultural dimensions to give the company a more detailed understanding of the megatrends affecting the market and the distance in terms of culture between the two neighbors, Finland and Sweden. This study is accompanied by a market analysis that takes into consideration the general trends in the pharmaceutical market, the trends in the segment of OTCs and nutraceuticals and the distribution channels.

The method employed in the market analysis is exclusively quantitative as it presents the main factors in the pharmaceutical and nutraceutical segments by studying dynamics such as sales volumes, market presence in number of stores, competitors' revenues and market demand.

The peculiarities of the Swedish market, with its former monopoly in the sales of pharmaceuticals and the presence of strong competition, creates the need to present a strategy strongly based on market positioning, giving the opportunity to the company to exploit its premium product to enter the high price segment, a niche market that presents less competition.

In conclusion, the data gathered on the distribution channels and the main retailers with a very polarized outlook has offered the possibility to propose a two stages approach that will help the company effectively gaining market shares.

Key words     Internationalization, SME, Pharmaceutical Industry, PESTEL analysis, Strategy

## Table of contents

1	Introduction.....	6
1.1	Purpose of the thesis.....	6
1.2	Background analysis.....	6
1.3	Research approach.....	7
1.4	Theoretical background.....	8
1.5	Framework of the thesis.....	8
2	Theoretical background: internationalization theories.....	9
2.1	The internationalization concept.....	10
2.2	International theories for MNEs.....	11
2.3	Internationalization theories for SMEs.....	12
3	Theoretical background: the internationalization process.....	14
3.1	Drives and motives for internationalization.....	14
3.2	Market selection process.....	16
3.3	Market entry modes.....	17
3.4	SME's strategic decision making for internationalization.....	18
4	Country analysis.....	20
4.1	Country analysis methodology.....	20
4.2	PESTEL Analysis: political environment.....	21
4.3	PESTEL Analysis: economical environment.....	22
4.4	PESTEL Analysis: technical environment.....	24
4.5	PESTEL Analysis: environmental environment.....	25
4.6	PESTEL Analysis: legal environment.....	26
4.7	Swedish cultural dimension.....	27
5	Market and distribution analysis.....	28
5.1	Market analysis methodology.....	28
5.2	Industry outlook: the Swedish pharmaceutical industry in general.....	29
5.3	Customers outlook.....	30
5.4	Manufacturers outlook.....	31
5.5	The Swedish nutraceutical market.....	33
5.6	Distribution and retailing markets in Sweden: characteristics.....	35
5.7	Market assessment: SWOT Analysis.....	37
6	Market entry strategy.....	39
6.1	Market entry strategy: competitive positioning.....	39
6.2	Market entry strategy: short term period.....	40
6.3	Marketing entry strategy: medium-long term period.....	41
7	Conclusions.....	42
	Figures.....	47



## 1 Introduction

### 1.1 Purpose of the thesis

The purpose of this thesis is to develop a suitable market entry strategy for the case company X and designing an efficient strategy for approaching the Swedish market. In order to plan the said strategy it is important to study market size, competitors, consumers behaviors and the major trends that will affect the market in the future. The final objective is to offer a comprehensive tool for the company to proceed with its expansion and internationalization process.

The starting point for the research ahead has been given by a discussion with the company management that has shown interest in developing a presence in a foreign market to counter the diminished growth of the local market. The idea was to find a market that has similar characteristics to Finland but that has the numbers to permit a strong growth of the revenues of the company.

As a foreign presence has been already established in the near Estonia, prominence towards a geographically and culturally close country has been indicated as a more optimal choice by the management, the idea of choosing Sweden is also in connection with the more traditional theories of internationalization for SME, which state that foreign expansion has to start in a closer market first (Johanson & Vahlne 2009).

### 1.2 Background analysis

The study will be focused on a Finnish small size company, based in Turku, working since 2014 in importing, rebranding and selling nutraceuticals, or food integrators, and OTC products in Finland. The company supply chains starts in Italy, where their main products are manufactured, moves to Estonia where the company has subcontracted the packaging and branding phases and ends in various Finnish pharmacies through direct selling, thanks to a small number of agents working directly for the company.

The company's activities in the past years have been focused only in searching for a sustainable growth domestically by ensuring a good distribution of their products to the final customers, at the moment the company sells its nutraceuticals to 181 pharmacies across Finland and has good coverage of both the main urban areas and the rest of the country.

By having their packaging center in Estonia, a first and natural first internationalization step has been taken in the country by selling their products there through third parties agents.

Since the product, especially with regards to nutraceuticals have been well received in both countries, the management has decided to further their internationalization process and search for near market that could present interesting opportunities.

Hence, the idea of preparing a market analysis on Sweden to assess what possibilities the country presents, competition strength and direction, demand prospective and trends in the sector. Therefore, the aim of the research will be to offer a comprehensive study of the Swedish country and its pharmaceutical market, with a focus on the OTC segment, which will be preparatory for the strategical analysis and the planning stage for market expansion.

To that end, the main theoretical background will be focused mostly on studies on SME and will have in the stage model a starting point, as it presents many similarities with the internationalization process undertaken by the case company. Furthermore, as the case company, which still maintains a turnover well below the 100.000 € per year, the difficulties in making direct investments in foreign countries will put much stress on internationalization theories and their applications with regards to third parties search in foreign markets.

As a request from the CEO of this enterprises, that from now on will be mentioned as Company X, this research will maintain anonymity on the real data and name of their operations.

### 1.3 Research approach

The market analysis will be conducted on two level, a more general level on the country itself and a more specific study on the characteristics of the pharmaceutical segment. These two levels combined will give a detailed framework of the market and help devise the most efficient strategy for a successful market entry.

On a general level the research will use a two stage model (Gaston-Breton & Martin 2011) which categorizes two main group of characteristics: general, those more measurable and accessible, and specific, those less measurable and accessible (Gaston-Breton & Martin 2011). The general characteristics will be presented using a PESTEL analysis, which describes the main aspects of the country with regards to politics, economics, social trends, technology, environment and law (Hedin et al. 2014).

Specific characteristics, which take into consideration socio-cultural aspects, will be presented through a comparison of the main cultural dimensions highlighted by Hofstede's model between Finland, the home country of the company, and Sweden, where the main partners and customers are to be found.

The specific market research will be focused on a quantitative analysis of the main components of the Swedish pharmaceutical market in terms of sales, competitors, trends and customer preferences. Furthermore, an important part of the analysis will be dedicated to the distribution segment as a key element in the success of the strategy. This analysis, which will also be mostly quantitative, will present the main retailers and distributors in the country based on sales volumes and market coverage.

A SWOT analysis will be also carried out to assess strengths and opportunities for the company in the market while also keeping in consideration the main weaknesses and threats for the successful expansion and establishment of the company's products in the new market.

#### 1.4 Theoretical background

The study of the market will be preceded by a presentation of the main theories of internationalization for small and medium size enterprises and the main motives, drives and characteristics of a successful internationalization process especially with regards to exporting. These theories will be presented chronologically to show the advancements in the theoretical thinking in the field.

The starting point of the theoretical discussion will be dedicated to study the concept of internationalization itself and its evolution in the last century, when the phenomenon became a prominent part of the global economy. A section will be also dedicated to the main theories regarding large scale enterprises, which according also to the data shown in the research section are to be considered key organizations in the global pharmaceutical market.

The focus will be shifted to the small and medium sized enterprises' environment and the theoretical analysis will follow the advancement of studies in this segment from the Uppsala Model to the Network model. The main characteristics and critiques made on these model will be also presented in order to show the most advances line of thinking in this field.

The last part of the theoretical background will analyze the more concrete aspects of a successful internationalization process such as drives to internationalize, market selection process, market entry modes and strategic decision making with regards to partner selection and further expansion in the market.

#### 1.5 Framework of the thesis

The analysis is divided into seven chapters and will follow the scheme presented at the end of this section. After the introduction, the first two chapters are dedicated to the theoretical



background, the following two will present the research methodology and results while the sixth will be a strategical development of the empirical results of the market research.

Each chapter will be further divided in sub-chapters that will present more clearly each individual aspect of the analysis and will be introduced with an explanatory note of the background and the main themes described in the following sub-sections.

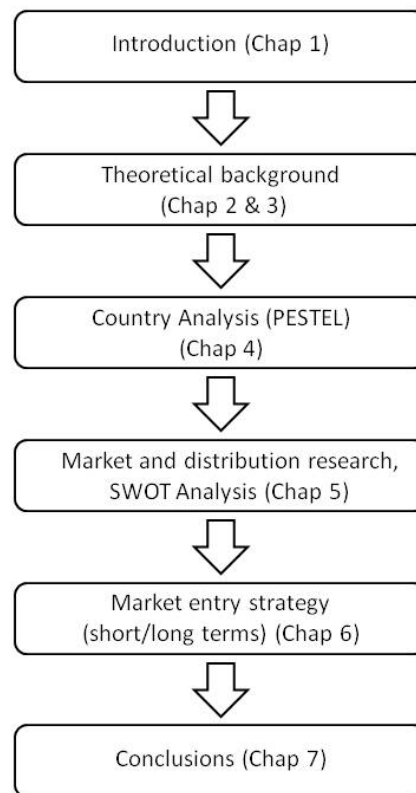


Figure 1 Framework of the thesis

## 2 Theoretical background: internationalization theories

The objective of this chapter is to introduce the concept of internationalization and its evolution since its rise to prominence as the dominating organization principle between market economies in the 1920s (Matlay 2006). Moreover, the principal theoretical approaches will be presented with the aim to explain the general elements of the process.

The various theories that will be described will be divided into two main categories, those focusing on internationalization for large scale enterprises (LSE) and those describing the process from a small-medium sized enterprises (SME). This division that has been used in other studies on internationalization (Matlay 2006), focuses on the characteristics of the two types of companies and reflects their behavior on the markets.

The two types of companies differ not only from a numbers perspective, LSEs are companies with more than 250 employees, but also on their organization, their resources availability and therefore their strategies (Hollensen 2014). The differences, that will be discussed in the next chapter, reflect however in the models presented, as SMEs approaches focus on how to acquire resources, especially information on foreign markets, while LSEs models are centered on hierarchies and control.

## 2.1 The internationalization concept

The concept of internationalization as the expansion of a firm's economic activities outside its country's national border can be traced back to the 1920s when it started to replace imperialism as the dominating organizational principle between market economies (Matlay 2006).

A first change in the concept of internationalization was introduced in the 1970s when the trend of convergence between various international markets, thanks to interconnected logistics and communication networks, saw firms expanding on a global level (Hollensen 2014). Globalization, therefore, refers to a stage in which a company's operations are managed on a global scale and are not limited only on a certain region (Matlay 2006).

A crucial element of the globalization process is the integration of increasingly competitive markets in which companies face a global competition (Gjellerup 2000). The transformations brought by globalization have not changed the importance of internationalization, on the contrary, they accelerated the internationalization process for SMEs that faced increased competition from multinational enterprises in their local markets but also opportunities to expand beyond their national borders (Gjellerup 2000).

Another phenomenon that has risen in importance driving the strategic thinking of international companies is glocalization, which is the result of companies planning their strategy in order to exploit the benefits of global integration but maintaining a flexibility on the local level to reflect differences in culture and taste (Hollensen 2014).

