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## **PURCHASING OF EMERGENCY MEDICAL SUPPLIES IN SWEDEN**

Purchasing process and criteria for the emergency medical supplies market in Sweden

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Purchasing process and criteria for the emergency medical supplies market in Sweden

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## ABSTRACT

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The Swedish market and all its elements are tough. The Swedish prefer comfort and trust in supplier relationships and need physical evidence of new products and new suppliers to start a relationship. The emergency medical supply market is dominated by different public and private authorities, much of whom the county council purchases for. Private businesses have a simple yet straight forward method of purchasing in comparison to the public sector where purchasing is complex and the process long.

The objective of this research was to study this purchasing process more closely, how the process works, where the products are purchased from and with what criteria. All these questions aid the commissioning company to determine if there is an opportunity underlying in the seemingly tough market of Sweden.

The research was conducted by interviewing representatives from different sectors of the emergency medical supply business. These representatives were head of purchasing or company owners, people who could give exactly the information required. The data for the research was collected via telephone interview.

The results show an opportunity for the commissioning company, but a long road to success lies ahead. Swedish companies working in the business in question, tend to rely on long-term business relationships and determine that their customers initiate purchasing emergency medical supplies. For the public sector, a tendering process determines where the products are purchased. Due to the companies in the business being small to medium size, purchasing authority lies mostly on a singular person or in the case of a public entity, on multiple persons.

In conclusion, this research presents in depth information about the emergency medical supply market in Sweden and the public vs. private procedure to purchasing. The information is exact to the business, but can also be used to understand purchasing procedures in general. For the commissioning company, this study provides valuable information about companies of interest and help determine a strategy to penetrate the market.

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Keywords: purchasing, purchasing criteria, procurement, tendering

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# 1 INTRODUCTION

The aim of this chapter is to introduce the commissioning company and the objectives of the research. The reader will be familiarized with the background and purpose of the study as well as why this research is important to the commissioning company. The objective is to provide a clear understanding of the focus of this study and the reasons behind it.

## **Commissioning Company**

Medkit Finland Ltd exports and imports emergency medical supplies for EMS (Emergency Medical Services) profession in pre-hospital environments. Located in Oulu, Finland, the company has over 3300 customers in Finland, mainly in the industrial sector, ambulance units and in different health care units. The company offers over 1000 products and their main advantage in the emergency medical supply market is that they are the only company in Finland which offers the full list of emergency supplies and thus offers convenience to their customer's of buying all the items from one place. The company CEO Minna Åman-Toivio commissioned this study due to plans to expand to Sweden (Medkit Finland Ltd. 2014. Date of retrieval 01.09.2014).

## **Background**

A study has been conducted to Medkit Finland during 2013 about the Swedish market by Stenmark Malin a research by the title of "Cultural Insight of doing business in Sweden". This study is more of an in depth look at how the Swedish market should be penetrated to reach optimal results. In addition to Malin Stenmarks study, The CEO of Medkit Finland, Minna Åman-Toivio, had also conducted research to determine the possibilities in Sweden. The research consisted of visits to trade fairs, meetings with companies operating in Sweden and a business visit to Sweden conducted by Innoconnections. Innoconnections charted potential partnership companies operating in Sweden and arranged a scheduled business visit to Sweden. Due to the positive nature of the results gained, Minna Åman-Toivio commissioned this study to see the potential in distributing to Sweden and with what method. This study will focus on finding the most potential distribution solution for Medkit Finland.

## **Research Questions**

The main objective of the thesis is to find out the most suitable distribution channel solution for Medkit Finland to enter the Swedish market. This research aims to find as much information as possible on the different types of distribution solutions, focusing on determining the most optimal one. The emergency supply market is a relatively small one which can result in difficulties of finding information and establishing an entry strategy. This research will determine who the clients are and how they purchase emergency supplies in Sweden. There are three main research questions:

1. What purchasing process do emergency medical supply companies use, that operate in Sweden?
2. What purchasing criteria do these emergency medical supplies have for different companies operating in Sweden?
3. What is the most optimal distribution solution in exporting emergency medical supplies to Sweden?

## **Structure of Study**

The first part of this study focuses on the theoretical aspect of determining the distribution channel options and the B2B process. The study contains the distribution solution aspect as well as the purchasing process to define as widely as possible the different stages to exporting to a foreign market. Due to the practicality of this study, it is important to identify to the reader the steps in building a successful distribution channel and how a product is sold to the B2B customer after the distribution channel is defined.

The second part of the study will emphasize on contacting experts in the field of doing business in Sweden. These experts will be chosen according to the amount of knowledge they have on the emergency medical supply market. As mentioned, the emergency medical supply market is a relatively small one and for this reason, the experts have to be chosen carefully to gain as accurate and in depth information as possible. The interviewees should be able to give information about to who and how Medkit Finland should sell and distribute their products.

## **2 THE SWEDISH MARKET**

This chapter will briefly assess the characteristics of different areas of the Swedish market. One of the key factors to entering any market is always understanding the basic information, to understand the country and how business is conducted. The aim is to give the reader a perspective of what the companies are facing when entering the Swedish market and in this chapter, the research will have a look at the most necessary facts of economy to everyday business culture in Sweden.

### **2.1 Economy**

An EU member state, Sweden is a highly developed industrial country with world-leading research on biotechnology, microelectronics, medical innovations and space. The economy has a strong knowledge-based service sector and thus is the largest employer due to the fact that it employs 75 percent of the workforce in Sweden.

Manufacturing is also a strong economic sector; the availability of raw materials enables traditional manufacturing, but additionally industry manufacturing is maintained through exceedingly specialized and research-oriented companies. Competition in the Swedish market is tough and it can be difficult to enter the market. The Swedish consumers enjoy high quality products and standard of living. They are also price aware and the purchasing power is high. When entering the market, establishing good business relationships will aid in success and open up business opportunities. (Chamber Trade Sweden 2014. The Swedish Market. Date of Retrieval 12.09.2014.)

### **2.2 Industry Specific Features**

The industry for emergency medical supplies has many active companies selling their products through retail or in a self-owned web store. In Sweden, pre-hospital environments have a unique purchasing system, for example the ambulance building firms do not purchase any supplies for the ambulances, but it is the health care regions centralized purchasing or ambulance stations themselves that do the purchasing.

There are financial restrictions to the purchasing and the main issue is that the products bought by the customer cannot be high in price, but have to be a quality product from a reliable supplier. The emergency medical supply market at the moment is dominated by a company name Help & Rescue, whom also have a large web store. (Pitkänen, M. 2013. InnoConnections Business Visit Programme for Medkit Finland).

### **2.3 Critical Success Factors**

There are many success factors when starting the process of exporting to Sweden and the first one is to understand the business culture. Understanding the business culture in Sweden gives an idea of what to expect when, for example scheduling a meeting with a possible distributor or partner. Analyzing the market and the competition is essential to gaining a clear understanding of the major players and opportunities. An entering company should always be prepared and able to perform. The Swedish market is tough and the products or services should always be cutting edge to keep up with market standards. Convincing the buyers indeed is pugnacious, but once an agreement is settled upon and a functioning business relationship is established the opportunities for success are open.

In addition to analyzing the Swedish market, it is important to visit trade fairs and market your company's products or service. Trade fairs are excellent places to get in contact, network and get feedback on the product or service that the company is offering, as well as gain the latest information on trends and developments of the sector of interest. Establishing a functioning network will open opportunities and give an advantage. (Finnpartnership 2011. Exporting to Sweden. Date of Retrieval 16.09.2014.)

### **2.4 Competition**

Competition in Sweden is different to whether it is looked at from the consumer perspective or the business culture perspective.

In the business culture of Sweden competition and consensus have a mutually stable existence and the Swedish prefer to reach a mutual goal rather than an individual one. Striving to "be the



best” is looked upon with slight ambivalence, in a world where equality and moderation are strong values (Robinowitz & Johansson 2001, 151).

Observing competition from the consumer point-of-view however is different. The consumers of Sweden are, as established previously, price aware and prefer high quality and standard of living. For a company entering the market, or the launching of a new product, can be demanding due to fierce competition and consumers who are aware of what they are buying. To succeed in the market of Sweden, the company must have a working network, the product has to be cutting-edge and customer service in the form of after-sales service should be on form (Chamber Trade Sweden 2014. The Swedish Market. Date of Retrieval 12.09.2014).

On a larger scale, according to The World Economic Forum, in 2012 Sweden ranked the most competitive economy country in the European Union. The WEF states the reasons for Sweden’s competitiveness are due to a large focus on education and training. Competition is encourage by first-class enterprise environment and a strong culture of entrepreneurship with efficient and readily available financing possibilities. Sweden is also known for its innovative workforce and this is encouraged by using the latest digital technologies. (World Economic Forum. 2012. Ranking: The top most competitive countries in Europe. Date of Retrieval 15.09.2014).

