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# HOW DO MACRO ENVIRONMENTAL FACTORS AFFECT PROMOTION IN BUSINESS-TO-BUSINESS SECTOR

– Case DSV

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The fast phased globalization of business and movement of workforce has made cross-cultural knowledge among entrepreneurs and business representatives increasingly important. A research reveals that there are major unused opportunities and demand for Finnish expertise in many sectors in Canada. Despite of many opportunities and similarities between the Finnish and Canadian markets, Finnish businesses have yet to exploit many of the business opportunities in the Canadian markets. According to the Finpro country representative, Ari Elo, the limited knowledge among the potential industries in Finland about Canadian market and its opportunities, is the primary reason for some of the even most visible business opportunities are yet unexploited. This thesis seeks to narrow down the knowledge gap.

The thesis discusses the concept of industrial marketing promotion in cross-cultural context, focusing specifically on freight forwarding sector. The research was implemented to study the differences of marketing tools used between two country divisions of a case study company, and further study the influence of macro environmental factors to the differences established. The case study was conducted in cooperation with a multinational logistics service provider, a company with a solid position in both the Finnish and Canadian freight forwarding markets. Mostly qualitative methods were used in the research, in the form of surveys conducted among the company marketing and sales representatives. The purpose of the thesis is to create a basic understanding on the differences and similarities between the Finnish and Canadian marketing environments, and is aiming at raising awareness of the Canadian marketing environment among freight forwarding professionals and Finnish expatriates.

The results of the research show remarkable differences in the promotion methods utilized between the Finnish and Canadian organizations. While personal selling remains as the primary method of promotion in both divisions, the Finnish organization is actively applying different forms of promotion into the marketing, whereas the Canadian organization is almost exclusively relying on personal selling, and showing seemingly less urge to integrate with the local marketing environment. The macro environment was found to have affected on the targeted markets, and ways promotion methods were utilized.

## KEYWORDS:

Business-to-Business marketing, International marketing, Marketing communication, Promotional mix, Cross-cultural marketing.

Sini Törnström

# MITEN ULKOINEN LIIKETOIMINTAYMPÄRISTÖ VAIKUTTAVAA YRITYKSEN MARKKINOINTIIN BUSINESS-TO-BUSINESS SEKTORILLA

- Case DSV

Liiketoiminnan ja liikkuvan työvoiman nopea globalisoituminen on tehnyt kulttuurierojen tuntemuksesta yhä tärkeämpää yrittäjien ja yritysedustajien keskuudessa. Tutkimus paljastaa, että monilta Kanadan markkinasektorilta löytyisi suomalaiselle erikoisosaamiselle kysyntää ja liiketoimintamahdollisuuksia. Markkinappotentiaalista ja Suomen ja Kanadan markkinoiden yhtäläisyyksistä huolimatta, suomalaiset yritykset eivät ole löytäneet tietä Kanadan markkinoille. Finpron Kanadan maaedustajan, Ari Elon mukaan, tietämättömyys ja rajallinen tuntemus Kanadan markkinoista ja sen tarjoamista mahdollisuuksista on ensisijainen syy miksi markkinapotentiaali on jopa näkyvimmillä potentiaalisilla sektoreilla edelleen hyödyntämättä. Tämä opinnäytetyö pyrkii osaltaan parantamaan markkinatuntemusta Kanadan markkinoista.

Tämä opinnäytetyö käsittelee kulttuurierojen merkityksestä B-to-B markkinointikommunikaatiossa, keskittyen huolinta-alan markkinointiin. Tutkimuksessa selvitettiin case study yrityksen markkinointia Kanadan ja Suomen markkinaympäristöissä, sekä ulkoisen markkinaympäristön vaikutusta markkinointikommunikaation eroihin Suomen ja Kanadan välillä. Tutkimus toteutettiin yhteistyössä monikansallisen logistiikkapalvelutarjoajan kanssa, jolla on vankka asema sekä Suomen että Kanadan markkinoilla. Tutkimus toteutettiin käyttäen kvalitatiivisia tutkimusmenetelmiä, toteuttaen kyselyitä case study yrityksen markkinointi- ja myyntivastaavien keskuudessa. Opinnäytetyön tavoitteena on luoda perusymmärrys Kanadan ja Suomen markkinaympäristön eroista ja samankaltaisuuksista ja avartaa tietämystä Kanadan markkinointiympäristöstä suomalaisten huolinta-alan ammattilaisten ja ekspatriaattien keskuudessa.