Glocalization has been considered a response to the diversification of various markets presenting cultural and economical differences that require the enterprises to adapt their offering to the specific local demand (Douglas & Craig 2011).

The traditional view of internationalization as a process mostly for large scale enterprises, which reflects also in the theoretical analysis of the process, has been integrated with more

studies on the behavior of small and medium size companies and their strategies when approaching foreign markets (Miesenbock 1988).

## 2.2 International theories for MNEs

The theoretical background for internationalization started with the analysis of large multinational enterprises and their global strategies, dealing with control and diversification of enterprises over the markets (Matlay 2006). Therefore, the two theories presented in this section will be focused on control and monopolistic advantages, which are crucial aspects of internationalization for MNEs and provide an insight on their strategic thinking.

The transaction cost analysis (TCA) model is a theory of internationalization based on a broader assumption that a firm will internalize those operations that can be done at a lower cost under a hierarchical management while buying from the market in presence of cost advantages (Coase 1937).

An advantageous situation, according to the model (Hollensen 2014), is determined by measuring transaction costs arising from market failures to operate in perfect competition and that can be explained by opportunistic behaviors in the relation between buyers and sellers (Williamson 1985). As a response of these market imperfections, a firm is pushed to internalize those process in which control costs are lower than transaction costs (Williamson 1985). Consequently, the internalization process of activities carried out by external partners in foreign countries results in the formation of large multinational enterprises (Matlay 2006).

The TCA model has been mostly criticized for its simplistic assumptions on human behavior and the lack of relevance to intermediate forms of control between market and hierarchy, such as the clan, in which the governance is not based only on minimizing costs but also in building trust between the parties (Ghoshal & Moran 1996).

These intermediate forms of governance are typical of the internationalization process of SMEs that, lacking resources and knowledge, are forced to externalize their activities in foreign markets and rely on various cooperative relations to succeed (Hollensen 2014).

The Monopolistic advantage theory (Hymer 1976) tries to explain the existence of MNEs by looking at their monopolistic advantages over other firms. These advantages in know-how, manufacturing process, branding, marketing, differentiation, organization or the presence of patented technology cannot be reproduced or acquired by other companies (Matlay 2006), therefore, creating a monopolistic position in the market.

Acquiring a monopolistic advantage means that a company can expand without the additional costs of acquiring information on foreign markets as their superior ability cannot be matched by other competitors, even though in possess of extensive knowledge of their home markets (Hymer 1976). This monopolistic advantage can be passed to other units of the MNE around the world increasing the return on the investments made in internationalization (Hymer 1976).

The monopolistic advantage theory, while explaining effectively the formation and success of MNEs, does not give indications on the form of internationalization the enterprise will follow, if by exporting or investing directly in the country (Robock & Simmonds 1983). Even though it fails to provide an insight to the strategy-making process that a MNE can employ, it highlights the importance derived from competitive advantages and can be used when analyzing successful strategies in foreign markets.

### 2.3 Internationalization theories for SMEs

The theoretical approach to the internationalization of SMEs takes into consideration the differences from large enterprises, as the focus shifts to include the characteristics of SMEs in the analysis, like the lack of resources available and the organizational flexibility that characterize (Hollensen 2014).

The first approach presented was introduced in the 1970s in Sweden at the University of Uppsala, and it is based on a stage model in where each stage represent an increase in market involvement and commitment (Johansson & Wiedersheim-Paul 1975).

Increases in commitment and involvement are made in small incremental steps both in terms of control and in terms of geographical distance. Therefore a company will look first at the markets that culturally closer then moving to markets further away and in the increase in commitment moves from independent representatives to foreign subsidiaries.

The model presents a deterministic view of the internationalization process that is designed in such a way to avoid market uncertainties and excessively bold moves that could alter the process. However, this determinism has been criticized by various authors (Hollensen 2014) that have described the internationalization of SMEs as a more fluid process in where interdependences between foreign markets and leapfrog tendencies to skip intermediate stages or enter distant markets are more common practices.

This view of a less deterministic approach to the internationalization of SMEs is also explained by the easier access to information on foreign markets that is available at an affordable price

(Nordström 1990). As a result companies are able to obtain more information on foreign markets than before and can afford to enter more culturally distant markets directly.

The deterministic view of the Stage model has been surpassed by a more comprehensive theory (Johanson & Vahlne 2009) that stresses the importance of information, relationships and networking for the internationalization process of companies especially when approaching distant markets.

Another approach centered on relationships is the network model; a network is a group of autonomous actors linked to each other by technical, economical, legal or personal ties through flexible relationships (Hollensen 2014). According to the model (Johanson & Mattson 1988), the relationship built by a company in a domestic network can be used to gain access to a foreign network.

This model brings into the analysis the relationships between different actors in the market that, in previous approaches, was dominated by a logic of market prices or hierarchies (Hollensen 2014). These relationships are, according to the model, constituted in order to obtain specific resources and can be easily broken to respond to mutated circumstances (Hood & Vahlne 1988).

Therefore, the network model (Hollensen 2014) incorporates an high degree of flexibility as the companies change strategies they are encouraged to enter in other more profitable relations. However, building a new relation, especially in foreign markets, can be resource demanding and may require adaptations from other firms, both in the home countries and in the foreign market, in order to succeed (Hood & Vahlne 1988).

An interaction initiative coming from outside the firm's networks implies that a company can be involved in an internationalization process through an active initiative from a member of a common network. These new links are a result of both cooperation and competition that, by changing the environment, open opportunities to establish new relations (Matlay 2006).

By focusing on relationship between actors, initiatives and resources in a network, the model can be useful in order to explain the process of internationalization (Matlay 2006). Nonetheless, the theory has been criticized for the lack of importance to strategy and individuals' influence on internationalization, especially the entrepreneurial urge to internationalize.

The network approach is a useful model to understand the context of international activities of various small-medium enterprises but does not provide an analysis on the strategies and the resources required for a firm to succeed in the internationalization process (Holmlund &

Kock 1998). These strategic elements, such as the motivations, the resources needed and the type of control, will be discussed in the following chapter.

### 3 Theoretical background: the internationalization process

After introducing the main theoretical approaches to internationalization, this chapter will focus on the various elements that constitute the internationalization process from the decision to enter foreign market to the actual strategy implemented. The aim of this description is to emphasize the main aspects of the process, which will help to formulate a more effective strategy.

The description of the internationalization process will take into consideration the motives and drives influencing the decision to start the process, the factors affecting market and country selection and the strategy for entrance and development in the market.

With these elements, it will be possible, after an introduction of the case company, to select the best suitable market for expansion considering not only the structure of the company but also cultural, political and economical affinities with the target country.

#### 3.1 Drives and motives for internationalization

The decision of expanding operations in a foreign country can be influenced by various factors and actors inside and outside the company. These factors can be classified (Albaum et al. 1994) in two categories: proactive and reactive motives. Proactive motives characterize incentives to start the process based on the firm's interest in utilizing distinctive competences or market opportunities, while reactive motives represent reactions to pressures or threats coming from home or foreign markets to which a company responds passively by changing its strategy over time (Hollensen 2014).

Typical proactive motives (Albaum et al. 2002) are the need of increasing profits and growth, which can lead SMEs to start exporting and determine the attitude of the firm towards growth in foreign markets, if, for example, positive feedback from those markets is obtained. To a similar willingness to grow can be connected a second proactive motive which reflects the managerial urge, or the commitment, shown by the management of a company to start internationalizing (Hollensen 2014). While another typical and well documented motive (Hymer 1976) arises when a company possesses a unique product or technology resulting in a competitive advantage over other enterprises in foreign markets.

Other proactive reasons for internationalizing may come in order to exploit economies of scale, information regarding a specific market opportunity or tax benefits offered by local government to incentivize exporting (Albaum et al. 2002). Economies of scale can be exploited by increasing a firm's output using foreign subsidiaries, therefore, reducing overall fixed production costs and taking advantage of the effects of the learning curve. As a result, a company trying to use economies of scale will tend to look at opportunities to open new foreign subsidiaries and production units (Hollensen 2014).

Typical reactive motives are connected with the home market situation and reflects difficulties of the firm to increase or maintain market shares (Albaum et al. 1994). As a result of fierce competition conquering market shares, a company may look to start internationalization, especially if the same competitors have already started to do so (Hollensen 2014). To a same degree, a small and saturated market may induce a company to start internationalization and reach markets in where the demand is still growing or has shown signs of potential growth. While seasonality of certain products can be upset by expanding in foreign markets with different seasonal condition, stabilizing the demand over the year.

If the previous reasons can be related to market conditions, the next reactive motives are focused on a firm's perspective. For example overproduction, which lead to a suboptimal inventory level, may result in a search for a short term new market to sell the surplus, while excessive capacity exporting can help in distributing more efficiently fixed costs, even though, these motivations are more related to the firm's perspective, changes in the domestic market's demand may be directly linked with the two cases (Hollensen 2014).

From a firm perspective, also a direct order request from a foreign customer, which has been made aware of the product through trade journals or exhibitions, can trigger the internationalization process. Similarly proximity to international customers, not only geographically, but also culturally and psychologically, can be cited (Albaum et al. 1994) has a typical reactive reason to start internationalization.

All these motives for internationalization can be described as either internal to the firm or external and related to market, however, the willingness of the management to start exporting has been cited (Suarez-Ortega & Alamo-Vera 2005) as the main trigger for internationalization. However, in most of the cases the actual trigger for SMEs internationalization comes from a combination of proactive and reactive motives. As an example, a study on Finnish SMEs (Forsman et al. 2002) cited as the interest by the management in internationalizing, foreign enquiries and a small domestic market demand as main motivations for Finnish companies to look abroad.

### 3.2 Market selection process

The analysis of the foreign market is an important tool to assess not only the feasibility of an entrance in the market but also to develop a strategy that takes into consideration the peculiarities of the market. Such analysis is based not only on political, legal and economical environments of the foreign market but also on cultural and sociological aspects, the attitudes in the home market towards the foreign country and exporting in general and the global economic situation (Hollensen 2014).

Domestic country's political environment can restrict a firm's international operations if these are conducted with countries not considered positively at home, which can also result in negative publicity for the company that reflects in the overall domestic performance as well (Hollensen 2014). Nonetheless, the same political environment can provide a solid base for the internationalization of domestic companies through financial and promotional activities, which are planned to provide motivation, information and resources to help the companies to internationalize (Albaum et al. 2002).

The political environment of the host country exposes international firms to three types of risks (Hollensen 2014): ownership risks, towards property or life, operating risks, towards the company's operations, and transfer risks, towards capital transfers from and to the country. These risks are not determined only by the government political agenda but are also connected with the stability of a country and can be compensated by building strong relationships with the foreign government, customers and local communities (Erevelles et al. 2005).

The economical environment is connected with the purchasing power and the presence of infrastructures in a country. Infrastructures are not only crucial elements when considering a foreign direct investments but can hindered the flow and need of certain products or services. Purchasing power, instead, is correlated to currencies' exchange rates which directly affect the demand of a company's product increasing the appeal if the home country's currency is weak or improving their profits if a currency is strong and production is outsourced in countries with weak currencies (Hollensen 2014).

Socio-cultural environment defines the values, attitudes, tastes and communication (Hall 1960) and understanding a foreign market culture is a key element of a successful internationalization process (Kotler et al. 2009). Therefore, it is essential to manage cultural differences which can arise at different levels, from the national culture to industry, organizational or individual ones, to avoid possible drawbacks.