### **3 CHANNEL SELECTION PROCESSES**

The distribution channel is a concept of many functions and operations. In this chapter the focus will be to help the reader to understand how the distribution channel works and what distribution channel characteristics should be taken into consideration. To understand how to define the most optimal distribution channel option, there has to be an understanding of how distribution in a company is operated and what the elements of the distribution channel are. Consideration should be taken towards the structure of the distribution channel as well as what are the options for intermediaries.

#### **3.1 Distribution Channel Functions**

A distribution channel has many important functions that each serve a purpose all aiming to function together and as an individual sector. According to Kotler (2008, 882-88) There are six functions in a distribution channel; gathering information, contacting, promotion, matching and negotiation, physical distribution and financing and risk taking. All of these functions are divided between the members of the distribution channel such as the manufacturer and the intermediary, to reach maximum potential. Gathering information, contacting customers, promoting and matching and negotiation functions usually are operated by the intermediary but physical distribution, financing and risk taking are divided as agreed.

Contacting customers and promoting are part of the plan to find customers for the product and promote so that sales targets are met. These two functions can include for example customer service, after sales services or payment agreements. Matching and negotiation are a part of the buying process and enable new customer relationships to be formed. Financing and risk taking are functions that need to be carefully determined in an agreement with an intermediary but in direct sales fall solely on the manufacturer. Physical distribution involves tasks such as warehousing, inventory and transportation. These tasks enable for the product to move from manufacturer to the customer efficiently, cost-effectively and in as minimal time frame as possible. In addition to these physical tasks there are strategic elements to physical distribution such as planning, implementing and controlling. These are important tasks and determine the level of profitability achieved by the supply chain to the business. The most important element for efficiency and profitability is not to

aim solely on cost-efficiency but to create a distribution chain that also offers speed and volume. (Kotler 2008, 882-88.)

The most central function is gathering information about the market and potential customers because it provides the required data to improve the distribution chain and provide customers with information (Mikkonen. Date of retrieval 20.2.2015).

### **3.2 Structure of the Distribution Channel**

Deciding upon the structure of the distribution channel, there are many determinants to be considered such as nature of the product and location as well as competition and customer characteristics. Specifying the details to the previous determinants will give the business participants a view of the market situation and how to approach the market in question. Characteristics of the final customer is what decides most of the actions taken in the distribution channel; geographical location volume, usage patterns, and preferences. These factors that need extensive research to be able to meet the customer demands.

The product and its location have a role in setting a distribution strategy; if the product is a convenience product with the aim of low cost and high-turnover, the distribution channel may be longer than a high-quality product. Business today is tougher due to many options of cost-efficient distribution solutions, and price comparability leading to tougher competition. Distribution solutions can be used as a competitive advantage and to overcome the possible competition the company needs to make sure that they are marketing the product correctly (Hollensen 2003. 528-529).

#### **Market Coverage**

When deciding the strategy for a distribution, it is important to set goals. In this case market coverage goals and deciding upon the structure of the distribution network. The market coverage is usually in line with the how many channels the company uses to their advantage. One distribution channel, whether it be distributor, retailer or other intermediary, will give the company only a small market coverage. Several distribution channels on the other hand can reach a wider market coverage. There are three approaches available; *intensive coverage*, *selective coverage* and *exclusive coverage*. Intensive coverage means distributing through as many channels as possible

and with a variety of different intermediaries, for example food and snacks are usually distributed intensively. Selective coverage is about choosing a carefully selected few to cover for a certain area of distribution. Exclusive coverage is choosing a few or a singular intermediary. The decision, on which approach to choose, lies solely on the goal of the distribution. A low-cost, high-volume product can be distributed through several channels to get the product sold and have substantial growth in sales. A high-cost, low-volume good on the other hand, can have only one channel to maintain the product image and due to the product sold to a very specified group of customers, e.g. luxury brand buyers (Hollensen 2003, 528-529).

Overlapping can be an issue with intensive market coverage approach. The most optimal method, is to distribute through a selected channel to a selected segment and to make sure this does not overlap with another segment to whom distribution is done through a different channel. To avoid this situation, when thinking of approaching a certain market with a new distribution method, it should be distinguished, which the existing distribution channels are and if they will overlap. The strategy is to have the market so efficiently covered, that there is no empty areas for competitors to cover. (Hollensen 2003, 529-531)

### **Channel Length**

The channel length is determined by the number of intermediaries required to distribute a product from the supplier to the buyer. The more intermediaries, the longer the channel and possibly higher costs for the end-customer as well as the company itself as on the other hand a shorter channel can usually be the most low-cost option.

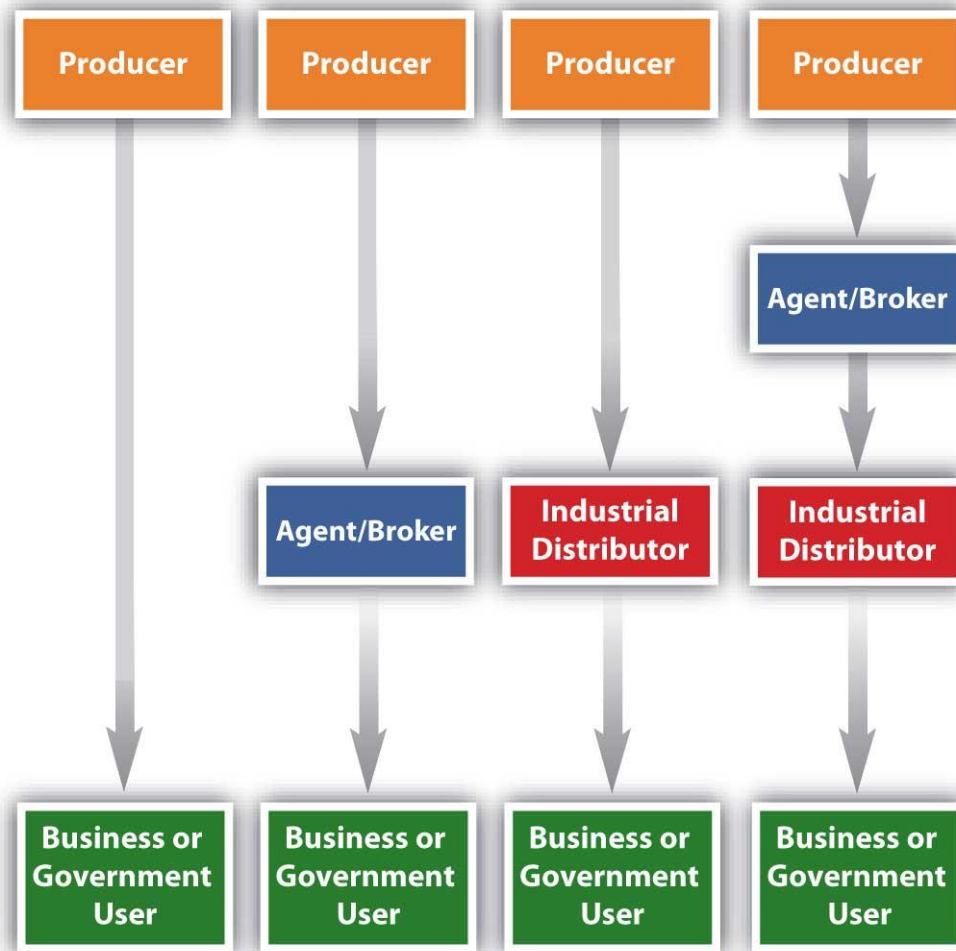


FIGURE 1. Typical Channels in B2B marketing. *Principles of Marketing, John F. Tanner, Mary Anne Raymond*

As Table 1 demonstrates, there are several levels of distribution types where the shortest is the first channel in which the producer directly sells and distributes to the customer. In a long channel version there can be one of each type of intermediary, this is typical for convenience goods that are mass distributed.

### Degree of Integration

Degree of integration refers to a form of control over the supply chain. There is two types of integration degrees: *vertical and horizontal*. Vertical integration refers to having control of different channel members at different levels as horizontal integration refers to control over different channel members at the same level. Especially in long distribution chains having full control and co-

operation in the supply chain can be a difficult task but possible to achieve, by acquisition or working towards cooperative relationships. Acquisition means to have ownership over one or more intermediaries. Having ownership within the distribution chain enables a business to introduce cooperative strategies and possible technologies to support the cooperation. Not only is implementing strategies and technology a positive aspect, but another opportunity that comes with ownership is training and managing. The employees need to be trained to understand how cooperation benefits all channel members. (Hollensen 2003, 531-533).