Tutkimustulokset osoittavat case study yrityksen Kanadan ja Suomen organisaatioiden markkinointiviestinnän olevan paikoin hyvin erilaista. Myynnin ollessa tärkein markkinointiviestinnän keino molemmissa organisaatioissa, suomalainen organisaatio käyttää eri markkinointiviestinnän metodeita huomattavasti aktiivisemmin. Kanadan organisaatio on keskittänyt markkinointiviestintänsä paikallisella tasolla lähes yksinomaan myyntityöhön, osoittaen selvästi vähemmän tarvetta integroitua paikallisen markkinaympäristön kanssa. Ulkoinen liiketoimintaympäristön vaikutus näkyi myynnin kohdemarkkinoiden määrittämiseen, ja markkinointiviestinnässä käytettyihin menetelmiin.

ASIASANAT:

Business-to-Business markkinointi, kansainvälinen markkinointi, Markkinointiviestintä, myynnin edistäminen.

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## **LIST OF ABBREVIATIONS (OR) SYMBOLS**

|        |                                |
|--------|--------------------------------|
| PR     | Public relations               |
| B-to-B | Business-to-Business           |
| B-to-C | Business-to-Consumer           |
| MNC    | Multinational corporation      |
| CASL   | Canadian Anti-Spam Legislation |
| CEM    | Commercial electronic message  |
| 4PL    | Fourth-party-logistics;        |
| 5PL    | Fifth-party-logistics;         |
| KAM    | Key account management         |

# 1 INTRODUCTION

## 1.1 Background

The interest in the research subject arose when I moved to Toronto, Canada to finish my studies. I was surprised by the remarkable differences between the Canadian and American business environments, values and even ways to conduct business. To my surprise, many Canadian manners and fundamental values seemed instead be rather similar to the Finnish ones. Similarities between the markets usually tend to lower the entry barriers. Further research show the constant growth in Canadian economy, increase of demand in several sectors, and well developed business infrastructure. This made me wonder why isn't such huge market with well-developed infrastructure attracting more Finnish companies to enter its markets.

According to Ari Elo, Finpro country representative in Canada, interview states, "Biggest challenge in attracting companies to Canada nowadays is definitely lack of knowledge. There is very limited knowledge among the potential industries in Finland about Canadian market and its opportunities. Very often Canada is put in the same category with United States and not treated as a separate case at all." (Elo, 2013). According to the statement by Elo, my perception of the North American being one big rather than two distinct markets, would therefore be the rule rather than an exception among Finns. These two neighboring countries are exceptional trade partners, with approx. 75% of Canada's exports being imported to the United States. (Export development Canada, 2015) While it's clear that the countries share many sociocultural patterns, there are numerous sources supporting the statement that these two countries have remarkable differences in market environments as well as in consumer behavior. Hence treating these two markets as one entity may turn out to be fatal for the success of companies planning to enter the Canadian markets. (Lewis, 2006, pp. 186-193; Hyvönen, 2013)

## 1.2 Purpose

Many of the industry sectors with great potential and demand in Canada combined with a strong supply expertise in Finland, are mostly industrial and operate in the business-to-business marketing environment (Hyvönen, 2013). The thesis will be outlining

- The concept of promotion mix in the context of industrial business communication,
- Macro environmental factors that may affect promotion planning in the Finnish and Canadian markets; these factors explain why the case study company, DSV, may be forced to differentiate their promotion between the Finnish and Canadian markets.

Logistics and transportation sector presenting one of the remarkable business-to-business sectors, the research of the thesis is implemented through a case study on a multinational logistics service provider.

The research is to help identify the most remarkable cultural differences between the Finnish and Canadian business communication at DSV. The ultimate object of the research is to give some insight on the Canadian business marketing environment, and help Finnish marketing and sales professionals in industrial business sectors to understand the Canadian marketplace better.

## 1.3 Structure

The literature review sets out grounds for the study and introduces some previous research on the subject. The first segment of the literature review introduces the different methods of marketing communications i.e. promotion mix, and how they are applied in B-to-B marketing. The subsequent segment introduces the concept of global marketing planning, and a set of external factors to the company, i.e. macro environmental factors, which affect promotion planning and explain why one promotion strategy performing well in one country may not play out well in another. Some theories and previous research work on the factors are introduced. As the research focuses in comparing differences between the Finnish and Canadian marketing environments, the segment also includes some insight on macroenvironmental factors in both countries. The chapter on research methodology explains how the research of this thesis was



implemented, why and which methods were used in the implementation. The case study company, and why it was chosen for this study is shortly explained in the following chapter. The chapter on the findings and analysis discusses some of the key findings of the research, and conclusion further proceeds to answer the research questions of this thesis as listed below.