In order to avoid these possible setbacks in the internationalization process, a company needs to understand not only the political and economical environments but also the cultural differences between the home country and the foreign market (Hollensen 2014). To facilitate the analysis, even though different methods can be used, this research will focus mainly on Hofstede's dimension (Hofstede 1983) that will be discussed further in more details.

### 3.3 Market entry modes

Entry modes, or the institutional arrangements for a company's entrance in a foreign market (Hollensen 2014), can be categorized by the degree of firm's control over the market and the risk, in terms of investments required, connected with the market entrance (Kotler et al. 2009). Control over the foreign market is achieved with hierarchical modes of internationalization which require high investments increasing the risk taken by the firm and reducing the flexibility of a strategic change to respond to mutated market conditions.

A step toward a more flexible mode is achieved through intermediate modes that are based on contracts between two companies which share control, risk and ownership but are limited in their strategic choices by the ongoing contract. These intermediate modes are designed to help firms possessing competitive advantages, knowledge or skills, that are not able to exploit directly but that they can transfer to other partners for mutual gains (Kotler et al. 2009).

The third modes, exporting, offers the higher flexibility and the lower risks compared to the others, however, it lacks control as the company has no decision power on the strategies used by its partners in the foreign markets (Kotler et al. 2009). For these reasons, export modes are considered (Hollensen 2014) the ideal initial step for internationalization giving the possibility to the firm to decide which partners, domestic or foreign, they will use and the flexibility to change these relationships as the market situation evolves without costly investments.

Beside the already presented desired characteristics of control, risk and flexibility, internal factors such as size and resource availability, international experience of the organization and the characteristics of the product or services are considered key elements in the selection of market entry modes (Hollensen 2014). Even though SMEs will tend to adopt modes that will require less resources, the presence of a strong international mindset and a product or service that requires a tight control on the brand image can result in a more hierarchical entrance in the market (Lu et al. 2011)

A similar role is played also by external factors regarding the cultural, economical and political environment of the selected market (Hollensen 2014). Socio-cultural distance from the home market may induce even large corporation to adopt a less hierarchical mode in order to

avoid uncertainty in the organization (Down & Larimo 2009). A similar strategy can also be used to respond to political uncertainty and demand unpredictability to avoid risky investments in foreign markets (Down & Larimo 2009). Other economical factors influencing the entry modes are market size and competition, high competitive or small market can be served more effectively through exporting modes avoiding excessive usage of resources (Hollensen 2014).

Even though exporting may be seen as the most viable starting mode for internationalization, it is not possible to state which one is in absolute terms the best mode for entering a foreign market (Hollensen 2014) as other factors play a decisive role in determining which one is the most suitable strategy for a successful process. While providing different opportunities for expansion, the strategic decision of one mode over the other has to take into consideration the target country and its specific market and, therefore, an analysis of these characteristics is a crucial starting point for a successful internationalization.

#### 3.4 SME's strategic decision making for internationalization

The previous section presented the main market entry modes available and the factors influencing the selection of an optimal strategy, however, a market strategy can use different modes in different periods to optimize the market knowledge acquired or exploit certain market situations. While a SME will probably start its internationalization through exporting, a change in market conditions can be used to tight control over a market or modify the trade agreement with a foreign partner.

Intermediary selection and terms of agreement with them are crucial elements to consider when planning expansion through exporting or intermediary modes. An analysis of the possible partners financial situation, physical facilities and distribution network, use of promotion, reputation with supplier and customers, overall experience and costs of operation can provide a substantial help in making an optimal decision (Root 1998).

Once the selection process has been concluded and the intermediary selected, the importance of preparing an efficient contract that covers the company's against possible misuses of their brand image, competitive advantages and knowledge. Moreover, the contract should provide enough motivations for the intermediary to increase the sales volumes, such as financial rewards, training, field visits and participation to local events (Root 1998).

These intermediaries can be found both in the domestic market and in the foreign market and define two different types of exporting. Indirect exporting requires the usage of home country's intermediaries to reach a foreign country, this mode offers less risks and needs less

commitment from the firm which exploits knowledge and networks of a sale agent. Nonetheless, indirect exporting does not give to the company the possibility to decide its marketing mix, increases costs in the distribution chain lowering profits and does not provide market insights on the foreign country (Root 1998).

By using as intermediary a larger company in a complementary sector, it is possible to employ a piggyback marketing strategy. The larger company, the carrier, offers its international distribution organization to provide access to the market to the smaller company, the rider (Hollensen 2014). The carrier can, therefore, offer a more complete package to its foreign customers while avoiding expenses in researching and developing the new product while the rider can export without a foreign distribution network (Hollensen 2014).

Piggybacking may be, conversely, an obstacle for both parties in developing their international market presence as the carrier needs to guarantee the quality of the rider's products and a continuous supply also for new markets while the rider loses control over its products and may not gain valuable experiences in internationalization that could hindered a possible future growth (Hollensen 2014).

Partner selection is a crucial element also for intermediate modes of market entry as the relationship is more binding and the risks are higher. These long term partnerships, in which equity is sometimes split between the partners, while providing a strong market presence, need to be managed also on the cultural level as the two companies may have different organizational cultures and opposite goals creating potential frictions and disagreements (Buck et al. 2010).

Depending on the type of market entry mode adopted, another crucial element is product positioning, referring to the specific design that a company applies on its offering to position its products in the mind of the customers in the target market (Ries & Trout 2000). Companies may adopt for foreign markets a strategy of straight extension by introducing a standardize product in the market, adapting only the promotion to the foreign market, adapting the product, adjusting both promotion and product or even invent a new product (Keegan 1995).

An effective product positioning needs to take into consideration the company's main competitors and their offerings in order to identify the main points of differences, that are attractive for the customers and can create a competitive advantage, and the main points of parity, attributes that are not exclusive to the company, but can be used to compensate perceived deficits in the offering (Kotler et al. 2009). Strong positioning can also be enhanced by the country of origin effect, COO, (Ettensen 1993) which consists in the influence of the country of production in the perceived quality of the product. COO effect can bring, however, also

negative connotation to a product if the home country's sector is not positively perceived in the foreign market (Hollensen 2014).

Partner selection, product placement and competitive environment are key elements in designing and selecting an efficient strategy for market entry abroad. However, as for the entry modes, the decision on whether use one strategy or the other depends on the market, the company and the overall economical, cultural and political environments. The following chapters will be dedicated to analyze the company and its industry in order to select the best market available and to design an effective strategy for market entry in said foreign market.

#### 4 Country analysis

Based on the theoretical background it is possible to state that for SMEs at the beginning of the expansion in the foreign markets a more suitable choice is a closer country, not only geographically but also culturally, politically and economically. Nonetheless, the size of the market, competitors in the industry and future trends must be analyzed to clarify the final selection.

The aim of this chapter is to present a country analysis based on the main characteristics of the selected country, Sweden, with references on the pharmaceutical markets and the political changes that have affected its development in the last years. Proximity, not only geographically but culturally, and management intentions have made Sweden the first choice for Company X internationalization plans.

##### 4.1 Country analysis methodology

The research on the Swedish market has been implemented using a two stage model (Gaston-Breton & Martin 2011) which can encompass all the market selection aspects that have been highlighted in the previous chapter. This two stage model categorizes two main group of characteristics: general, those more measurable and accessible, and specific, those less measurable and accessible (Gaston-Breton & Martin 2011). Typical measurable country's elements are, for example, its economy, its political risks, its demography and its technology. While culture, lifestyle and attitudes are typical examples of less measurable characteristics (Gaston-Breton & Martin 2011).

The study of the general characteristics has been implemented through PESTEL analysis, which by analyzing political, economical, social, technical, environmental and legal aspects, helps identifying the main trends in the external environment (Hedin et al. 2014). The data

gathered for the PESTEL have been obtained from various sources, such as the European Union, Statistics Sweden, Swedish Business Associations and International Business Associations.

Conversely, Hofstede's model has been used in order to understand the main specific characteristics of the country and its socio-cultural environment. This model is used to compare different aspects of each country's culture and is a powerful tool in obtaining a more precise view of a country's specific characteristics.

#### 4.2 PESTEL Analysis: political environment

Political analysis of Sweden must take into account the sources of power in limiting and regulating the pharmaceutical and healthcare market. The local administrations, in this matter, have an important autonomy in implementing the main policies, which are decided however by the central government and are greatly influenced by the European Union.

Local administration is divided between a regional and a local level. On a regional level, Sweden is divided into 20 counties each governed by a county administrative board with authority in matters such as public transports and healthcare. Municipalities, instead, administer housing, roads, water supply, waste management, public welfare, elderly and child care on a local level (Swedish Institute 2014). These local bodies can sell part of these services to the public and have a certain degree of autonomy in this decision providing that the constitutional rights are respected (Swedish Institute 2014).

Until 2009, the country experienced a state monopoly in the retail sales of pharmaceutical products through the state-owned company Apoteket AB. Since the 1<sup>st</sup> July 2009 it is possible to run a private owned pharmacy in the country, this political change has opened opportunities both for small-medium companies and large corporation to work in the healthcare business and greatly increased the number of over the counter medicines available to the customers (Landes 2009).

After the 2014 general election, a coalition of social democrats and green is governing the country with a 37.9% minority of the Riksdag, resulting in a fragile government as the opposition of centre right obtained the majority of seats at 39.4%, however not enough to overthrow the government, with the far-right party Sweden Democrats in a swing position (Swedish Institute 2014). In order to ensure a more stable government, the two main blocks have signed an agreement of indirect support to the prime minister for key legislations, such as the budget, in exchange for the promise not to raise income taxes further (Dickson & Sennero 2014).

Sweden has been a member of the EU since 1995 but is not part of the monetary union and maintains its currency, the Swedish Krona, after a 2003 referendum on the matter. Swedish foreign policy has been based on the principle of non-alignment even though the country is engaged in security cooperation missions within the European Union (Swedish Institute 2014). The country is, therefore, a suitable target for expansion thanks to its stable political situation and the membership in the European Union, which guarantees similarity in legislation with Finland especially regarding the main political risks highlighted in the previous chapter.

#### 4.3 PESTEL Analysis: economical environment

Sweden economy in the past years has been characterized by a small but steady growth and in the third quarter of 2015 has registered an increase of its national GDP of 3.9 compared to the same quarter of 2014, one of the highest in Europe (Statistics Sweden 2015). According to the EU forecasts (European Commission 2015), the country's GDP is expected to continue to grow also in the future but at a slower pace, by 2.8% in 2016 and by 2.7% in 2017.

The growth has been driven by the domestic demand thanks to increase in consumption and in the construction sector, while investments, especially those in R&D, which are the highest in the European Union are a key element in ensuring long-term competitiveness of the Swedish economy (European Union 2015). However, private investments in industry are declining and overall investments are supported by expanding public expenditures mostly in infrastructures (European Union 2015).

An important role has been played by the surplus goals introduced by the Swedish government in 1996 to improve efficiency in country's budget expenditures (Sutherland 2015) and by the introduction in 2007 of a government council with the aim of ensuring long term growth and financial sustainability (Sutherland 2015). The country surplus, however, has shrunk from 9.8% of GDP in 2008 to 5.8 in 2014 due to the reduction in exporting which has created a deficit in the balance of payment (European Union 2015).