Successful integration can give a variety of positive results such as reduction of costs, reduction in management heads, reduction of selling costs and control over marketing campaigns. One reason for high costs within the channel is the conflicts between different channel members that result in high transaction costs. (Hollensen 2003, 537).

### **3.3 Distribution Channel Options**

As seen in *Table 1* there are many possible options for a business when it comes to selecting intermediaries. Companies choose intermediaries because they have the experience required to penetrate a market successfully and can achieve better results than they can on their own. In international cases, an intermediary can be the safest option due to the already established networks and experience in selling to the target market at the foreign country. Intermediaries usually buy from many suppliers' similar products and break them into amounts demanded and distribute them to the customers, thus matching supply and demand. (Kotler 2008, 881-882)

When making distribution channel decisions it is important to consider what are the best distribution channels for getting products to customers and what are the requirements for the distribution channel. Determining factors can be for example the length and intensiveness. Another factor to consider is the ordering system and if it will be efficient even with multiple intermediaries and how the transportation system is built. The transportation system can include storing and warehouses that should be taken in to consideration when designing the distribution network (MarketingMO. 2015. Distribution Channels. Date of retrieval 15.02.2015).

#### **Wholesaler**

When a producing company sells the products to a wholesaler, the wholesaler owns the product. A wholesaler survives on the profit it makes by selling the product forward and may have storages and worldwide contacts. The use of a wholesaler is very simple but will be the most separating option for the manufacturer and the end-customer because the wholesaler owns the product and can sell the product onwards by the wholesalers own terms, resulting in the manufacturer not being able to affect the selection of the end-customer. The products are bought in bulk and sold to other intermediaries at a higher price than what the wholesaler initially paid. A wholesaler sells the products unambiguously and prefers to sell in big quantities.

(Immonen 2005, 40-44)

## **Retailer**

A retailer obtains a product from the manufacturer and sells this product to the consumers, making a retailer a reseller. In most cases, a consumer buys from a retailer and not from the manufacturer. Retail stores sell directly to the consumer but have procured the product elsewhere. It is not rare for a manufacturer to have a retail store of their own to reach consumers more efficiently and cost-effectively (Reference for Business. 2015. Channels of Distribution. Date of retrieval 15.02.2015).

There is a variety of different types of retailers such as departments stores who sell a variety of goods in large stores, discounters that compete with low prices and also demographics that sell high-end goods to wealthy consumers. When selling to a retailer, analyzing the retailer can aid in strategic planning decisions. Factors to consider are for example sales of different retailers, department store space, competitors and inventory turnover, which indicates how many times the inventory of a store has been sold and replaced. Thorough research on the retailers and their potential as well as the market they serve will give direction to the right retailer (Investopedia. 2015. The industry handbook: the retailing handbook. Date of retrieval 16.02.2015).

The main benefit for a company entering a new and possibly a foreign market is the opportunity to reach the target market with more streamline than with the company starting from zero. Retailers also can provide product demand by promotion and provide customer feedback. The benefits for the consumer is the possibility to buy small amounts of multiple products and retail is a good option when trying to reach consumers with high consumption habits (Reference for Business. 2015. Channels of Distribution. Date of retrieval 15.02.2015).

## **Agent**

A sales agent represents the producing company to the selected customers; the agent can sell to either wholesalers, retailers or directly to customers. A sales agent can be effective when trying a new market at a foreign country because the sales agent, if a local, has knowledge of the culture, language and has most probably established networks that the agent can use to their advantage. Sales agents work on commission and are cost-effective because if they sell nothing, they do not get paid. The main asset in having a sales agent, is the relationships and contacts that can be used for the company's benefit and a sales agent can get the product directly in front of the customer. Choosing the right sales agent it is important to start from the agent's portfolio, customer base and possible recommendations. Distinguishing the agent's range of products and establishing they do not have competitive products is also essential. A sales agent receives their salary on commission and it is crucial to write a water tight contract. In the contract it should be specifically determined the duties and specific monetary goals. Some may get compensation for their expenses but this detail varies between contracts. (The marketing donut. 2015. Marketing strategy. Date of retrieval 16.02.2015).

## **Direct**

When doing business in the international market, direct distribution is a seldom used option due to the uncertainty and higher risk factors. Distributing the product directly to the customer can prove to be difficult due to the lack of contacts, networks and possibly the inadequate knowledge and experience of the target market. This option is most suited when the product is unique and the manufacturing company is dealing with a few bigger international customers. The reason for this is to reduce risk and ensure profitable commerce.

Direct distribution demands the manufacturing company responsibility throughout the distribution process and for example requires the manufacturing company to have their own export agents at use to make customer visits and thus ensure sustainable business relationships. (Fintra-sarja Vientiopas 2006, 27)

## **Channel Management**



At the stage of channel management, the marketing company has decided upon what type of distribution channel is required and come to a decision of the basic design of the channel. When the design is determined, it is time to start selecting and screening possible candidates for distribution. Due to the knowledge gathered about what type of distributor is most suitable for the company, the candidates must be compared and assessed which one brings the marketer closest to their business goal. First step for the marketer is to create a list of desired characteristics of a distributor and the determinants for success.

Criteria (no ranking implied)	Weight	Distributor 1		Distributor 2		Distributor 3	
		Rating	Score	Rating	Score	Rating	Score
Financial Soundness and depth of channel member	4	5	20	4	16	3	12
Marketing management expertise and sophistication	5	4	20	3	15	2	10
Satisfactory trade, customer relations and contacts	3	4	12	3	9	3	9
Capability of providing adequate sales coverage	4	3	12	3	12	3	12
Overall positive reputation and image as a company	3	5	15	4	12	4	12
Product compatibility (synergy or conflict?)	3	3	9	4	12	4	12
Pertinent technical know-how at staff level	-	-	-	-	-	-	-
Criteria (no ranking implied)	Weight	Distributor 1		Distributor 2		Distributor 3	
Adequate technical facilities and service support	-	-	-	-	-	-	-
Adequate infrastructure in staff and facilities	1	5	5	3	3	3	3

Proven performance record with client companies	2	4	8	3	6	3	6
Positive attitude towards the company's products	1	3	3	3	3	3	3
Mature outlook regarding the company's inevitable progression in market management	1	3	3	3	3	3	3
Excellent government relations	1	4	4	3	3	3	3
Score	1		111		94		85

FIGURE 2. Examples of distributor (dealer) selection criteria. *Marketing Management*. 2003. Hollensen, S. 534.

Financial reports are a good asset in investigating a company's profitability and financial stability but is not always the most reliable source of information and may not tell all that is needed about the potential distributor.

Depending on the product, a company may favor different indicators. The indicators should show if the company is profitable and if the distributor is able to perform as required from the marketing perspective e.g. Customer credit and risk taking. Often a worthy distributor can be dealing competitive products and is therefore an unsuitable option due to the risk of the distributor not emphasizing marketing and distribution efforts enough on the marketer's product (Hollensen 2003. 534).

## **4 CRITICAL CONSIDERATIONS IN THE B2B SALES PROCESS**

A company considering a new foreign market or a new distribution solution in a foreign market should always familiarize themselves with the sales processes of a certain product area in the targeted country. This study is conducted from the B2B perspective thus is important to open to the reader the special characteristics of a B2B sales process. A look at the B2B sales process will give deeper insight to what distribution method is most successful when considering distribution solutions.

### **Information Search and Evaluation**

The first step in the B2B sales process is to find to prospects most suited to buy the product willing to be sold. The prospects should have resources and interest in the product and in all aspects fit the profile determined for the possible intermediaries or end customers (Can work smart. 2015. Sales process. Date of retrieval 16.02.2015).

Information search and evaluating the information can give a more comprehensive look at the characteristics of the possible buyers. The first phase does not yet include any transaction with the buyer and the seller, but the only goal is to gain as much knowledge as possible. The knowledge about the buyers or sellers can be gained through electronic databases or catalogues. Websites and third parties can also give insight (Hollensen 2003, 418).

### **Negotiation**

The basic process of negotiation is for the buyer and the seller to reach a mutual consensus on the products or services price and other details that need agreeing upon. Price is considered to be the most important factor to discuss in any negotiation with a buyer and a seller and a product involved. The negotiation process can range between simple and complex discussions, with both parties working towards a mutual understanding by presenting solutions and offerings that are either rejected or accepted. Often, the longer the time period covered within the negotiation, the more complex the negotiating tends to be. On the other hand, most negotiations tend to be short and simple, especially pre-negotiated contracts and retail purchases (Hollensen 2003, 418-419).

## **Settlement of Transaction**

Even though the negotiation phase can be complex and does not follow any set disciplines, the settlement phase is more straightforward. The set objectives are exchanged and the contract is executed. The activities and procedures are thoroughly defined and it is discussed what is expected from each other within the set conditions. After the settlement, the transaction is initiated by a purchase order confirmed by the supplier after which the supplier ships the goods.