Research questions:

What are the most significant promotion tools DSV Finland is using in business-to-business environment?

Are the same tools used in Canada? What are the differences?

How do the differences between DSV's promotion strategies reflect the differences between the Finnish and Canadian macro environmental factors?

## 2 LITERATURE REVIEW

### 2.1 Marketing communications in B-to-B

This chapter introduces the concept of marketing communications and the various marketing communication methods, i.e. promotion mix, companies are using in attempt to engage customers. Furthermore, it discusses marketing communications in global context, and the effects to which different business environment variables might have in promotion strategies in international marketing communications.

### 2.2 What is marketing communications?

“Marketing communications provides a means by which organizations and their brands can be presented to their audiences with the intention to stimulating a dialogue.” “Business-to-business marketing communications are concerned with the way in which an organization communicates with other organizations with regard to its products, services and its own desired organizational identity and associated reputation.” (Fill & Fill, 2005) To simplify, marketing communications are all the means by which the company attempts to communicate its brand, products and services to its target market.

Marketing communication may have several objectives. It may seek to differentiate the service from others on the market, remind the current and potential customers on the service, inform and educate the customers and other stakeholders on the features, benefits or organizational issues related to the offered service, and persuade target audience to think or act certain way.

Marketing communications strategy, i.e. promotion strategy should imply what is to be communicated and to whom, and is to be followed by promotional planning which implies how these messages are to be communicated to the targeted audience and which means, i.e. promotion tools, are to be used. The promotion strategy should reflect the promotional goals of the organization, which are again defined based on a thorough marketing research and feedback on possible previous marketing campaigns. (Fill & Fill, 2005)

## 2.3 Promotional Mix

Marketing communication mix, is “the specific blend of promotion tools that the company uses to persuasively communicate customer value and build customer relationships.” (Kotler & Armstrong, 2010, p. 408) Promotional mix includes several promotion categories; advertising, public relations, direct marketing, sales promotion, trade fairs and exhibitions and personal selling. Each of these categories include specific set of promotion tools, which will be introduced in this chapter.

### 2.3.1 Advertising

Advertising is a very popular way of marketing in consumer markets, due to its capacity to capture a large number of customers through mass media. In B-to-B sectors, where the number of the potential customers is much lower, advertising is still, although less frequently, being used to establish awareness and providing general information. Havaladar (2006) also points out that, while sales people reach out to the potential clients, they many times are not able to be in contact with all the individuals of the client company that are involved in the buying process. Advertising helps the company to reach out to the rest of the members in the buying center, such as R&D managers or production engineers, who can better be reached through trade journals and other business publications. (Havaladar, 2006)

There are several different media that can be used for advertising. Advertising is usually a relatively expensive method, and hence it is to be well planned, which media serves best the purpose of the set promotion strategy and reaches the target market in the most efficient way. (Hollensen, 2014)

Business-to-Business Marketing (Chris Fill, 2005) has categorized the different media commonly used in B-to-B marketing into six main classes:

| <b>Media class</b>    | <b>Media type</b>     | <b>Media vehicle</b>                             |
|-----------------------|-----------------------|--|
| 1. Broadcast          | TV                    | NBC  |
|                       | Radio                 | MTV3   |
|                       | Cinema                | Bloomberg<br>Sirius                              |
| 2. Print              | Magazines             | The Economist                                    |
|                       | Newspapers            | The Mirror                                       |
|                       | Trade journals        | Maritime Journal                                 |
|                       | Business publications |  |
| 3. Outdoor            | Banners               | Busses   |
|                       | Posters               | Trains   |
|                       | Transit               | Bus/Underground<br>stations                      |
|                       | Outdoor screens       |  |
|                       | Shop fronts           | Clear Channel                                    |
| 4. In-store           | Point-of-purchase     | Bins   |
|                       | Packaging             | Signs<br>Displays                                |
|                       |                       |  |
| 5. New media/ E-media | Internet              | Websites   |
|                       | Social media          | Email  |
|                       | iTV                   | Mobile phone<br>applications                     |
|                       | Mobile phones         | SMS  |
| 6. Other media        | Exhibitions           | Air Cargo Europe                                 |
|                       | Product placement     | Brand clothing worn by<br>celebrities for events |
|                       | Guerilla              | Word-of-mouth                                    |