The country's balance of payment has registered in 2015 a deficit of 0.9 billion SEK due to a decrease in its exporting of 1.2% while imports were stable at 104 billion SEK. Swedish trade policy is characterized by openness and encourages free trade, according to the World Bank, Sweden is the eight best country in the world to do business with and the 17<sup>th</sup> for trading across borders (The World Bank 2015).

The contraction in exporting, which since 2008 amounts at 17% one of the highest in the EU (European Union 2015), is in relation with the deteriorating economical situation of Swedish

main trade partners, especially Finland and Netherlands, and a result of the contraction in investments, which has restricted the demand in chemicals, machinery and transport equipment, some of the most important Swedish exports. The importance of increasing exports in the short and long term is essential in maintaining the economical growth of the country as they account for around 50% of the GDP (European Union 2015).

Nonetheless, Swedish service industry has maintained an interesting profile and the sector has shown strong growth, +3.0% overall compared to 2014 (Statistics Sweden 2015), especially in the information and communication technology sector, thanks to forerunner as Skype and Spotify. ICT industry since 2008 has growth overall by 16% employing around 4% of the overall workforce (Sutherland 2015) and has generated a profitable environment for the creation and development of highly innovative startups with SMEs' characteristics and born-global profiles (Sutherland 2015).

An element of uncertainty to consider when approaching the Swedish market derives from the country's currency, the Swedish Krona (SEK). The currency is considered one of the most profitable, in terms of investments, in the world ranking in the top ten according to the survey of the Bank of International Settlements (2013). As a result, the Swedish Krona has been subjected to strong fluctuations, in the past ten years, especially when analyzed in comparison to the Euro.

According to the European Central Bank (2015), the maximum value was reached in 2009 at 11.71 € followed by a period of depreciation that came to an end in 2013. In the past two years, the Swedish Krona stabilized its value at around 9€ with small variations, less than +/- 1%. These fluctuations can be an important aspects for pricing structure when approaching the market, as costs are calculated in a weaker currency while sales are registered in a stronger one increasing overall profitability.

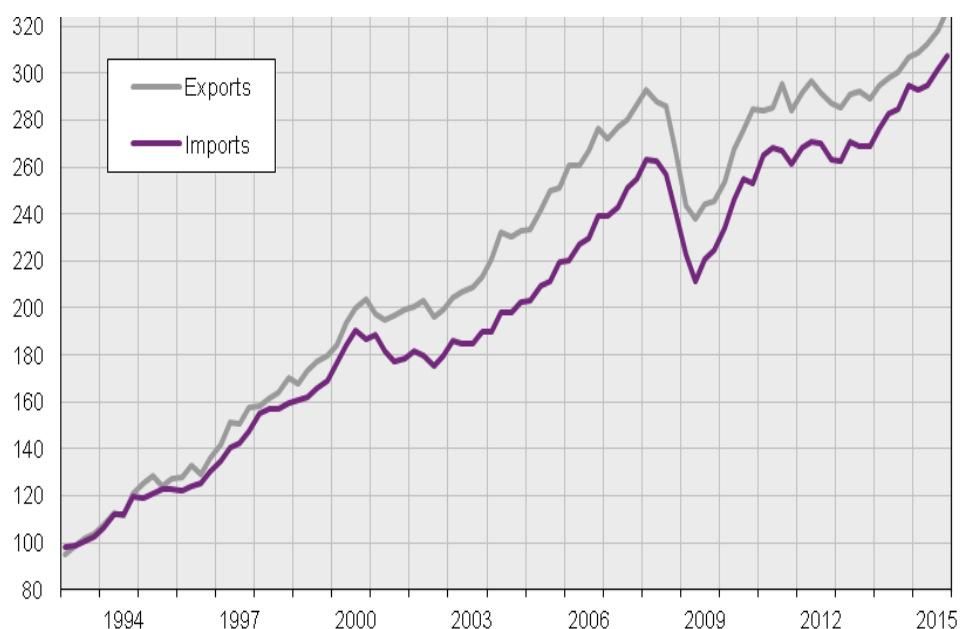


Figure 2 Exports and Imports (MSEK) (Statistics Sweden 2015)

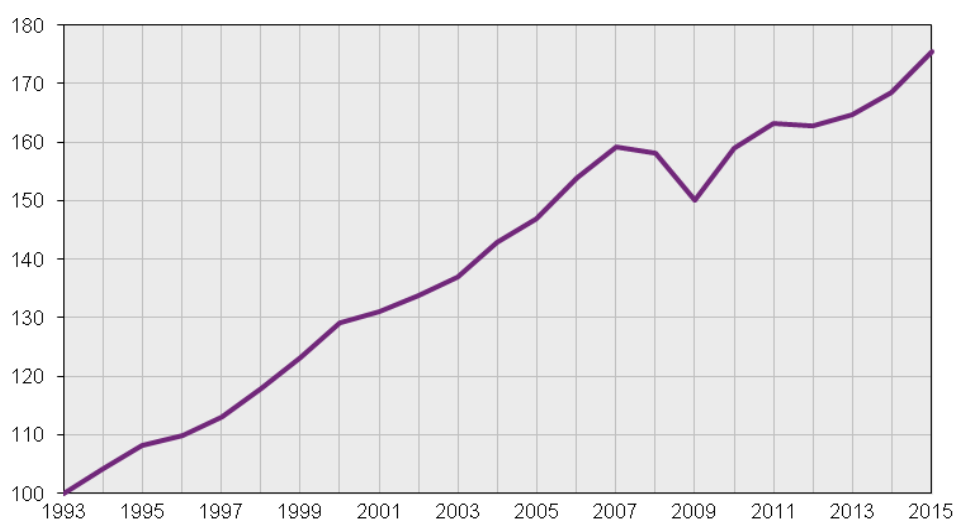


Figure 3 Swedish GDP in MSEK from 1993 (index year)(Statistics Sweden 2015)

#### 4.4 PESTEL Analysis: technical environment

As already mentioned in the economical environment analysis, Sweden puts great importance in innovation, to the point that R&D intensity, or the measure of investments in research and development over the national GDP, stands in 2014 at 3.16%, second in Europe only after Finland with 3.17% (Eurostat 2015). R&D intensity is, however, declining compared to 2013 when it was 3.39% of the GDP due to diminished investments from the private sector (Eurostat 2015).



The overall 10.43 billion Euros spent by the country in research and development are mostly part of private investment, 67%, while the government invests only for 4%. Higher education institutions and universities represent 29% of the overall investments in 2014, +6% compared to the previous year (Eurostat 2015). These numbers show the willingness of Swedish public sector and universities to fuel innovation and create a better environment for innovative companies.

The importance given to innovation, both by the private and public sectors, has helped Sweden to become the tenth most competitive economy in the world, according to the World Economic Forum (2015). In particular, Sweden ranks third in the world for technological readiness, which represents the quickness of the country's economy to adapt to new technological advancements, and seventh in the world for innovation (World Economic Forum 2015).

Sweden, even though a small market, ranking 36<sup>th</sup> in the world for market size (World Economic Forum 2015), represents an interesting country for innovative products and services with customers, both in B2B and B2C, eager to experience new solutions.

	2009	2010	2011	2012	2013
EU-28	1,94	1,93	1,97	2,01	2,01
Euro area (EA-19)	1,99	1,99	2,04	2,09	2,09
Denmark	3,07	2,94	2,97	3,02	3,06
Germany	2,73	2,72	2,80	2,88	2,85
France	2,21	2,18	2,19	2,23	2,23
Italy	1,22	1,22	1,21	1,27	1,26
Netherlands	1,69	1,72	1,89	1,97	1,98
Austria	2,61	2,74	2,68	2,81	2,81
Portugal	1,58	1,53	1,46	1,37	1,36
Romania	0,46	0,45	0,49	0,48	0,39
Slovenia	1,82	2,06	2,43	2,58	2,59
Finland	3,75	3,73	3,64	3,42	3,31
<b>Sweden</b>	<b>3,42</b>	<b>3,22</b>	<b>3,22</b>	<b>3,28</b>	<b>3,30</b>
United Kingdom	1,75	1,69	1,69	1,63	1,63

Figure 4 R&D Intensity major EU countries (Eurostat 2015)

#### 4.5 PESTEL Analysis: environmental environment

Swedish commitment to a more ecologically friendly economy puts the country as one of the most green and sustainable in the world (OECD 2014). The country, also thanks to its openness to innovation, is a frontrunner in the application of green technology in everyday life and the Swedish government has worked to provide incentives to develop a greener economy.

To this end, the introduction of prices and taxes for harmful activities, in which the country is considered a pioneer (OECD 2014), has brought to Sweden important results in reducing greenhouse gas emissions. Moreover, the country has given itself an ambitious program of reforms to tackle environmental issues that has been praised (OECD 2014) for its innovativeness and long term goals. Between this goals, Sweden shares with other Nordic countries the responsibility of the preservation of the Baltic ecosystem, which due to its endangered status, needs particular attention (OECD 2014).

The position of leading country in environmental issues is well represented in the public attitudes towards a greener economy and Swedish population actively supports policies for the preservation of the environment (OECD 2014). Therefore, when approaching the Swedish market, it is important to consider the need of offering a product that is not harmful for the environment while a green solution, even though it does not imply a strong competitive advantage, must be considered as an important feature of the offering.

#### 4.6 PESTEL Analysis: legal environment

The Swedish legal system is based on the civil law with Romano/German traditions but influences of common law traditions. The main Swedish code was developed in 1734 and the parliament added, modified and corrected the same code over the year to include the main political and juridical changes that Sweden experienced through time (Ortwein 2003).

Swedish courts are independent from the government and hold the juridical power, even though litigation is considered as a last resort help in solving legal disputes(Ortwein 2003) . There are two types of courts in the country, the general courts that are focused on penal and civil cases and the general administrative courts that deal with cases related to the public administration (Ministry of Justice 2006). Both courts are organized on a three level system with district and county courts, courts of appeal and supreme courts (Ministry of Justice 2006).

The main regulations in the pharmaceutical industry are delimited by the Läkemedelslagen (2015:315) and Läkemedelsförordningen (2015:458) which maintain the previous structure of the laws promulgated in the 1992. The main body for the assessment of the risks and qualities of new medical products in the Swedish market is the Medical Products Agency, Läkemedelsverket, which is tasked also to approve licenses and granting permissions for clinical trials.

The country is a member of the E.U. and therefore many communitarian normative are part of the Swedish legal system, Overall it is important to point out that, in general and historically, Swedish people have preferred to use arbitration as the main disputes solution method (Ortwein 2003).

#### 4.7 Swedish cultural dimension

Hofstede's model offers a very powerful and effective tool in order to analyze the cultural aspects of Sweden and compare them with Finland as a way to measure compatibility and stress differences between the two countries. The closer the various dimensions are the easier will be for companies in the two countries to avoid cultural misunderstandings simplifying communication and negotiations (Hofstede 1983).

Sweden (Hofstede 2015), as Finland as well, scores low in power distance (31 against 33) which means that both countries have an informal and less hierarchical style of conducting negotiations and communication. In both countries, power is decentralized and employees are expected to be consulted during the decision-making process. Also in the individualism dimension (Hofstede 2015), which measures the degree over which success, competition and self are key value in a society, Sweden totals 71 while Finland 63 and, as a result, both countries are perceived as individualistic, giving the ideal basis for relationships based only on advantages.