## **After-Sales Analysis**

The data from the previous phases is saved to ensure correct after-sales support and possibly assess the performance level of the supplier as well as analyze internal buying patterns of the buyer. The after-sales procedures such as storing information becomes vital when a problem occurs with the product. Typically, it is the end-user who contacts the supplier when the product is not functioning as expected or does not have the promised features. To provide sufficient customer service, the information stored will aid in solving the problem and locating the source of the problem.

In today's business environments, there are several data storing systems that support the storing, accessing and processing of large amounts of information. These systems allow information to be analyzed efficiently and to be used to direct future purchasing patterns (Hollensen 2003, 419).

### **4.1 Organizational Buying Behavior**

Organizational buying is not simple and the decision making is affected by a variation of sectors within the business unit. The decision making unit is referred to as DMU and as shown in figure 3.5 the unit includes sectors such as the initiators, influencers, deciders, gatekeepers, users and the decision makers. All these units live in symbiosis with each other, all contributing to the actual decision.

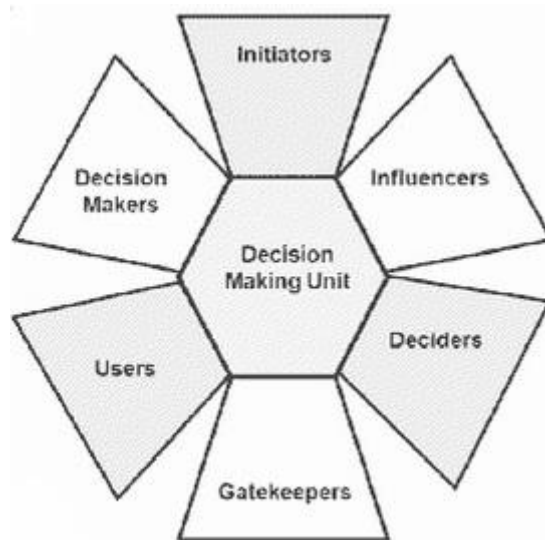


FIGURE 3. Members of the decision making unit. Webster and Wind 1972.

- *Initiators* request for the purchase and start the process.
- *Users* propel the purchasing process by using the product and evaluating its performance. This can also be referred to as the specification process where it is determined if the product will solve a problem that it has been acquired for.
- *Influencers* can for example be consultants hired to evaluate alternatives from competing suppliers or set technical specifications. Influencers are common in high-technology businesses where the buyer has little to none expertise in the subject.
- *Deciders* are those who make the purchasing decision within the business. This group within the DMU is hard to identify because it may not be clearly defined who makes the final purchasing decision but may be a person or set of persons who have the required authority and have understanding of what the product is needed for and if it fits the requirements.
- *Buyers* influence the framework in which the purchasing process is conducted by selecting suppliers and managing the process. Buyers may not directly decide the product but manage the overall process.
- *Gatekeepers* control the flow of information directed towards the business e.g. secretaries or technical personnel.

The key to understanding the organizational buying behavior and being able to use the information to the company's advantage, is understanding who are the most influential members of the DMU

of the company in question. According to *Fill & McKee, 2011* the influential members work close to the organizational boundary, work close to the center of the work flow and are linked to members higher up the company hierarchy. What is defined difficult in finding out the influential members is also finding out their emotional character and their position in the DMU. This needs research and possible company visits to determine as good of a perspective on the DMU members as possible (McKee & Fill 2011, 66-68).

## 4.2 The Decision Making Process

The buying decisions of an organization vary within nature of the product, the relative value and frequency of the product purchases, with the strategic impact and the relationship with suppliers. Even though there are differences in the purchasing decision criteria, a few larger scale outlines can be identified called buy classes; new task, modified rebuy and straight rebuy.

Buyclass	Degree of familiarity with the problem	Information requirements	Alternative solutions
New task	The problem is fresh to the decision makers	A great deal of information is required	Alternative solutions are unknown, all are considered new
Modified rebuy	The requirement is not new but is different from previous situations	More information is required but past experience is of use	Buying decision needs new solutions
Rebuy	The problem is identical to previous experience	Little or no information is required	Alternative solutions not sought or required

FIGURE 4. *The Characteristics of buy classes. McKee & Fill 2011.*

New task is when the purchasing of a process is a first time buying situation. When buying for the first time, relatively little information has been gathered about the product and participants need longer time periods for each phase of the buying process. In addition to the longer period of time it takes to make the purchasing decision, there are a lot more participants in the decision making. Due to the nature of the new task, a bigger risk is involved in the purchasing because of no prior experience with the product or service. Depending on the product or service, the level of risk varies according to the contribution it makes to the companies value system.

Modified rebuy is purchase that has already been made but for the buyer to purchase more of the product, the company can for example request that some adjustment are made to the product, price or delivery patterns. Modified rebuy is not as risky as new task and requires fewer participants in the decision making. In modified rebuying, the problem solving level is moderate because there is already experience with the purchase but the question in this case is if what supplier can offer the best option with the adjustments made.

Straight rebuy refers to purchasing a product that the company already has a history of purchasing. The purchasing company understands what they are buying due to the amount of knowledge collected from previous experiences and data gathering. The buying is more routinized based and the purchases made from a selected list of suppliers. Straight rebuy products may usually be products that are essential for the company to be able to stay operational. The straight rebuy process can be interrupted by a new supplier that has a better offer. Risk level is minimal due established procedures and criteria and the buyer has little reason to find other suppliers.

Straight rebuy also offers conditions for automatic systems that process the orders automatically and stores information for later use.

In the below figure 4.2.1 are shown the buy classes and their key aspects to the buy phases.

Buyphases	New task	Modified rebuy	Straight rebuy
Problem recognition	Yes	Possibly	No
General need description	Yes	Possibly	No
Product specification	Yes	Yes	Yes
Supplier search	Yes	Possibly	No
Supplier selection	Yes	Possibly	No
Order process specification	Yes	Possibly	No
Performance review	Yes	Yes	Yes

FIGURE 5. Framework of the buy phases. Fill & McKee 2011.

### 4.3 B2B vs B2C Sales, Similarities and Differences

Analyzing the differences between B2C and B2B sales and buying processes can give a deeper insight to understanding how to approach selling to an organizational buyer versus a consumer buyer.

	Consumer buying	Organisational buying
Number of buyers	Many	Few
Purchase initiation	Self	Others
Evaluative criteria	Social, ego and level of utility	Price, value and level of utility
Information search	Normally short	Normally long
Range of suppliers used	Small number of suppliers considered	Can be extensive
Importance of supplier choice	Normally limited	Can be critical
Size of orders	Small	Large
Frequency of orders	High	Low
Value of orders placed	Low	High
Complexity of decision making	Low to medium	Medium
Range of information inputs	Limited	Moderate to extensive

FIGURE 6. A comparison of buying characteristics in organizational and consumer markets. Fill & McKee 2011.

Figure 2 demonstrates the differences between B2B and B2C buying characteristics. One of the main differences is that in B2B buying, the number of buyers is a few and in B2C there are many buyers. In addition to the buyers, there are a fewer people involved in the purchasing process all together with different levels of activity such as the logistic process, purchasing of raw materials and manufacturing as on the other hand there can be millions of consumers buying an end product e.g. a chocolate bar. Another noticeable difference is that the purchasing value in organizational buying is higher than in consumer purchasing. Thus the frequency is lower for B2B buying versus B2C (Fill & Mckee 2011. 65).



The B2B buyer tends to have a high interest and understanding of the product. A business buyer has formed a view of what product or service is needed and how it will fix the problem or provide profitability and competitiveness. A business buyer could be described a sophisticated buyer due to the knowledge they already possess. A consumer on the other hand, does research before buying a product to get the best price possible. A factor that has to also be considered with a consumer buyer is that they need to trust to shop they are buying from, weather it is a retail outlet or a web store (Masterful Marketing, 2007. Marketing for B2B vs. B2C. Date of retrieval 22.02.2015).

Even though there are many differences, there are also similarities. One of them being the need for quality customer service. Weather the product or service is sold to an organization or to a consumer, customer service and relationship building is key. Providing high performance in this sector, ensures the possibility of a future association. Another considerable similarity is the need for a sales process. The sales process is different in B2B versus B2C but yet they both include a definite strategy and a clear procedure (The Mansfield Sales Blog. 2015. B2B vs B2C Sales. Date of retrieval 22.02.2015).