Table 1 Media in Advertising (Fill & Fill, 2005)

In B-to-B promotion the most commonly used advertising method is print advertising in trade journals and magazines. (Fill & Fill, 2005, p. 321) This makes targeting to a more distinguished group of industrial companies more effective. (Hollensen, Global Marketing, 2014)

### 2.3.2 Public relations

The objective of public relations is to enhance the corporate image-building and influence favorable media treatment. This includes communication in the internal and external environments of the organization. The means by which the public relations is being run are very variable and a broad spectrum of activities, including event sponsorships, prize contributions at events, press releases about products, or personnel, announcements on promo campaigns, (Hollensen, 2014, p. 554), as well as social media nowadays plays a major role in marketing and public relations activities. PR activities differ from other means of promotion in the sense that it is not only targeted to customers but other stakeholders of the organization as well. This is why public relations may include a wide range of activities, of which categorization is somewhat problematic. While some sources classify trade shows and exhibitions as PR activities, they may have many other objectives, and hence are here treated as a separate promotion tool. Fill & Fill, (2005, p. 309) have listed the main types of public relations as follows:

1. Publicity
  - Press releases
  - Press conferences
  - Interviews
  - Events
2. Lobbying
3. Corporate advertising
4. Sponsorship
5. Crisis management
6. Investor relations

Many sources accentuate that while the primary objective of PR activities is not to acquire customers or make them buy products and use services, the effectiveness should not be underestimated. Direct marketing tends to show very fast results with fairly short-term impact, whereas PR efforts are typically resulting over longer periods of time. (Vitale, et al., 2009, p. 377)

### 2.3.3 Sales promotion

Sales promotion can be generally described as the activities that are not advertising. Advertising activities are commonly run through professional advertising agencies, whereas sales promotion activities are usually short-term efforts from which advertising agencies don't earn commission. (Hollensen, 2014, p. 555) Sales promotion activities may include free trials, demonstrations, contests, leaflets, and premiums, e.g. two for the price of one. (Fill & Fill, 2005, p. 304)

Objectives for using sales promotion method tend to be relatively specific, and used mainly to either accelerate sales or generate a change in attitude achieved by rewarding current customers or encouraging prospective customers. (Fill & Fill, 2005, p. 304) Sales promotion activities tend to result immediate (although one time) purchases, stocking the products or introducing a product or service. (Hollensen, 2014, p. 555)

In B-to-B marketing communications sales promotion acts as adding value to the offered product or service in the form of different types of allowances, such as offering extra units once order reaches certain size, or gifts and premiums at exhibition stands, providing a longer lasting ad at the customer organization. (Fill & Fill, 2005, pp. 304-305)

### 2.3.4 Direct marketing

Direct marketing is a two-way communication method that include marketing through phone, mail, email and internet. Magazine selling direct marketing agencies are a classic example of a B-to-C direct marketing, whereas in B-to-B sectors the companies may use direct selling efforts to market value added services for the existing clientele. (Hollensen, 2014)

Although personal selling tends to be the most significant promotion tool in B-to-B marketing, direct marketing definitely has a greater part than rest of the promotion tools, due to its ability to focus on individual or smaller groups of customers. Direct marketing in B-to-B marketing can also be an effective way of reducing the costs of personal selling activities, letting the key sales personnel to focus on working with the most profitable accounts and complementing some of the personal sales efforts by replacing it with either an email, telephone or direct mail communication. (Fill & Fill, 2005, p. 311) The most popular direct marketing types in B-to-B sectors have traditionally been direct mail

and telemarketing. However, in the wake of the development of web-enabled services and popular use of internet, many direct marketing tasks are now increasingly handled over modern information technology tools. (Fill & Fill, 2005, p. 312)

Relationship marketing, or relational selling is being mentioned in several literature sources as being a strategy that can be used in B2C and B2B marketing, however, it tends to emphasize the methods used in industrial marketing and is hence often linked with B-to-B marketing. Ghauri & Cateora (2010, pp. 490-507), list 'database marketing' as one of the marketing tools being used in relationship marketing alongside key account management.