Degrees of difference can be measured, instead, in the masculinity dimension as Sweden is perceived as a feminine society, with 5 points, and Finland more masculine, with 26 (Hofstede 2015). This dimension shows that feminine societies value more quality of life, equality and quality in their working life, while conflicts are resolved preferably by negotiation and compromise (Hofstede 2015). Even bigger difference is present in the uncertainty avoidance dimension (Hofstede 2015) in which Sweden marks 29 compared to the 59 of Finland and puts Sweden as a country with low preference for avoiding uncertainty and deviance from the norm is more tolerated than in Finland.

Other slightly differences are visible in the long-term orientation dimension (Hofstede 2015), Sweden, with 53, is more pragmatic regarding changes in society compared to a more traditional minded Finland, with a score of 38, and in the indulgence dimension as Sweden, with 78 puts more attention on leisure and enjoyments compared to Finland that marks slightly above the midpoint with 57 (Hofstede 2015).

Overall, however, the differences between the two countries are quite minimal and no major adjustments are required in dealing with Swedish culture, according to these dimensions.

Nonetheless, these differences must be taken into account when approaching Swedish customers and during the negotiations with Swedish companies in order to optimize the communication style.

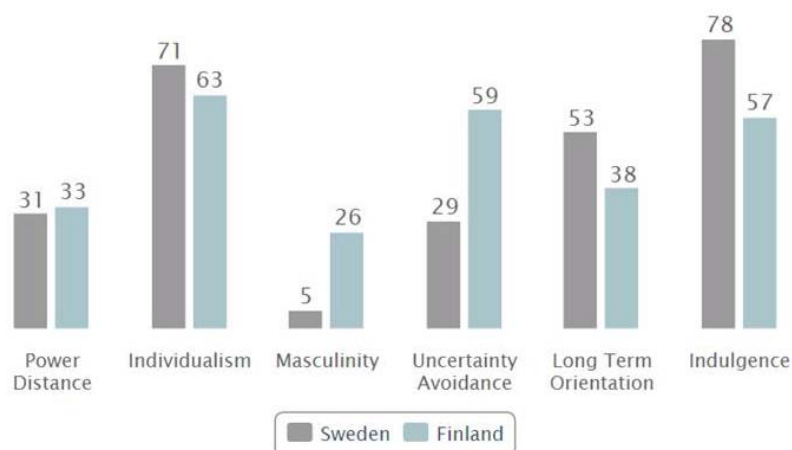


Figure 5 Hofstede's model Sweden in comparison with Finland (Hofstede 2015)

## 5 Market and distribution analysis

The following chapter will be focused on the study of the pharmaceutical market with a focus on the dietary supplements, the overall market attractiveness, main competitors, legislation in the field and future trends. The analysis will give useful insight on the market to program not only the more suitable market entry mode but also a long term strategy for the Swedish market.

In order to establish the overall attractiveness of the Swedish pharmaceutical market a SWOT analysis will be presented at the end of the chapter to highlight the main points of the market research and provide ground for further studies and considerations. The analysis will include some information on the actual state of the market gathered with the help of various associations in the field.

### 5.1 Market analysis methodology

In order to assess the market dimension and attractiveness, a study on the industry will be conducted thanks to the data available on sales, orders and trends from various associations and trade unions. This data will provide a framework to understand the general trend of the market, the main competitors, customers' behaviors and preferences and the overall strategy for market entry.

The importance on the data on competitors and market dimensions will give a better idea on the attractiveness of the market as smaller and very competitive markets may prove to be

difficult to approach for SMEs. Nonetheless, understanding the market and competitors can also help in highlighting and selecting niche areas that could become key strategic markets for company's expansion. To this end, customers' behaviors, trends and culture must be taken into consideration as the basis for strategic planning.

Another crucial element of the market analysis is to assess competition's strength by studying the major players in the country, their revenues, growth perspectives and strategies. The competitors analysis will be used as a tool to select and exploit a possible characteristic of Company X's product in order to gain advantages over the competitors for a certain niche market as a starting point for the short-term firm strategy.

The main data has been gathered through secondary research by analyzing companies annual reports, main pharmaceutical organizations, both national and international, newsletters and statements, national agencies publications and various sector studies and materials. Moreover, the main data on the company for the preparation of the SWOT analysis has been gathered through interviews with the company's general manager.

## 5.2 Industry outlook: the Swedish pharmaceutical industry in general

The general outlook of the pharmaceutical industry in Sweden is positive, after a period of stagnation, and registered a growth of 4.3% in 2014 to reach a total of 32.8 billion SEK (LIF 2015). The growth has affected also the purchasing price of pharmaceutical by pharmacies and the total expenditures by customers (LIF 2015). The same results can be measured in the segment for generic medicines, that has experienced a growth to represent 17.1% of the total sales for an amount of 5.5 billion SEK in 2014. Conversely, the prescription medicine segment, which is still the biggest market, realized revenues in 2014 for a total of 27.3 billion SEK (LIF 2015).

The increased sales in 2014 have also been boosted by exporting, which in the year accounted for 59.5 billion SEK, making pharmaceutical the sixth exports in the country (LIF 2015). On the same time, it is possible to notice a decreased amount of sales for imported medicines that totaled 5.4 billion SEK, which, however, is still a significant volume (LIF 2015).

This positive outlook for the pharmaceutical industry has been possible thanks to the improved access to new innovative medicines, especially for what concerns evaluation and introduction of pharmaceuticals. Furthermore, the increased collaboration between County Councils to promote a unitary price model and formulated a shared policy in evaluating and introducing new medicines can create the basis for further growth and attract investments from global companies in the industry (Blanck 2015).

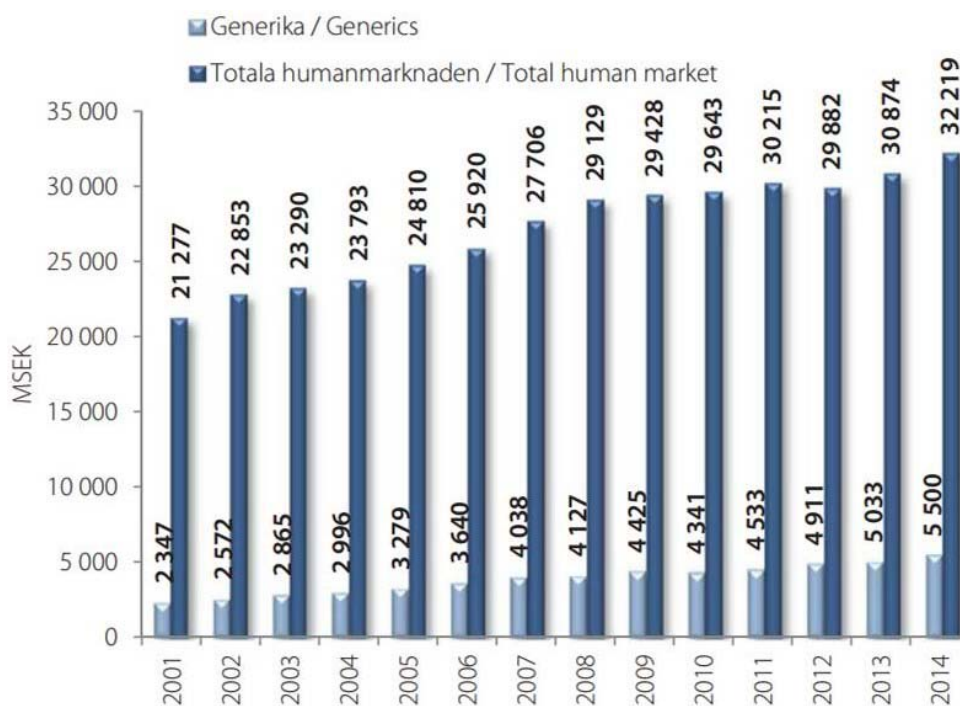


Figure 6 Generic and total human market (LIF 2015)

### 5.3 Customers outlook

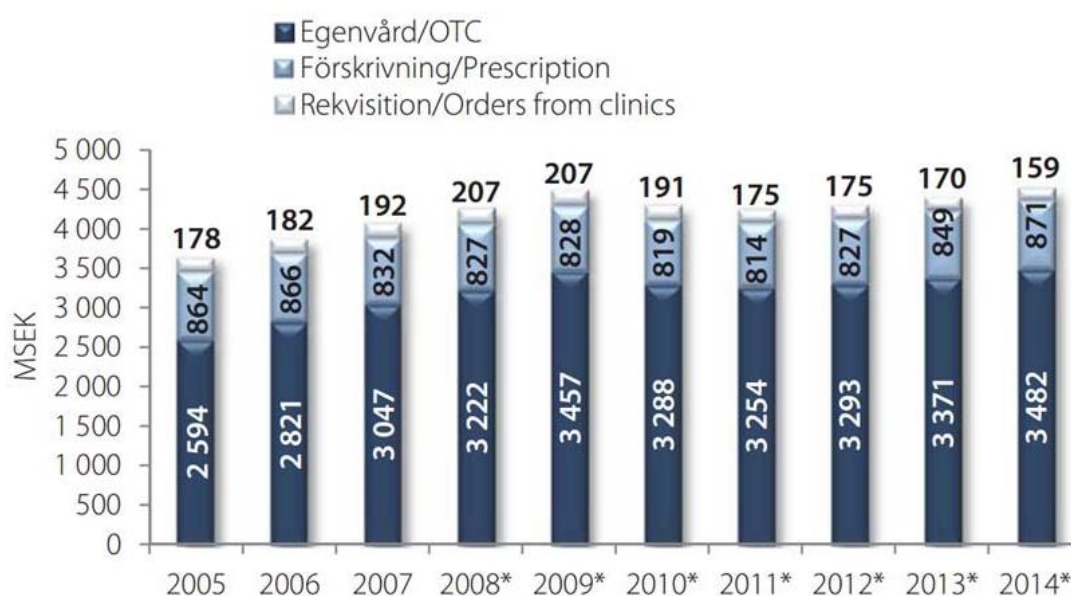
The already mentioned, in the previous chapter, social changes in the structure of the Swedish population, that will grow older in the future, will bring an increase in demand for healthcare and pharmaceutical services. Therefore, it is possible to expect an increase in demand in the future that will benefit companies in the sector.

Another important trend in customer behavior highlighted by the last LIF report (2015) shows an increase in expenditures for OTC medicines without any reimbursements from the NHS. The increase, which is still marginal in comparison with the prescribed and reimbursed products that amounted at 17,854 million SEK in 2014, is significant in comparison to the past years. By analyzing the data presented in the report, (LIF 2015) it is possible to notice an increase of around 9%, compared to 2013, in the sales of out of the pocket pharmaceuticals, which totaled in 2014 8.5 billion SEK, and of almost 20% compared to 2011, when the sales were 6.8 billion SEK.

It is important, when analyzing this trend, to consider also the increase in price of the medicines before concluding that a new habit in pharmaceutical purchases is present in the country. However, the increases in price have been very significant for original products but less

evident in the generic products, which have actually registered a contraction of 80 MSEK compared to 2013 (LIF 2015).