## **5 DETERMINANTS OF CHANNEL SELECTION IN SWEDEN**

Sweden's medical supply market is a tough one with many competitors and with the competitors constantly innovating and having access to the newest technology. Distributing to Sweden may be a difficult option for a business but with thorough study and successful distribution strategy, a very profitable market to enter. In this chapter we will take a deeper look directly at the Swedish medical supply market and the factors to be considered when choosing a distribution channel to Sweden.

### **5.1 Swedish Health Care System**

As many Nordic countries, Sweden also has a tax-based health care funding system. Sweden's nursing and home care is under the supervision of the municipality but primary health care and specialized care is of the county. The responsibility is shared by the centralized government, municipalities and counties. The central government's role is to determine principals and regulations by using the law when the municipalities and counties take action in providing the health care. An important factor to take in consideration, when entering the Swedish medical technology market, is the fact that the providing of health care is decentralized to county councils who are political bodies that are responsible for providing quality health-care to citizens. The county councils also take care of purchasing of the medical supplies. Because the national health care system is based on funding by taxes, they always aim in cost-efficiency due to cost restrictions. There are 290 municipalities in Sweden and 18 county councils.

There are six health-care regions in Sweden; Umeå, Uppsala/Örebro, Stockholm/Gotland, Linköping, Gothenburg and Malmö/Lund. These health-care regions provide advanced care and own emergency hospitals. The counties are able to outsource services by purchasing them from a private business operator (OSECC 2012. A description of the Swedish medical technology environment. Date of retrieval 22.02.2015).

## **5.2 The Emergency Medical Supply Market**

The emergency medical supply market is as many markets in Sweden, a fierce one. When selling to pre-hospital customers the purchasing system is decentralized to county councils and can either conduct the purchasing themselves or let the end-user, e.g. ambulance stations, fire stations or health care units do the purchasing. Ambulance stations and emergency services can sometimes be operated by an organization of the council but in most cases the council uses tender procedure to find a company most suited for operating the emergency services and in these cases the chosen companies carry out purchasing themselves.

Because of the tax-based funding system, the pre-hospital environments have cost-restrictions and for this reason the price of the product is one of the biggest competitive factors when emergency medical supplies are purchased. Selling directly to the ambulance manufacturers is not a likely option because the vehicles are not equipped with emergency bags or emergency products when built for the health-care unit customers (Pitkänen, M. 2013. InnoConnections Business Visit Programme for Medkit Finland).

## **5.3 The Emergency Medical Supply Competition**

The emergency medical supply market competition is not as tough in the emergency bag sector as it is in the first aid market. The biggest competition in the emergency medical supply market in Sweden is Help & Rescue. Help & Rescue is a company operating in Åre and have started doing business in 1991 when they started developing and manufacturing their own products. Due to the long history of help & Rescue, they have established a well-known brand in the Swedish market. Many pre-hospital authorities and health care units are their customers ranging from ambulances to the police, defense forces and even ski resorts.

Help & Rescue also have a wide range of products such as emergency bags, emergency heat bags, hygiene products and products that enable to move a patient from a location to another. The emergency bag range is a wide one, with small and big emergency bags, bags for oxygen and intubation. The bags can be found in backpack model and briefcase version (Help & Rescue 2015. Date of retrieval 25.02.2015).

The Swedish market can be difficult to penetrate due to the major players that dominate the market with their known products and reliability. Swedish companies tend to form long-term business relationships once they have decided to enter in to one.

(Pitkänen, M. 2013. InnoConnections Business Visit Programme for Medkit Finland)

There are many retailers for emergency medical supplies. A major brand in the industry is Cederroth which manufactures and distributes first aid equipment and is sold by many retailers. In the emergency bag sector, retailers often have their own brand that is sold in addition to imported medical bags. A good example of this is a company named Ferno Norden which was founded in 1982 and has been dealing in the industry for many years. They have a range of products directed to ambulance, police force, fire/rescue, industry units and traffic. The products consist of many types of emergency supplies, emergency bags included. Ferno retails a few emergency bag brands but has their own "Ferno" emergency bag brand. Dealing with this type of retailer can be a risk due to the possible lack of promotion towards the imported products versus the Ferno medical bags.

(Ferno Norden Info 2015. Date of retrieval 25.02.2015)

#### **5.4 The Emergency Medical Supply Distribution**

When importing to Sweden, the company has to pay VAT and custom duties. Depending on the product, other charges and custom payment may have to be made. To be able to import products and pay the tax and customs payment, the correct commodity code has to be determined to see what the amount is for the payments for import. As a importer, it is the importing company's responsibility to find out the correct customs tariff classification.

When exporting emergency medical supplies to Sweden, there are three options for a company to choose from: direct via internet e.g. website, through a retailer or a wholesaler or by using an agent. Due to the nature of the product in the emergency medical supply industry, the internet alone can prove to be a difficult option to achieve stance in the Swedish medical supply market. Establishing a web store in Sweden is of the same procedure as in Finland but this is not the most challenging aspect as achieving recognition and customers is. Purchasing from abroad can sometimes be a deal breaker for a Swedish customer and the lack of partners and contacts will not help the

company in reaching the Swedish customers. Emergency Medical Supplies are bought by county council owned authorities e.g. fire/rescue stations, ambulance units and other health care units who base their purchasing decision on the reliability and price of a supplier, as consumers tend to be more open to new products. Even though direct selling will enable low pricing for the product, it will not guarantee the trust needed from the customer (OSECC 2012. A description of the Swedish medical technology environment. Date of retrieval 26.02.2015).

A retailer or an agent on the other hand have the benefit of possibly having already established long-term relationships with the pre-hospital and rescue authorities. This already established relationship is an important asset when entering a new market. The problem may occur with the intermediaries existing customers and if their products create a conflict. . (Hollensen 2003, 524-526)

## **6 RESEARCH METHODOLOGY**

The thesis was conducted as a qualitative research. Qualitative research was chosen as a result of understanding that the study requires in depth answers from carefully selected candidates due to the scale of the information needed. The aim was to gain as much information about the purchasing process, purchasing criteria and suppliers as possible from a selected group of potential interviewees. Prior to this thesis, research about the Swedish business culture had been conducted. This research was the next phase, to understand how purchasing is conducted in the area of business and with what terms. In addition to understanding the elements of purchasing and procurement of emergency medical supplies, the objective was to also assess the selected interviewees as potential business opportunities in terms of if they purchase emergency medical supplies are if there is interest in a new supplier.

### **6.1 Qualitative Research**

Qualitative research method is a method, where data is collected and interpreted in a detailed manner, resulting in a more in depth result. (Blaxter, Hughes & Tight 2002, 64.) The questions are open and give the interviewee a chance to answer more broadly and in their own words.

In addition to the nature of the information expected, the emergency medical supply market is relatively small and as proved, can be difficult to form contact with the right persons as to they have no incentive to answer. As the Swedish emergency medical supply market is relatively similar no matter the geographical location or form of business, even a few interviews could offer much information.

### **6.2 Theme Interview**

At the start of the research it was unclear who to contact at first in Sweden and for this reason an effort to contact Jukka Olli from Business Oulu was made, from whom then a report was received. The interviewees were chosen from this report. The report included a list of companies that Medkit Finland should contact, to get their products to the right people. Representatives were from different counties, companies and different rescue units. For this research, 10 candidates were chosen,

few representatives from the following categories; county councils, private companies, defense and rescue units, other public entities.

Interview questions were formed by the help of the commissioning company and thesis supervisor. The aim was to information about how the companies purchase their products, with what process and from who, as well as to see if there was any option for the interviewees to be interested in a new supplier such as Medkit Finland. In addition to the main questions, information about their public versus private purchasing, form of ordering and payment as well as opinions on how to enter the medical supply market were inquired. The questionnaire was finalized together with the commissionaire to ensure they receive the correct information through this research. The questions can be found in APPENDIX 1.

## **7 RESULTS**

The research was conducted via telephone interview. The interview questions can be found at the end of this study (APPENDIX 1). 10 Candidates were chosen and interviewed between the following time frame, 1.4.-25.5.2015. The reason for the two month interview period, was the difficulty of gaining contact with the interviewees. With most, a connection was not established during the research.

### **7.1 Sample background information**

The chosen interview candidates were selected to show a variety of different authorities in the business area. Candidates chosen were county council representatives, help and rescue units, ambulance manufacturers and public health care entities. Representatives from all sectors were chosen to increase the research reliability and validity, to gain a larger scale view on the market and how different authorities purchase and procure within their own market sector.

The research process was initiated by sending an interview invitation to each chosen interviewee, whom then either informed a suitable time and a date or did not reply. After this, a phone call was made to the candidate interviewees that did not reply to inquire for the possibility of an interview. Due to the Swedish business culture, consisting somewhat of politeness and indirect communication, most of the candidates suggested a later time for an interview, postponing the interview every week and eventually either replied or did not reply. Some candidates did not reply to either e-mail or phone calls made during the time frame or declined to be interviewed. At the end of this study it is shown how all the selected companies place in a distribution process based on public information gained from the internet (APPENDIX 3).