Most organizations have client databases which they can use also for direct marketing activities. (Fill & Fill, 2005, p. 314) The databases enable data collection, record keeping, and creating client groups based on specific characteristics, such as industry, growth capacity or profitability. These client categories can be used in direct marketing to target customized campaigns and offers for example in the form of email lists.

### 2.3.5 Personal selling

Personal selling is usually relatively expensive method in B-to-C marketing, due to the small number of customers it engages. However, as industrial sector markets are generally characterized by fewer number of bigger clients, in B-to-B marketing it tends to be the most important way of communicating with the target market. A phenomenon identified by Fletcher and Hart (1990) would, in fact, indicate, that "B-to-B organizations have a tendency not to employ marketing directors, nor have people in senior positions with a responsibility for marketing" (Reed, et al., 2004), supporting the argument.

The research by Reed et al. (2004, pp. 501-510) shows that, while there are some differences in what is being taught as part of the discipline of marketing and what practitioners in B-to-B companies find most useful to them, personal selling efforts such as key account, customer relationship, and retention management were still identified to be key elements for practitioners in their marketing efforts.

While personal selling in B-to-B marketing tends to be one the most important promotion tools, labor costs tend to be the biggest expenditure to many companies, and hence companies throughout sectors are constantly looking for ways to improve efficiency that of sales force while minimizing the costs. Labor costs do however vary greatly between

countries, and hence the personal selling method tends to be used to greater extend in countries where labor costs are lower. To economize personal selling resources, especially in B-to-B, customers are contacted through personal selling usually only in the end of the buying process, after the sales department has performed a customer screening to find the most potential customers and make sure the expenditure will eventually turn out profitable. (Hollensen, 2014, pp. 557-558)

Depending on many external factors in the business environment, the sales force organization is organized based on geography, product, and customer e.g. type of industry, size of account, or any combination of these. The sales force itself may include local sales personnel, expatriates or third country sales personnel. Out of these three, local sales personnel are most commonly used because it tends to be not only the most economical option, but local personnel also have a high market and cultural knowledge, and language skills to meet the needs and demands of the market environment. However, many multinationals especially in sectors with international trade, tend to use foreign sales force to some degree. (Ghauri & Cateora, 2010, pp. 490-507)

### **Key account management**

Fill & Fill (2005, p. 335), describes the key account sales personnel as “the link between the needs of their own organization and the needs of their client organization”.

Account sales personnel may have a variety of tasks such as, selling to established and new lead clients, finding new leads i.e. prospecting, acquiring inbound information from the clients as well as informing clients on products, and organizational issues, market research, sales team coordination, CRM related tasks, and pre- and post-sales service. (Fill & Fill, 2005, p. 336)

While sales representatives are an important part of organization’s key account management, Ryals (2012), discusses several success factors in KAM, reminding that instead of a sales technique, key account management should be considered as an organizational change. One of the factors being successful in key account management, is to have not only the sales team, but also operations involved in the process and training. This way the whole organization can perform best for the strategically important customers of the company. (Ryals, 2012)



Other key instruments, according to Ryals (2012), in successful key account management are also setting rules on what defines a key account and sticking to it, instead of letting personal relationships, or long-term customer relationship define a key customer, and having high-level buy-in for the key accounts, such as management level personnel taking care of the biggest accounts.

The sales force of an organization may be organized in several ways, such as by geographic territory, focusing on particular customer type, given type of product, or a combination of these two. (Vitale, et al., 2009, p. 298; Fill & Fill, 2005, p. 351) As mentioned, the work of an account sales personnel includes cooperation in the form of an inbound and outbound information messenger, and can be described as dyadic communication, where there are two people involved in the communication process. (Vitale, et al., 2009, pp. 279-307) Sales calls by the account sales personnel, are a typical way of communicating with the key accounts of the company. Sales calls are in-person meetings with the seller and the stakeholders, and the sales call pattern is “the sequence or cycle for a typical type of product or customer”. The call pattern may vary depending on the type of purchase, such as a routine purchase vs. a new task purchase. (Vitale, et al., 2009, pp. 279-307) To support the personal selling efforts, different types of sales support literature, such as brochures, are many times important part of the promotion plan. The object of the sales support literature is to give more detailed information on the product or service than what advertising or printed sales promotion tools are able to offer. Early in the buying process sales literature has an important role in clarifying features and benefits, whereas in a later buying process stage, sales support literature serves to remind the potential buyer on the product still long after the sales personnel has been in contact with the client.