The attention to new products and over-the-counter medicines shows an interest from the consumers for new solutions in the field of pharmaceuticals, as medicines introduced in the past 5 years accounts for 10.8% of the total sales. The trends in consumer behaviors show, therefore, an increased inclination towards over-the-counter, generic medicines which combined with an aging population offers a significant market for Company X's expansion.



\*Excluding general sales list

Figure 7 Non-prescription market 2014 (LIF 2015)

#### 5.4 Manufacturers outlook

Competition in the pharmaceutical market is various and with companies of different sizes and scope that create a difficult environment for new entries. Aside of the various global corporations with interests worldwide, the Swedish market presents local strong firms that have a significant portion of the market and are regarded as strong exporters (LIF 2015). As already mentioned, Swedish pharmaceuticals account for the six most important, in terms of volumes, export good in the country and, therefore, a study of the competition environment must take into consideration both these companies and the more global corporations with interests in the country.

The biggest market share in the pharmaceutical market is occupied by the global corporation Pfizer, with headquarters in New York City, accounting for 2.25 billion SEK of sales to pharmacies in the country. Pfizer's brand in the integrators market is Centrum. In the second po-

sition it is possible to find the Swiss based global corporation Novartis with 2.1 billion SEK worth of sales to pharmacies. Novartis' main brand for generics and alimentary tract is Sandoz.

At the third position for number of sales, with 1.84 billion SEK -177 million compared to 2013, the Danish based company Orifarm, which occupies a central position in the Scandinavian market especially for what concerns generics and parallel imports. While at the fourth position, with 1.46 Billion SEK, it is possible to find MSD, another global corporation with a various portfolio of products.

The top Swedish pharmaceutical company is Meda, with 1.09 Billion SEK in 2014, another large corporation with a diversified portfolio of products that has a strong presence in the OTC market, followed by Pharmachim, which however has lost important shares in 2014 and now accounts for 923 million SEK -396 million compared to the previous year. The third key competitor on the local market is AstraZeneca, with total revenues towards Swedish pharmacies for 897 million SEK. The company is a Swedish-British multinational created by the merger of the Swedish company Astra AB with the Zeneca Group in 1999 (AstraZeneca 2013).

As it is possible to notice, the competitor outlook shows the presence of well-established and international corporations with global operations that can make effective use of economies of scale and can be tough opponents for SMEs in the sector. However, the number of sales accounts for the whole product portfolio of each company and, as some of the above mentioned enterprises are more concentrated on specific sectors or innovative pharmaceuticals, it is possible to find a suitable market niche for entry and expansion in the Swedish market for the short and medium terms.

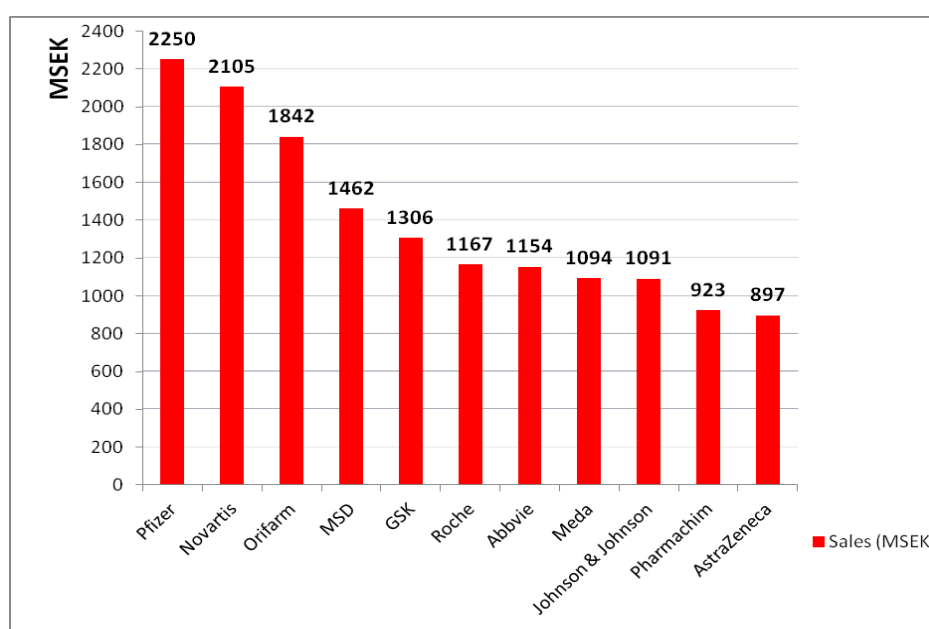




Figure 8 Sales in Sweden by company 2014

### 5.5 The Swedish nutraceutical market

The data gathered in the previous sections show the increased importance of the over-the-counter and non-prescription medicines' market in the past years, a market that now counts for overall 871 million SEK and has been registering growing rates of around 3% per year.

Moreover, the data on customers behavior shows an increase in demand of nutraceuticals and a growing interest for new products that could offer an opportunity for the company to launch successfully its core offering in the Swedish market.

Nonetheless, the competitors outlook presents a situation in where major corporations are already present with similar products and therefore able to influence strongly the supply of these products. A well established presence of local and regional companies in the sector means also a local strong competition that needs to be taken into consideration especially when preparing the prices and communication for Company X's products.

The segment for nutraceuticals in the country has also been characterized by positive growth in the last year thanks to the increased awareness of the Swedish customers towards wellness and healthcare solutions. These trends, already highlighted in the customers analysis, with the ageing population are important factors in the increase of the demand of nutraceuticals in the country.

Another important factor can be traced in the interest of searching for new products in the market and the valuable role of word of mouth marketing in increasing sales of products. The presence of various products on the market that can be purchased freely and without medical prescriptions can create difficulties in the decision making process by the customers that, therefore, is more prone to listen to advises by their peers.

The country has also become a key center for research and development of new products in the segment establishing various collaborations between key companies in the sector and universities to develop new solutions in the nutraceuticals industry. These partnerships and collaborations make Sweden one of the top manufacturing country in the segment in Europe. Nonetheless, the demand was +2% in 2016 and the continuous flow of new products are a symptom of a market that has space for new companies coming from abroad.

In general, it is possible to notice similarities between the Swedish market and the European market which is also expected to continuously growing of around 6.8% until 2018. The trends

are similar also on an European level as increased ageing population and more awareness towards healthcare and wellbeing help customers to search for OTC solutions and experiment new products.

In the segment, next to the already mentioned companies that have important market shares also in the nutraceuticals, market leaders are Midsona Ab, with around 11% market shares, Medica Clinical Nord and Meda Ab. All three companies are specialized in production of nutraceuticals and vitamins and enjoy a strong position in the market.

Midsona is a major player in the nutraceutical segment also in Finland and Norway, through its subsidiaries, and maintains a various range of food supplements which are able to satisfy the needs of different customer segments. The company strongest markets are Sweden, 45% of the total revenues, and Norway, 43%, while Finland is still a minor market with 12% of the revenues shares, with a slightly contraction compared to 2013 of -1%.

The biggest revenues come, however, from FMCG retailers, around 50% of the overall sales, while pharmacies in Sweden account for 12% of the total sales as their main food supplements are available in retail stores. Nonetheless, Midsona has been working in acquiring new licenses for healthcare products in the Nordics and increasing its presence in the pharmaceutical market.

Medica Nord represents the major producer of food supplements for pharmacies in the country with products in direct competition with Company X's ones, its position on the Swedish market has been strengthening over time to reach 92,8 million SEK sales volumes in 2014. The company is also active in the Norwegian market and has been expanding strongly in the past 4 years with conspicuous investments both towards expanding its position and developing new products.

As already mentioned, Meda is the largest pharmaceutical manufacturer in Sweden both for prescription medicines and OTC, for this segment the sales percentage in 2014 has been 36% of the total signifying a stronger presence on the prescription medicines market. Nonetheless, the company has a strong portfolio in the segment with three main brands Armolipid, Biomineral and Biothymus.

Overall, the projected growth of the demand and the presence of a mature market with customers interested in new products and solution, combined with an environment that support R&D, make the Sweden a challenging but important market for developing international presence in the nutraceuticals segment. In conclusion, the analysis has shown an important market, around 90 million euros per year, that however has been already partially occupied by

main players in the global market and therefore needs local partners for an efficient and lasting presence.

#### 5.6 Distribution and retailing markets in Sweden: characteristics

The end of the monopoly for pharmaceuticals retailing in 2009 has opened the market for private companies to set up pharmacies in the country. These companies have worked both as retailers and distributors of foreign medicines in the country guaranteeing a good coverage of the market to foreign companies. However, the limited number of distributors is also a barrier when entering the Swedish market as prices negotiations tend to be more favorable to the distributors.

The main companies working in the distribution of pharmaceuticals and OTC are organized as logistics and consulting companies, providing, therefore, warehousing and information on the market to their customers, furthermore, it is important to notice that the major companies in the industry work also as retailers guaranteeing distribution from the factory to the final customers.

Main distributors of pharmaceuticals are Tamro and Oriola KD, with the first as market leader and the latter taking the second position. Both companies work mainly in logistics and wholeselling, Tamro, which is part of the Phoenix Group, works also in the retail segment with a total of 12,000 pharmacies in Europe, mainly in Germany, Netherlands, Norway and Switzerland but at the moment is not present in the retail segment in Sweden.

Oriola KD, instead, works mainly on a regional basis, with its operations spanning from Sweden to Finland, Estonia, Latvia and Lithuania (Oriola KD 2015). The company, besides distribution, is well established in the retail business with its pharmacy chain Kronas Apotek which is present with 310 pharmacies countrywide and with an online store (Oriola KD 2015). In Finland, the company is also engaged in the distribution of nutraceuticals and food supplements of the major brands worldwide (Oriola KD 2015).

A third distributor worth mentioning is ApoEx which, while mainly focusing on veterinarians and dentists, guarantees a good coverage of the country by serving around 4,000 customers. The company services cover distribution of healthcare products through a sales organization and a logistic approach that aims at reducing shipment and stocking costs. Another important part of ApoEx activities regards IT solutions for the healthcare market, these IT solutions are offered also for supplier and facilitate the monitoring of the selling process in the country. Though focusing mostly on distribution, the company works in partnership with Apotek Hjärtat owning 5 pharmacies stores of their brand.

The retail market is almost equally divided between three major companies, Apotek Hjärtat, Apoteket AB and Kronans Droghandel Apotek AB, with around 25% of market shares each. Apoteket AB, the former state-owned monopoly, is the market leader in sales with 19.6 billion SEK turnover in 2015 owning 396 stores in the country, around 28.09% of the total pharmaceutical retailers (Apoteket AB 2015). While Apoteket remains the strongest retailer in the pharmaceutical industry in the country, Apotek Hjärtat is leading the market for number of stores with 398 retailers, 28.17% of the total, and is second in turnover with 12.3 billion SEK in 2015 (ICA Group 2016).

Apotek Hjärtat is the healthcare division of the ICA group, the leading grocery retailer in Sweden with a total group turnover of more than 100,000 million SEK (ICA Group 2016). The importance put in increasing the company presence in the healthcare sector, with the aim of becoming market leader, has put integration of logistics and distribution of pharmaceuticals through ICA channels in order to maximize efficiency down the supply chain.