### **7.2 Theme interview outcomes**

As mentioned previously in this study, the number of successful interviews was low as for most of the candidates either not replying, declining to be interviewed or did not purchase emergency medical supplies. Majority of the candidates did not respond at all despite the repeated contact



attempts. Two candidates replied that they have stopped all purchases of medical supplies, two declined to be interviewed due to their busy schedule and four candidates remained unable to be contacted.

In total three interviews were successful; Stockholm's Läns Landsting (county council) purchasing representative Jan Matsson, W.Ambulance AB (Ambulance manufacturing company) representative and co-owner Stefan Sjölund and Nilsson Special Vehicles (Ambulance manufacturing company) head of purchasing Frederik Nilsson.

At the beginning of the interviews it was determined what emergency medical supplies does the company purchase and from where. All three interviewees replied that they purchase a variety of equipment ranging from spine boards to medical bags. In common, was also the fact that the purchases were made mainly from Nordic countries, domestic purchases from Sweden and exports from Norway and Finland.

*“We procure all kinds of items, for example bags, helmets, compression machines, ventilators, stretchers, chairs, spine boards, warning lights etc. Our main suppliers are Ferno, Pensi, Phystronic, Dräger” (Sjölund Interview, 21.5.2015)*

*“Our products are often from foreign suppliers, but we do have Swedish distributors. We have a quite a few Danish, Norwegian and a also a few Finnish companies. Our requests are written in Swedish, so we expect the distributing company to understand the Swedish language. But most often the products are from abroad.” (Matsson Interview, 30.4.2015)*

*“We buy any kinds of products the customer requests for, for example bags, sliding decks, helmets, compression machines, first aid kits, scooping trollies etc. Our product purchases and the supplier that the products are purchased from usually come as a request from the client. Our clients usually request for us to buy a certain product from a certain supplier, for example Swedish company Ferno. Mostly we buy from Norway but from Finland we have purchased from Pensi Rescue.” (Nilsson interview, 29.4.2015)*

## **The procurement process and criteria**

The procurement process varied between the types of business. For the county council interviewee the procurement process followed EU guidelines and regulations; the purchasing was public and done through a public tendering process. This means that the county councils informs on it's website about a upcoming purchasing project and the companies interested in selling their products to the county council contact the county council purchasing representative with an offer on the price and quality after which the best offer is selected and an agreement is formed. Matsson explains;

*“We procure according to EU-guidelines, and we have an open procurement procedures because our procurement process is public. What we do, we bundle the need into certain procurement initiatives that are often defined by the area of use. For example we have a big one (project), anesthesia and intensive care equipment, so if I look at what this company is working with, is to do with those equipment's. We do around 40 different procurement initiatives a year, e.g. sterile equipment's. We procure one way or a another all types of equipment. We procure as Stockholm's county council, so we procure everything for Stockholm's hospitals and rescue departments.” (Matsson Interview, 30.4.2015)*

The public procurement process is the same as it is Finland due to the EU-guidelines that public entities are obligated to follow. Below, the public procurement process is demonstrated step-by-step.

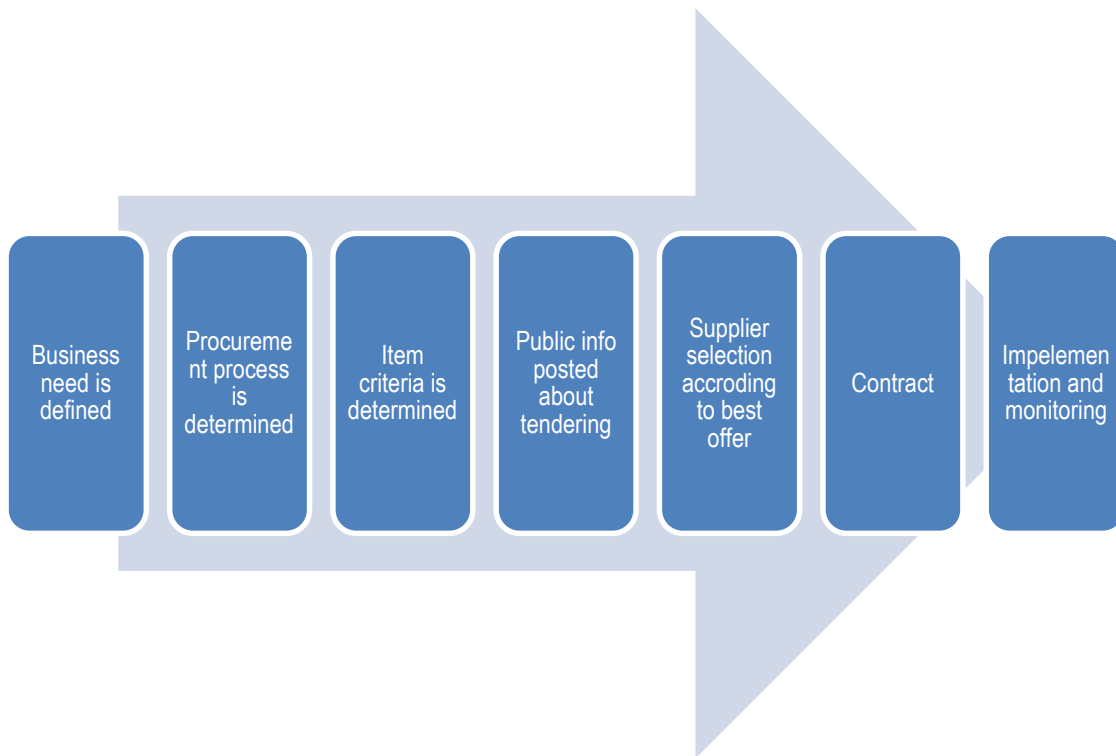


FIGURE 8. The Public Procurement Process. (Matsson, interview 30.4.2015)

The purchasing process for the ambulance manufacturing companies was much more simplified and had only one aim; to purchase products according to the customers request, but only if it was profitable.

*“Mainly the purchase initiative comes from the customer I sell the ambulance to. They ask me directly to buy a certain equipment from for example Ferno and I purchase it and equip the ambulance with it if it is profitable for me. Sometimes the customers see a product in an exhibition or other venue which they are interested in and want to have the ambulance equipped with this and then they ask from me if I can provide the product. After which I asses if it is profitable for me and tell them if it is possible and with what price.”* (Sjölander Interview, 21.5.2015)

In all cases the purchasing process and criteria was more or less not controlled not by the company but by the clients and the demand they presented for emergency medical supplies. Due to the fact that the emergency medical supplies were in all three cases procured only under the wish of an external entity, the purchasing criteria was also decided by the customer. Matsson explains that they have a team of experts, consisting of nurses, doctors, environmental and logistic authorities as well as other representatives that are able to input in the purchasing decision. In these expert

meetings a project is taken into assessment and it is decided what criteria the item needs to fill. One example could be that the product should not contain PHC-plastic. After the quality is determined, the purchase comes down to the price. (Matsson Interview, 30.4.2015.)

### **Ordering and forms of payment**

Ordering and forms of payment resulted to be of the traditional kind as to where either a system follows the inventory or a customer requests a product, the need is formed in to a purchase order and payment is conducted via invoicing.

Nilsson states that they have an ordering system that shows the amount of products in stock and the need for upcoming inventory. The purchase order is sent to a supplier agent or distributor who then ships the goods and the goods are invoiced. He goes on to say that he does not use any form of internet purchasing but sends the purchasing orders directly to suppliers that he has had a business relationship for a long-time and is familiar with. (Nilsson, Interview 29.4.2015)

According to Sjölander, he has a distinctively close relationship with his suppliers and sometimes only e-mails for products and pays by invoice. This is much due to the small size of the company, Sjölander feels recognizes that good long-term supplier relationships are vital to his business. Due to his close business relationships and effortlessness in purchasing Sjölander states he does not use web stores or even consider familiarizing himself with new suppliers. (Sjölander, Interview 21.5.2015)

As the private business sector is more forward in their style of business, much conducting business with long-term suppliers and by purchase orders and invoices, the public sector presents a slightly different process where a monetary limits defines the line between public and private purchasing.

*“European Union provides us the public procurement guidelines. We follow the laws and the level for direct procurement has been increased this year so that more or less if an item costs less than 500 000 Swedish kroner, we could do the purchasing as a direct purchase and there is no need to announce it officially. We can go straight to the supplier and ask for the product through the simplified procedure. That is for the full period of time we procure the item, normally up to four years and normally all our units in Stockholm’s county council should be included in that process*

*anyway. Usually we do it the public way and announce the procurement on our website.” (Matsson, Interview 30.4.2015)*

This results into the fact that for companies it is their own decision of how they purchase and what, as for the public authorities purchase and procure under EU-guidelines and laws, thus making the purchasing process a more complex one to penetrate.