### 2.3.6 Trade fairs & exhibitions

Participating trade fairs and exhibitions may have many different functions in an organization’s promotion strategy. While the company has an opportunity to find potential new customers within relatively short period of time, it has the opportunity to learn about the competitive environment in which the organization operates, (Vitale, et al., 2009, p. 387) build relationships to different stakeholders, and signal corporate identity. (Fill & Fill, 2005, pp. 268-269)

In industrial markets the fairs and shows tend to be smaller and more specialized, and this enables the organizations to target their promotion activities and create brand awareness to targeted industrial markets.

Some literature sources categorize trade fairs and exhibitions under public relations, because they are intended to obtain public recognition. (Vitale, et al., 2009, p. 385) However, events like this tend to serve several promotion purposes, and hence in this study it is being introduced as a separate category.

#### 2.4 Global marketing communications

“Of all the elements of the marketing mix, decisions involving advertising are most often affected by cultural differences among country markets.” (Hollensen & Opresnik, 2015, p. 311) This is why companies need to be able to adjust their marketing communication strategies to suit the diverse business environments in order to help the local target market to perceive the brand message.

Many business literature sources introduce the concepts of ‘globalized’ and ‘localized’ promotion modes, and variables effecting the selection between these modes. (Vignali, 2001; Kotler & Armstrong, 2010, pp. 188-222) Regardless of the sector, the real question however is more about to which degree the promotion strategy needs to be adjusted to the local business environment, than whether it should or shouldn’t. Due to the variables effecting the success of promotion activities throughout the global market environment, not many MNC’s, whether it be in industrial or consumer markets, have been able to create a purely global promotion strategy.

#### 2.5 Macro environmental factors affecting promotional planning

The following chapter will introduce a set of variables in national business environments which may have a significant impact on the success of a promotion campaign, and hence should be taken into consideration in the promotional planning process. Macro environmental factors in promotional planning are variable factors in the business environment, external to the business organisation. (Oxford College of Marketing, 2014)

### 2.5.1 Legal & regulative factors

Legal issues play a major role in defining how the promotion campaign eventually takes shape. Companies operating internationally in any sector are responsible of their own promotion activities fulfilling the necessary requirements and following the regulations set in each of the countries they operate. Legislation and regulations on promotion vary greatly between countries. Commonly there may be restrictions set to terminology in comparative advertising, e.g. terminology that can be used in promotional purposes in comparison to competitors. Many countries also have a strong censorship in advertisements. There are substantial differences between regulations of certain products or even whole sectors which are typically either strongly regulated or even totally banned for advertisement. (Ghauri & Cateora, 2010, pp. 490-507)

It should also be noted, that besides regulations targeted to advertising, some countries compile special taxation on different methods of advertising. (Ghauri & Cateora, 2010) If this is not considered in the promotion planning process, these unexpected costs may cut the marketing budget substantially if not recognized at the planning stage.

#### **Law & regulations on promotional activities in Canada & Finland**

The Canadian marketers are required to follow the Canadian Code of Advertising Standards (Code), which sets the criteria for acceptable advertising in Canada. (Advertising Standards Canada, 2016) The code is regularly updated to ensure it is current and contemporary, containing 14 clauses ranging from advertising accuracy & clarity to advertising to children, and unacceptable depictions and portrayals. (Advertising Standards Canada, 2016) It is worth mentioning, that the Canadian advertising regulations and restrictions can be considered stricter than that of the U.S. As an example, the Canadian advertising standards outlaws bashing any competing companies, or products (Advertising Standards Canada, 2016), whereas the American more liberal advertisement regulations allows comparative advertising to certain extent.

E-media marketing communication has increasingly become an important tool for marketing communication thorough sectors. As a result, the legislation and regulations have been developed to cover E-media tools. Canada's anti-spam legislation (CASL) came into force in 2014, which according to Deloitte (2016), is one of the strictest laws

of its kind in the world. The law affects electronic marketing, such as email, text messaging, instant messaging, and some types of social media, where messages are sent to electronic addresses. CASL is currently on its three year transition period, where commercial electronic message (CEM) senders need to have received a written or oral consent from recipients. After the transition period is over, sending out consent proposals are no longer allowed to be sent. (Szentesi, 2016) The law defines CEM's as "electronic messages that encourage participation in a commercial activity", including offering or advertising to purchase or sell products or services. (Szentesi, 2016) Some exclusions have been established to the consent, such as family members and organizations with existing business relationship. (Government of Canada, 2013)