The third group in the country is Kronans Droghandel Apotek AB with overall 314 stores, 22.22% of the total retailers in the country, and a turnover of around 7 billion SEK. Kronans Droghandel Apotek AB is part of the Oriola-KD group a leading enterprise in the healthcare sector in the Nordic with a total 14 billion SEK turnover and its headquarters in Espoo, Finland (Oriola KD 2015). While the company, as already mentioned, works mostly as a distributor through the Nordic region, the contribution of Kronans Droghandel Apotek is very significant on the overall performance of the group accounting for around 50% of total sales (Oriola KD 2015).

Fourth main retailers in the country is the Apoteksgruppen an association of 164 independent stores, around 11.6% of the total. Apoteksgruppen offers various shared services for all its members especially regarding finance, IT solutions and purchasing, while offering funds for small entrepreneurs to purchase their pharmacy store and remaining as owner of 1% of the shares of each store (Apoteksgruppen 2015).

The fifth retailer in the country is LloydsApotek, previously DocMorris, owned by Admenta Sweden AB, with 79 pharmacies, 5.59% of the total. Admenta Sweden AB is part of the German Celesio Group, which is specialized in logistics and distribution of pharmaceuticals in 13 European countries and Brazil. Since the purchasing of DocMorris stores and the rebranding in LloydsApotek in 2013, Celesio has made its objective in increasing its market presence in the country to become one of the major retailers.

Besides these retail chains, the end of the monopoly has given opportunities to enter in the pharmaceutical retail market also to sole traders and small entrepreneurs which make up for 4% of the total stores in the country. Few small size retailers own an average of 2/3 stores in the country, mostly located in the same county or in different boroughs of the city of Stockholm, but represent a sizeable number of potential partners for Company X's future expansion.

**Retail market shares by nr. of stores**

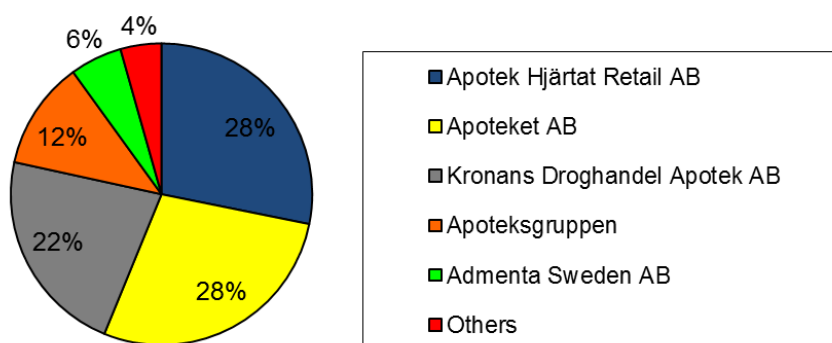


Figure 9 Retail market shares

## 5.7 Market assessment: SWOT Analysis

The previous sections analyzed the overall Swedish pharmaceutical market by studying the various component of demand, supply and competitors, while offering also an insight on customer behaviors and future perspectives and trends. Nonetheless, it is important to connect these figures with the potentiality of the company and assess its ability to successfully enter in the market and gain market shares in the medium and long terms.

The objective of this section is to put in relation the data gathered with the actual potentials of Company X and the environment it will find in the new market through a SWOT analysis. The SWOT analysis, which is divided into internal factors, such as strengths and weaknesses, and external factors, opportunities and threats (Kotler et al. 2009), will help decision-makers to assess market attractiveness and select the most effective strategy for market entry.

Internal factors that can help the company succeed in the Swedish market can be categorized as strengths and relate to the quality of the product, which has been successfully sold in Finland and can be present as a natural and high quality nutraceutical produced in the EU. Moreover, the possibility of using the same brand and packaging also for the Swedish market will help the company obtaining important market and costs advantages, as it will facilitate recognition by the distributors and reduce the costs of adapting the product to the new market.

Weaknesses for Company X can be traced in lacking of marketing strengths, which is a consequence of the size of the firm, not able to program a consistent investment in marketing and advertising in the new country and therefore tied to distributors and agents that will lower, at least in the first phase, marginal profits.

As for the external factors, tastes and structure of the Swedish population make the product attractive in the long run. An ageing population will mean a bigger market to attract as the core company's product is mostly related to elderly wellbeing. Furthermore, the increase in sales of over-the-counter medicines is an important sign in the increased awareness of customers towards health issues and can be a key element in marketing and expanding the sales of the medicine. Another important opportunity comes from the similarities between the Swedish and the Finnish markets, that creates possibilities to employ similar strategies in the two countries

The presence of many strong and sizeable competitors is definitely a threat the company has to face in order to succeed in the Swedish market, this competition, that not only comes from the main international corporations in the pharmaceutical industry but also from local producers, will require a price policy that can intact profitability in the short term while Company X is entering the market.

Overall, these considerations will have an impact on the strategy that the research will suggest by considering the strengths and the opportunities as a starting point for future developments. However, the presence of a strong competition that cannot be counter by a diffuse marketing campaign will require another strategy for Company X in its search for market shares to conquer.



Figure 10 SWOT Analysis

## 6 Market entry strategy

After analyzing the country and the market potential, it is possible to enter in the planning stage of the market entry in Sweden. The peculiarities of the Swedish retail market need to be taken into account when dealing with distribution in the country, but the liberalization of the pharmaceutical retail market has offered the opportunity to enter the Swedish market via different techniques including direct exporting.

However, the importance of reaching the main retailers with over 30% of market shares is a key element in succeeding in the procedures of market entry on a long term strategy and therefore negotiation with companies in a stronger market position are essential elements in the formulation of a cohesive strategy.

In order to achieve the stated objective, it is important to study the characteristics of Company X's core offering and distinguish it from its main competitors and find the right positioning for the Swedish market to exploit potential competitive advantages.

### 6.1 Market entry strategy: competitive positioning

The following section will be dedicated to the analysis of the competitive positioning of the main line of products from Company X, food supplements for joints wellbeing. These products, which are composed of glucosamine, chondroitin, Na - hyaluronate, collagen and vitamins are registered as pharmaceutical products for a specific decision of the producers which

has created a selection of top quality ingredients which goes to impact on the final market price, especially the chondroitin.

Final prices in Finland are in the range between 20 to 25 € per box of 20 tablets, 180 to 220 SEK if transposed to the Swedish market, a price that will put Company X's main product on the upper range in the segment. Nonetheless, the price is still competitive if compared with the main products in the market, as its preparation with 500mg for each of its two top ingredients, glucosamine and chondroitin, is unique within the range of joints supplements.

By analyzing the offering of the main pharmaceutical retailers in Sweden, Apoteket and Kronas Apotek, it is possible to find similar products, but with less active principles, which are priced at around the same price but for more tablets, from 90 for 195 SEK to 270 for 254 SEK which is produced by Pharma Nord, local main producer of food supplements.

Positioning and marketing in Sweden have to take into account the premium quality of the product that has no real competitor in its current formulation, which is offered most usually by two different products, priced circa at 50% less than Company X's one but that need to be combined to obtain the same results in terms of food supplementing. By entering the market in this position it is possible to maintain the same cost structure that has been working in Finland to the Swedish market maintaining the prerogative of a premium product with a price slightly above the average.

Marketing positioning will be a key element when starting to look at the possible partners in the Swedish market and will help in forming a coherent offer both in terms of pricing and communication strategies. These strategies and partners research will be discussed more in details in the following section.

## 6.2 Market entry strategy: short term period

The market outlook presented in the previous chapter shows a concentrated and well defined retail and distribution environment with few big players monopolizing the sales of nutraceuticals and food supplements in the country. Nonetheless, a quite important quota of sales to the consumers is controlled by micro, small and medium size enterprises that may offer a first and effective market entry strategy.

This quota, which represent around 15% of the total market for pharmaceuticals, can be reached directly by the company without the need of a big distribution and logistics firm that would erode a consistent part of the prospected profits of Company X. Between the said



group of companies, Apoteksgruppen, which represents 12% of the total retail market, can be selected as the most suitable partner for a first launch in Sweden.

The group, which is divided on county basis and directly select its products for the single retailers, which are however independent in terms of the daily basis management, offers an important possibility to obtain a consistent share of the market through direct contact. Nonetheless, the strength of the group can demand some concessions on the price side to increase the advantages for the retailers in promoting Company X's products on the market, while maintaining the same price for the final customers.

It is possible, moreover, to concentrate on the small segment of independent pharmacy retailers, which accounts for 4% of the total shares. This group of firms can be reached directly through their owners that can be sensibilized to the premium qualities of the products and therefore help with the distribution and sales in the country.

The importance of the marketing communication is a key element for Company X as the success of sales to the final consumers will determine the possible growth of the offering to the other bigger groups in the country while ensuring that the value proposition of an unique mix of the best ingredients for joints wellbeing are understood and properly advertized by each single retail store.

To this end, a more scientific-focused campaign in bringing awareness of the results of the tests performed on the product and continuous flow of information on the product's results directly to the retailers which can influence directly the customers interested in finding an OTC product for their joints wellbeing is a key and cost effective communication strategy.

This marketing strategy, instead of being directed at the final customers is focused on the retailers that will promote the product to customers that value pharmacists opinions and are influenced more on the actual effects of a product than its price.

### 6.3 Marketing entry strategy: medium-long term period

Establishing a presence in the 15% of the Swedish stores and in the most populous areas in the country may account for a customer base that is twice as big as Finland, therefore there is a potentiality of doubling the overall revenues of the company. Increased revenues may allow a stronger communication and marketing campaign not only to maintain a strong relation with the retailers but also to grow in brand value over the market and try to attire the bigger retail chains.

The importance of entering in the main retail chains plays a central role in the success of a product on the Swedish pharmaceutical market as the main three company together account for 78% of the total b2c market. These companies, which may also produce substitute products such as the case for Apoteket own line of joint supplement, need to be approached in order to guarantee bigger returns and more presence on the market.

In order to achieve the stated objective, attention must be moved towards Apoteket as the most institutionalized retail chain in Sweden, especially outside the main urban areas. The data analysis on the sales results shows that the previously state owned monopoly is still the first choice when buying pharmaceutical for most of the consumers in the country and therefore a campaign to create awareness in Company X's joint supplement with Apoteket staff may result in noteworthy success on the consumer sales.

On the long run, establishing such a strong presence in the Swedish market and working with the main distributors and retailers can make Sweden the number one market for Company X which in returns has to increase efforts in promote its products to the retailers which, in turn, will help increasing sales.

The data gathered during the research shows the enormous potentiality of the Swedish market, capable of almost doubling volumes for a Finnish small size companies. However, as competition is strong and able to respond quickly to new products, it is important to conquer and maintain the premium segment by keeping informed the retailers on the top qualities of each single product.

## 7 Conclusions

In order to answer to the main question of this report, how to enter the Swedish market from the perspective of a small sized Finnish company, the analysis has presented the main theoretical approaches on the subject which functioned as framework for the more specific analysis on Sweden.

The data gathered on the country offered a broader view on the environment a company will encounter, especially it gave a good base for understanding the similarities and the differences between Finland and Sweden. Social analysis, furthermore, gave a hint on the possibilities and the trends in the nutraceutical markets, as aging population is predicted to grow which will increase demand of wellbeing and healthcare products.