### **Purchasing and procurement decision authority**

Company representatives Sjölander and Nilsson both are head of purchasing in their companies and are in charge of the final purchasing decisions. This was a known factor already at the beginning of the research process, due to the list supplied by Jukka Olli, where the contact information was straight to the appropriate representatives.

According to Sjölander there are two people working at W. Ambulance AB and for this reasons purchasing decisions are made either by himself or together with his business partner. To the question of deciding to centralize purchasing, Sjölander states not being interested in whiching suppliers at the moment due to having long-term relationships with his current suppliers. A decision to purchase from a new supplier would need the request of an customer who purchases an ambulance from him and wants it equipped with a certain product from a certain supplier. (Sjölander, Interview 30.4.2015)

The same statement is made by Nilsson, who is the head of purchasing in a slightly bigger company, Nilsson Special Vehicles. The final purchasing and procurement decisions are his responsibility but customer requests influence his decision. Already established successful supplier relationships deter Nilsson from selecting a new supplier to work with.

Within the company representatives, a familiar and efficient supplier relationship is vital to the success of daily operations and due to this reason causes negative responses to the consideration of new suppliers. A new supplier proposes a possible risk. Public purchasing, in this case the county council of Stockholm, purchasing supplier relationships are different and last four years, after which every willing supplier is able to bid for a supplier agreement. Long-term relationships are less of importance when the purchasing process is equal and possible for all. Matsson explains that it is harder to determine who makes the final decisions of the winning bid but goes on to say that there

is a team of people participating in the final decision. Centralizing purchasing is not possible for the public sector purchasing due to it being controversial. (Matsson, Interview 30.4.2015)

### **Market penetration**

When examining the thought of the interviewees about what in their opinion is the best way to enter the Swedish emergency medical supply market is, the answers ranged from getting noticed by their own customers to attending exhibitions.

According to Sjölander, the key to success is marketing the products or the company. For this, the best option to is either have an agent or attend exhibitions. Every year, there is ambulance conference during the autumn where all ambulance manufacturers and suppliers meet with each other. These exhibitions are an opportunity to get a leg-in in the business and determine potential customers and competitors in the market. (Sjölander, Interview 21.5.2015)

Nilssons advice follows the same lines as Sjölander's, purchasing the services of an agent. According to Nilsson, the agent can visit trade fairs and exhibitions but also bring the products physically to the customer so that they can observe what they would be buying. A great example, in Nilssons opinions, is the Finnish company Pensi, who according to Nilsson, has slowly but surely worked their way to the Swedish market by visiting many trade fairs and exhibitions and establishing their brand with a long-term process. (Nilsson 29.4.2015)

Matsson puts emphasis on doing research about the public procurement process. If the entering company is interested to get a deal by a public authority such as county council, Matsson suggests that it is crucial to find out about upcoming tendering events and supply a bid that is seductive.

*“The best thing they can do in terms of hospitals and county councils that are under the EU procurement laws, that is to learn and be good at the procurement process. To learn how these processes work. The entering company needs to monitor different county councils and when they have they're procurement process starting, normally in every four years, and learn about how to answer county councils requests. They have to be conscious about trying to be as complying as possible. Usually we ask the suppliers to meetings before we start the purchasing process. We have this system in Stockholm but other county councils have started to do this*

*also. The meetings are conducted by a purchasing person or for example a doctor or other authority with knowledge of what we need. Sometimes we even ask for opinions on our requests for example about what the market thinks and what the market situation is. After this we consider of tailoring our requests better.”*

When examining the possibility of purchasing new and innovative products and the history of these kind of purchases, Matsson states that new innovative products are always interesting but they have to be marketed and presented to give possible customers a trusting opinion on the product. (Matsson, Interview 29.4.2015)

## **8 RECOMMENDATIONS**

The road to success in distributing emergency medical supplies is not easy due to tough competition and customers respecting long-term relationships and reliability in the company and the products. The most important feature in an emergency medical supply is that is trustworthy and that this has been established by either use or recommendations from other users. As the research results show, according to the interviewees the best way to enter the market is through exhibitions. Through these exhibitions it is the most powerful way to reach customers, connect and most importantly market and introduce the product. It is crucial for the possible customers to understand and have a visual understanding of the product. In this chapter the most potential exhibitions are introduced to the reader.

### **FLISA 2015**

FLISA is one of the bigger exhibition events in Sweden for ambulance manufacturers and pre-hospital authorities as well as emergency medical supply suppliers. The name FLISA stands for The Federation of Leaders In Swedish Ambulance and Emergency services . FLISA was mentioned in the interview conducted with Stefan Sjölander and according to him, FLISA is one of the most visible exhibitions and an efficient way to connect with the people in the industry. The aim for FLISA is to advance pre-hospital services and environments both nationally and internationally. The event is forum for all people who have management responsibility for emergency medical services in the areas of medicine, administration, operation and training, to share experiences and network. The event takes place annually during the fall and this year the date will be 15th-17th of September, located in Bohuslän. (FLISA 2015. Date of retrieval 06.08.2015.)

### **Ambulans 2015**

Ambulans exhibition is an annual event located in Stockholm. The event is directed also to pre-hospital environments as well as health care personnel. The aim of the exhibition is to showcase new and innovative products that engage potential customers and advance the industry progression. In terms of size, the exhibition is the biggest in the Nordic countries with over 500 participants and 45 exhibitions. The exhibition event consists of multiple programs and shows such as learning about pre-hospital environments or even crime scenes. Innovation is of importance in



this exhibition and can offer the most suitable opportunity to promote a new product or company. Pensi Rescue, which was mentioned by the interviewees is a sponsor in the event as well as big Swedish brands such as Ferno Norden.

The 2015 event has passed in April, but the event takes place around spring every year. (Ambulans 2015. Date of retrieval 06.08.2015)

## **EURO EXPO**

Euro Expo is slightly different to the previously mentioned exhibitions. The Euro Expo is directed towards industrial companies and customers. Euro Expo invites decision makers with electricity, operation, production, maintenance, design and purchasing responsibilities, as well as safety of the region's manufacturing companies. The exhibitions are held regionally during different dates that range throughout the year. Presenting at Euro Expo will help reach the right decision makers in a cost effective manner. A benefit to Euro Expo is that even though it is a smaller event than FLISA or Ambulans, the company can choose the locations and times that best fit and reach customers in different locations in the country. The next Euro Expo will be in Växjö, Sweden, during 9th-10th of September but the event will also be held in Sweden in Örnköldsvik, Borlänge and Luleå during the remaining year. (Euro Expo. 2015. Date of retrieval 06.08.2015.)

## **BRANDBEFÄLSMÖTET**

The Brandbefälsmotet stands as an exhibition event directed towards fire rescue officers and personnel. Every year there are different topics that will be discussed. This year forest fires dominated the subject list. The event is annual and during this year was held in February in Helsingborg, the location will be the same next year. Fire rescue personnel also are a potential customer base to reach with emergency medical supplies and the commissioning company expressed their interest in reaching the rescue authorities. Brandbefälsmötet is a smaller size exhibition event but enables to reach more people more efficiently. (Brandbefälsmötet. 2015. Date of retrieval 06.08.2015.)

## **KEM 2015**

KEM2015 is Sweden's biggest chemical congress for decision makers and managers within companies, authorities, first responders and other organizations that manage, store or work with chemicals. The conference is organized by Rescue Northwest Skåne MSB. The target audience consists of chemical industry, emergency services, health services, police, municipal emergency coordinators, county councils, government agencies and security managers in the private and public sector. The date unfortunately has passed for the year 2015 but will take place again in year 2016. Industrial safety is also an interest for the commissioning company and there for KEM offers a positive opportunity to reach the chemical industry authorities. Many of the bigger companies in the pre-hospital care sector are present such as Ferno and Dräger, whom both were mentioned during the research interviews. The event takes place in Helsingborg, Sweden. (KEM2015.Date of retrieval 06.08.2015.)

## 9 CONCLUSION

The goal of this research was to get an answer to the questions of what products, where from and with what process Swedish emergency medical supply companies purchase supplies. Different aspects of the process were analyzed through a theme interview with three participants, ranging from the main questions of what, where from and how to more detailed information such as the use of web stores and internet banking. Due to the low answering rate, the results are concise but give a glimpse into the processes of the business area from the private as well as the public sector. After much work, the theory and the research reflect each other with the theory used as basis for the research.