The Finnish anti-spam legislation is currently consists of the Protection of Privacy in Electronic Communications Act and Consumer Protection law. (International Telecommunication Union, 2011) Where CASL is considered globally strict, Finnish anti-spam legislation is still in its infancy, despite European Union directives established to improve the situation of end users. The Canadian laws are subject to CEM's despite if they are originated or received in Canada. One of the big issues in European anti-spam legislation is, however, that while most spam originates from outside EU, the laws and directives only cover messages sent within the region. (BBC, 2004)

Promotional contests in Canada are largely governed by the Competition Act, Criminal Code and common law of contract. Also, Canadian privacy legislation applies to personal entrant information collected, acting to protect and to inform entrants on what the information collected will be used. While promotional contests in Canada are under the previously mentioned laws, it is worth mentioning that competitions operated or promoted in social media sites may be different. (Szentesi, 2014)

One of the differences between the Canadian and Finnish legal systems is that, where Finland shares one legal framework, the Canadian legislation consists of federal and provincial law. Hence, what works in British Columbia might not work in Ontario or Quebec. A great example of provincial differences is that advertising to children in Quebec is entirely prohibited by the Quebec Consumer Protection Act, (Advertising Standards Canada, 2016) whereas other provinces allow advertising to children with certain terms.

While legal framework in each market environment is a considerable factor to be taken into account when planning promotion mix for any product or service, the information is

in most countries discoverable in printed form and hence relatively tangible, unlike other external factors in the marketing environment such as people's attitudes and norms.

### 2.5.2 Sociocultural factors

In consumer markets, businesses aim mostly at satisfying the personal needs, wants, desires, aspirations, emotional appeals, and symbols of the customers. Promotion functions as an interpreter between the consumer needs and wants, and the qualities of the offered product or service. (Hollensen & Opresnik, 2015, p. 311) While the function of promotion remains the same, B-to-B marketing is less dedicated to satisfy the personal needs and wants and focusing to satisfy organizational needs and wants. Having said that, although B-to-B marketing is focusing on satisfying the organizational and professional needs and wants of business customers, the customer company still consists of a group, i.e. business buying center, of individuals with their personal preferences, cultural backgrounds and experiences. These sociocultural factors are to affect the decision making process despite the professional standpoint of the stakeholder, and hence a B-to-B marketer also needs to consider sociocultural factors such as culture, style, feelings, value systems, attitudes, beliefs and perceptions prevailing in the buyer organization and the business environment.

In order to understand the buyer behavior better, such as attitudes, unconscious fears, and other previously mentioned sociocultural factors, a country market can usually be explained by the history of the country. This is why the knowledge on the history of the country is likely to help the marketer to understand the fundamental attitudes, about the role of government, relations between managers and employees, and other authority sources. (Lewis, 2006, pp. 161-169) The history usually also tends to define how nation's people place themselves, and how they perceive other nations in the world. (Ghuri & Cateora, 2010, pp. 490-507) "Because Latin Americans see themselves as exploited by the United States, they often display heightened defensive sensitivity, which may frequently delay progress." Lewis (2006, p. 167) on how historical events and relationships between nations in the past still effect on the attitudes towards others and self-image in today's business negotiations.

Besides the historical knowledge, the marketer needs to be aware of the cultural diversity, the meaning of colors, taboos, and perceptions of consumers in the country. While things such as the meaning of different colors or taboos are relatively easy to track

down, cultural diversity in many countries today is very wide, and one society may have many ethnical groups with their own cultural norms and perceptions. Canada, as one of the most multicultural countries in the world, provides an example of a culturally challenging business environment with approximately 19.1% of Canada's total population identified as a member of visible minority group. (Government of Canada, 2011) In Finland the corresponding percentage is only 4.8% (Statistics Finland, 2012). It goes without saying that the ethnic diversity poses one of the most noticeable differences between these two country markets.

### **Cultural factors & commercial excellence according to Roland Berger**

A consulting company, Roland Berger's study (2014) on commercial excellence across B-to-B industries, showed some noticeable differences between the North American and European perceptions of commercial excellence. According to the results, cultural differences between North America and Europe are the key cause for this different perception of Commercial Excellence. In addition, America is focusing more on customer relationship and partnering whereas Europe puts emphasis on sales process and technology.