The analysis on the pharmaceutical market in general has presented a country with a strong and growing market especially when looking at the OTC segment with the presence of big multinational groups and smaller local or regional companies sharing the total market. Simi-

larities have been noticed also for the nutraceutical market where the local main players occupy the biggest share of the market.

A strategic relevant observation is the distribution and retail analysis which presents a pharmaceutical retail segment strongly polarized between three main companies that have their own purchasing offices, development and control all together around 75% of the market. However, by using marketing positioning as a tool to study the potentiality of the product on the new market it has been possible to suggest a precise market niche in the premium nutraceutical segment.

In conclusion the importance of a strong positioning in the market and of the marketing initiatives to involve the customers have been used as a starting point for developing the core strategy for Company X, a strategy that may guarantee important returns as by conquering the Swedish market there is a potentiality of doubling the returns and strengthening the position in the Nordics.

## References

- Albaum G., Strandskov J. & Duerr E. 1994. International marketing and export management. Harlow: Pearson Education.
- Apoteket Ab. 2015. Apoteket ekonomiska rapporter Q 4 2015. Accessed 09 April 2016. <https://www.apoteket.se/globalassets/om-apoteket/media/pdf/ekonomiska-rapporter/2015/apoteket-q4-2015.pdf>
- Apoteksgruppen. 2015. Din lokala hälsopartner 2015. Accessed 09 April 2016. [https://www.apoteksgruppen.se/contentassets/82910693cf134244ae54dda76dde4247/apoteksgruppen\\_ar2015\\_160318\\_index.pdf](https://www.apoteksgruppen.se/contentassets/82910693cf134244ae54dda76dde4247/apoteksgruppen_ar2015_160318_index.pdf)
- AstraZeneca. 2013. AstraZeneca's History. Astra. Zeneca. When we made the connection, our potential grew exponentially. Accessed 02 February 2016. <http://www.astrazenecacareers.com/about-us/history/>
- Bank of International Settlements. 2013. Foreign exchange turnover in April 2013: preliminary global results. Triennial Central Bank Survey. September 2013. Accessed 28 December 2015. <http://www.bis.org/publ/rpfx13fx.pdf>
- Blanck A. 2015. Can we look forward to more equal access for patients to new medicines?. Swedish Pharmaceutical Market and Healthcare Fatka 2015 (8). Accessed 02 February 2016. [http://www.lif.se/globalassets/pdf/broschyren/fakta\\_2015\\_tabellverk.pdf](http://www.lif.se/globalassets/pdf/broschyren/fakta_2015_tabellverk.pdf)
- Buck T., Liu X. & Ott, U. 2010. Long-term orientation and international joint-venture strategies in modern China. *International business review*. 19. 223-234.
- Coase, R.H. 1937. The nature of the firm. *Economica*, 4 (16), 386-405.
- Dickson, D. & Sennero, J. 2014. Swedish centre-left do eight-year deal with opposition to avert snap election. Reuters. Accessed 28 December 2015. <http://www.reuters.com/article/us-sweden-politics-poll-idUSKBN0K505120141227#UcRrD8opu6ScAETG.97>
- Douglas, S. & Craig C. 2011. Convergence and divergence: developing a semi-global marketing strategy. *Journal of international marketing*. 19(1). pp. 82-101.
- Down, D. & Larimo, J. 2009. Challenging the conceptualization and measurement of distance and international experience in entry modes choice research. *Journal of international marketing*. 17 (2). 74-98.
- Erevelles, M., Horton, V., Marinova, A. 2005. The triadic model: a comprehensive framework for managing country risk. *The marketing journal*, 15 (2), 1-17.
- European Central Bank. 2015. Euro foreign exchange rates. Swedish Krona (SEK). Accessed 28 December 2015. <https://www.ecb.europa.eu/stats/exchange/eurofxref/html/eurofxref-graph-sek.en.html>
- European Commission. 2015. Sweden. European Commission Institutional Papers 11 | 2015. Accessed 28 December 2015. [http://ec.europa.eu/economy\\_finance/eu/countries/sweden\\_en.htm](http://ec.europa.eu/economy_finance/eu/countries/sweden_en.htm)
- European Union. 2015. Macroeconomic imbalances Country Report - Sweden 2015. European economy occasional papers 226. June 2015. Accessed 28 December 2015. [http://ec.europa.eu/economy\\_finance/publications/occasional\\_paper/2015/pdf/ocp226\\_en.pdf](http://ec.europa.eu/economy_finance/publications/occasional_paper/2015/pdf/ocp226_en.pdf)

- Eurostat. 2015. First estimates of Research & Development expenditure R&D expenditure in the EU stable at slightly over 2% of GDP in 2014. Newsrelease 209/2015 - 30 November 2015. Accessed 28 December 2015. <http://ec.europa.eu/eurostat/documents/2995521/7092226/9-30112015-AP-EN.pdf/29eeaa3d-29c8-496d-9302-77056be6d586>
- Forsman, M. Hinttu S., Kock S. 2002. Internationalization from a SMEs Perspective. In: 18th Annual IMP Conference, Lyon, September 2002.
- Gaston-Breton, C. & Martin, O. 2011. International market selection and segmentation: a two-stage model. *International marketing review*. 28 (3). 267-290.
- Gjellerup, P. 2000. SME support services in the face of globalization. Concerted action seminar. Opening address. Conference Proceedings, Danish Agency for Trade and Industry, Copenhagen, pp. 16-28.
- Ghoshal, S. & Moran, P. Bad for practice: a critique of the transaction costs theory. *Academy of management review*. 21 (1). 13-47.
- Hall, E.T. 1960. *The silent language*. Garden City: Doubleday.
- Hedin, H. Hirvensalo, I. & Vaarnas, M. 2014. *Handbook of market intelligence : understand, compete and grow in global markets*. Somerset: Wiley.
- Hofstede, G. 1983. The cultural relativity of organizational practices and theories. *Journal of international business studies*. Fall, 75-89.
- Hofstede, G. 2015. The Hofstede Centre - Sweden. Accessed 10 January 2016. <http://geert-hofstede.com/sweden.html>
- Hollensen, S. 2014. *Global marketing sixth edition*. Harlow: Pearson Education
- Holmlund M. & Kock S. 1998. Relationships and the internationalisation of the Finnish small and medium-sized companies. *International Small Business Journal*. 16 (4). pp. 46-64.
- Hood N. & Vahlne J.E. 1988 *Strategies in global competition*. Beckenham: Croom Helm.
- Hymer, S. H. 1976. *The international operations of national firms: a study of direct foreign investment*. Cambridge, Mass.: M.I.T. Press.
- ICA Group 2016. Annual Report 2015. Accessed 9 April 2016. [http://corporate.ica.se/globalassets/3.-investerare/5.-rapporter/arkiv---finansie/engelska/2016/02.-annual-report-2015/160307\\_ica\\_gruppen\\_annual\\_report\\_2015.pdf](http://corporate.ica.se/globalassets/3.-investerare/5.-rapporter/arkiv---finansie/engelska/2016/02.-annual-report-2015/160307_ica_gruppen_annual_report_2015.pdf)
- Johansson J. & Wiedersheim-Paul F. 1975. The internationalization of the firm: four Swedish cases. *Journal of management studies*. October. pp 305-322.
- Johansson J. & Vahlne J.E. 2009. The Uppsala internationalization process model revisited: from liability to foreignness to liability of outsidership. *Journal of international business studies*. 40 (9). pp 253-267.
- Keegan, W. 1995. *Global Marketing Management*. Engelwood Cliffs: Prentice-Hall.
- Kotler, P., Keller, K., Brady, M., Goodman, M. & Hansen, T. 2009. *Marketing management*. Harlow: Pearson Education.

- Landes, D. 2009. Sweden's pharmacy monopoly finished. *The Local*. Jun 2009. Accessed 09 May 2016. <http://www.thelocal.se/20090701/20396>
- LIF. 2015. Swedish Pharmaceutical Market and Healthcare, Fakta 2015. Accessed 02 February 2016. [http://www.lif.se/globalassets/pdf/broschyror/fakta\\_2015\\_tabellverk.pdf](http://www.lif.se/globalassets/pdf/broschyror/fakta_2015_tabellverk.pdf)
- Lu, Y., Karpova, E.E., Fiore, A.M. 2011. Factors influencing International fashion retailer's entry mode choice. *Journal of fashion, marketing and management*. 15(1). 58-75.
- Matlay, H. 2006. *Critical perspectives on the internationalization of SMEs*. Bradford, GBR: Emerald Group Publishing Ltd
- Miesenbock, K.J. 1988. Small business and exporting: a literature review. *International Small Business Journal*, Vol. 6 No. 2, pp. 42-61.
- Ministry of Justice. 2006. The Swedish judicial system - a brief presentation. Accessed on 05 January 2016. <http://polis.osce.org/countries/f/71/185/The%20Swedish%20judicial%20system.pdf>
- OECD. 2014. OECD Environmental performance review of Sweden: Assessment and recommendations. OECD Publishing. Accessed 29 December 2015. <http://dx.doi.org/10.1787/9789264213715-eng>
- Oriola KD. 2015. Annual review 2015. Accessed 09 April 2016. <http://www.oriola-kd.com/globalassets/attachments/annual-reports/2015/oriola-kd-annual-review-2015.pdf>
- Ortwein B. 2003. The Swedish legal system: an introduction. *Indiana International & Comparative Law Review* Vol. 13:2 (405-445).
- Ries A. & Trout J. 2000. *Positioning: the battle of the mind*. New York: McGraw-Hill.
- Robock, S.H. and K. Simmonds (1983). *International Business and Multinational Enterprises*, Chicago: Irwin.
- Root, F. 1998. *Entry strategies for international markets*. San Francisco: Jossey-Bass.
- Statistics Sweden (SCB). Key figures of Sweden. Accessed 28 December 2015. [http://www.scb.se/en\\_/Finding-statistics/statistical-news/Key-figures-of-Sweden/](http://www.scb.se/en_/Finding-statistics/statistical-news/Key-figures-of-Sweden/)
- Sutherland, S. 2015. How Sweden created a model economy. Accessed 28 December 2015. <https://sweden.se/business/how-sweden-created-a-model-economy/>
- The World Bank. 2015. *Economy Rankings*. Accessed 28 December 2015. <http://www.doingbusiness.org/rankings>
- Williamson, O.E. 1985. *The economic institutions of capitalization*. New York: The Free Press
- World Economic Forum. 2015. *The global competitiveness report 2014-2015*. Accessed 28 December 2015. <http://reports.weforum.org/global-competitiveness-report-2014-2015/>

## Figures

Figure 1 Framework of the thesis .....	9
Figure 2 Exports and Imports (MSEK) (Statistics Sweden 2015) .....	24
Figure 3 Swedish GDP in MSEK from 1993 (index year)(Statistics Sweden 2015) .....	24
Figure 4 R&D Intensity major EU countries (Eurostat 2015).....	25
Figure 5 Hofstede's model Sweden in comparison with Finland (Hofstede 2015) .....	28
Figure 6 Generic and total human market (LIF 2015) .....	30
Figure 7 Non-prescription market 2014 (LIF 2015) .....	31
Figure 8 Sales in Sweden by company 2014 .....	33
Figure 9 Retail market shares .....	37
Figure 10 SWOT Analysis .....	39