A company entering a new market in a foreign country needs to establish business relationships and make their company and products known through exhibitions and trade fairs. These business relationships have a possibility to grow stronger with long-term work and effort applied. For the emergency medical supply purchasing companies such as county councils and ambulance manufacturers, the initiatives to purchase and what products, come from their customers such as hospitals and rescue & defense authorities. The key is to work from the bottom upwards, and the best option to reach as many potential customers and establish a name, is through bigger events where the company can market themselves and their products. Business relationships of all kinds lay within this strategy.

To the question of what products are bought, the answer was relatively similar with all interviewees. A variety of products were procured with the aim to create profit. However, the process differed with private and public representatives, with the process being more straightforward with the ambulance manufacturing companies and more complex with the county council. Ambulance manufacturing company representatives' decisions were affected by the customers' requests and profitability of the purchase whereas county councils have a project initiated by a need, that is then planned and strategized and finally executed through a tendering process. The decision of item criteria lays within the hands of the expert team but the final decision of how from the products are bought is much up to the suppliers who will produce a bid that is the most attractive and has the right quality and price.

The questions of authority differed between the private and public sector due to the county council of Stockholm being a bigger entity and with different responsibilities than the with the private companies. Authority to decide purchases, with all their details such a centralizing, use of web stores and internet banking remained on the shoulders of one person and who as results show, in interview cases, remained negative towards new operations and new suppliers. A clear need for the spark of interest was needed with the company representatives but the underlying feeling for both Nilsson and Sjölander was the satisfaction in comfort of having long-term familiar suppliers. As for centralizing, it seemed to be an impossible option for both company representatives because the initiatives to purchase came from their clients. Centralizing purchasing to one supplier, and determining this as a the only option for their customers was ruled out as risky and difficult for the company and may even result in loss of clients.

The public sector however has a longer decision making process as well as the list of people participating in it. The authority is divided by many people and it is not so much a one person decision. Because the purchasing form is public and is done through tendering, there is not much room for the county council to decide who to buy from, only the criteria of the items to be bought. The items are not bought as individual items but as projects. The projects are determined before the purchasing process and they have a clear objective. An anesthesia project conducted at the moment by Stockholm's county council will need all types of anesthesia equipment to be procured. These items can be centralized to be bought from one supplier but different products from different projects is almost impossible to centralize because it would be controversial in the eyes of fairness, to always result in the same supplier.

An interesting find was that all companies mentioned Pensi, either as a supplier or as a company known in Sweden. As explained in Nilssons interview, have worked their way in to the business, slowly but surely through exhibitions and trade fairs, slowly establishing business relationships and bringing their brand in to the knowledge of people and companies working in the industry. This, agreeably by all the interviewees, was the best way to enter the market, by visiting Sweden to meet with the industry business representatives, visit exhibitions and attend trade fairs. Another hint given by Matsson was to learn as much as possible about the industry and the purchasing process, in the public sectors case, about when the next tendering process will start.

Traditional methods are used in business life, as all of the interviewees were mutual in their opinion of not wanting or using internet banking. A website could be used as a catalogue to see the product

range but the methods of ordering and payment were traditional such as purchase order and invoicing. The option for other methods of ordering and payment, centralizing or taking on a new supplier did not receive much enthusiasm. The research showed the depth of trust and comfort that the Swedish businesses prefer in their daily operations. For this reason, the market can be difficult to penetrate but is possible. Sweden is known for innovation and cutting-edge technology and the same goes for the businesses' interest in these. The businesses operating in the health, rescue and medical business sectors have a need to know what they are purchasing and from who. If this barrier is overcome, a company such as Medkit could establish a long-lasting position in the Swedish market.

## 10 DISCUSSION

This thesis process has been a one of a kind process for me. It has been challenging yet very informative and has given me knowledge I can hopefully use in the future. The topic was quite easy to find but the formation of the topic took time and a lot of discussion. It was relatively unclear at the start what the aim was and this thesis took many shapes and forms before evolving into the present one. At the start of this thesis, it was acknowledged that the research included contacting business authorities that would possibly not want to participate as they have no incentive to do so. Despite the predictions of risk, the challenge was accepted to help Medkit Finland find the information they require to move onwards towards a new market. A thesis prior to this one had already previously been done about the business culture in Sweden and this research, was about gaining a deeper insight to a defined business area, emergency medical supply market.

During my thesis process, I have been working full-time which has prolonged the completion of my thesis. In hindsight I would not recommend for a person to work full-time whilst working on their thesis. Working in addition to all other matters of life, I found myself distraught at times and not able to fully concentrate which then led to me losing my focus where my thesis was going. It was just this spring that the focus of this thesis formed properly and I was able to complete the theoretical part and move on to conduct the research. Finding public information about exactly the emergency medical supply market was almost impossible no matter what sources I used in my theoretical part of this study. Most of the information about the market was received through the interviews and even though some information may be already familiar to Medkit Finland, the information was new to me and has truly broadened my view on the purchasing and procurement business in the private as well as the public sector.

The biggest challenge in this thesis was not the motivation to work full-time and use my evenings for research, but it was trying to contact the interviewees. Three people, after long and hard persuasion accepted my interview request. A few informed that they do not purchase emergency medical supplies and a few declined straight away, but most, did not even answer to multiple e-mails and phone calls. This bothered me because I felt, that my interview was quite simple and the information would have help me, Medkit Finland and maybe even the business area itself to introduce a new supplier prospect. This, trying to get the interviews took months due my

perseverance and irksome thought of giving up. Eventually, after recently conducting the third research, it was decided to use the information what was received to benefit this study.

I have gained much information through this study about purchasing and procurement, the Swedish business culture as well as about writing. Currently I work as an export assistant at a big company and I feel this thesis has given me a missing part of the puzzle of the process of purchasing and exporting products. I truly feel that the information gained from this thesis will aid me in the future in one way or the other.

Last but not the least, I would like to thank you my commissioner Minna Åman-Toivio from Medkit Finalnd and guiding teacher Outi Sutinen for being patient and understanding with my thesis process. I have received advice and consideration even though this thesis process has lasted longer than expected. I also would like to thank you my friend and fellow student for being my opponent and especially for being my opponent for my presentation seminar at a time after her graduation. All of your help has little by little pushed me towards my ultimate goal, finishing this thesis and graduating. Thank you.

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## APPENDICES

### THEME INTERVIEW QUESTIONS

### APPENDIX 1

1. What emergency medical supply products does your company purchase?
2. Where are these products purchased from?
3. Can you describe the emergency medical supply purchasing model/procurement process step-by-step?
  - a. Is your purchasing centralized and if not, would you see this as a possibility?
4. Can you describe the purchasing criteria for emergency medical supplies?
5. From who or where do the guidelines for purchasing come from in your company?  
E.g what products you have to have, the amounts and where from the products should be purchased from.
6. Who in your company has the authority to conduct purchasing decisions purchasing emergency medical supplies?
7. What do you consider is important for a Finnish emergency medical supply company entering the Swedish market to take into consideration?
  - a. What in your opinion, is the most efficient way to sell emergency medical supplies from Finland to Sweden? E.g. Web store, physical location in Sweden (shop), agent, retailer..?
  - b. What channel do you prefer to use in your company?
8. Could you consider purchasing from a foreign supplier?
  - a. Could you please describe in your opinion the pros and cons in purchasing from a foreign supplier?
9. What payment method do you prefer when purchasing from suppliers?

a. Invoice or internet banking..?

b. Do you use web stores for purchasing products? If not, could you see this as a possibility?

10. Are you interested in new innovative products or does your company prefer to purchase products you have previous experience with?

## E-MAIL SENT TO THE INTERVIEWEES

## APPENDIX 2

Dear Mr/Mrs

My name is Kristiina, and I am student at Oulu University of Applied Sciences studying international business. This is my last year and I am conducting my bachelor's thesis research for an Oulu based company called Medkit Finland Oy. Link to the company webpage: <http://www.medkit.fi>

My research is about finding the purchasing criteria and purchasing process of emergency medical supply in Sweden and thus finding out the most suitable distribution channel for emergency medical supplies from Finland to Sweden. During my research, I have come across your company and information and established that you would be the most suitable person to interview for my research. I hope that you can find time to answer a few questions preferably by phone.

If you find that you are not the right person for this interview, please could you give me contact information to the person in your company who is able to answer my interview questions.

I have added as an attachment the interview questions so that you can have a look at the questions and decide if you wish to be interviewed. If an interview by phone is too time consuming, I wish for you to reply to me in writing so that I can gain as much information as possible for my research.

If the phone interview is ok for you, is it alright if it is conducted in English? Also next Monday 27th would be a very suitable time to conduct the interview but we can agree on any time that is suitable for you.

Your help and the chance to interview you would be of great help.

I will await for your reply

With best regards,

Kristiina Hanni

Oulu University of Applied Sciences