The research also revealed that North American companies tend to use more innovative methods for Key Account Management and Sales Steering, with larger focus on deal profitability KPIs, and more consistent mapping of decision makers in the buying process than European companies. European B-to-B companies perform Key Account Management in more traditional ways, including among others, one face to the customer and relationship building events & activities, whereas American companies prefer a "tentacle" approach for as many contacts as possible. European KAM is also more clearly structured with defined responsibilities, and hierarchies. (Roland Berger, 2014)

Sales personnel in Europe tend to focus on technological advantages of products, according to Roland Berger's study, pricing generally remaining a minor term for discussion. North American sales personnel are more open-minded about bringing price discussion into table and sales personnel are generally emphasizing commercial benefits of sold products. (Roland Berger, 2014)

## Measuring cultural factors

“Culture consists of unwritten rules of the social game. It is the collective programming of the mind that distinguishes the members of one group or category of people from others.” (Hofstede, et al., 2010) Culture consists of many factors including the more visible ones, such as customs, laws, and institutions. Differences between these visible factors are easy to detect and measure, unlike the invisible factors of culture, such as values, norms, assumptions, and attitudes. (Hall, 2003) Due to such intangible factors, not only may a comprehensive understanding of a culture be very challenging to reach, but does it make measuring and analyzing cultural differences challenging. Several culture researchers have come up with theories in order to visualize these differences.

Arguably the most applied theory is the cultural dimension model by Geert Hofstede. The original research study on the subject by Hofstede was published in 1980, and consisted of four cultural dimensions:

- Power distance
- Individualism
- Masculinity
- Uncertainty avoidance

Since then, Hofstede has in cooperation with other authors evolved the theory, resulting to two more dimensions reflecting cultural differences. These dimensions are:

- Long-term orientation
- Indulgence

The popularity of Hofstede’s theory in cultural related studies is likely based on the applicability and measurability of the dimensions used in the model. (Hofstede, et al., 2010) ‘Cultural type model’ by Richard D. Lewis (Lewis, 2006) *Managing Successfully Across Cultures*”, provides a more practical view on cultural differences with a focus on cross-cultural business environment. Lewis’ theory focuses more on establishing the cross-cultural differences between business environments, than other theories in the field, and is hence widely being used to assess cultural assets within MNC’s. Due to the same reason, the compatibility with the purpose and subject matter, Lewis’ model is mostly used in this research to assess the sociocultural differences between the Finnish and Canadian market environments.

Richard D. Lewis' theory classifies the different cultures of the world into 3 categories:

### **Multi-actives**

Latin cultures such as Italians, Spaniards and Latin Americans are classic examples of multi-active cultures. Multi-actives are typically talkative, tend to show their emotions, and people-oriented. Human transaction and relationships are the primary concern for multi-actives, whereas schedules and punctuality tend to be less important.

### **Linear-actives**

Western Europeans such as the Germans, Austrians, Swiss-Germans, Scandinavians (excl. Finns) are typical linear-actives cultures. Unlike multi-actives, linear-actives find it important to stick to plans, follow procedures and schedules. They tend to show less emotion and keep their social life separate from professional life. The punctuality and unemotional presence of linear-actives might irritate the multi-actives whereas linear-actives are correspondingly irritated by the flexible scheduling and emotional input by the multi-actives.

### **Reactives**

Reactives are known for being the best listeners out of these three groups. Many Eastern cultures such as Japanese, Chinese, and Taiwanese represent typical reactive cultures, alongside Finns, the only distinctly reactive culture in Europe. Reactive cultures share the introverted, low key and unemotional presence with linear-actives, but tend to be more flexible with their scheduling and share the people-oriented approach with multi-actives.

Most cultures are however rather hybrids between these three, and some are similar to each other more than others. For this reason, Lewis' work introduces a 'Cultural types model', which demonstrates how different cultures are placed among these three categories and in relation to another. Lewis discusses leadership, status, space, and time concepts, while also describing communication patterns, use of language, manners and taboos in the context of different national cultures.



It should also be noted that such distinct categorization of cultures inevitably leads to stereotyping to some degree, and disregards differences between individuals within cultures. There are some elements and situational factors that have an effect on individual differences. According to Lewis' theory, these factors are:

- Age
- Profession
- Language of origin
- Personal preferences
- Context

These factors cause some of the individuals within linear cultures to fall more into the multi-active or reactive categories, or vice versa.

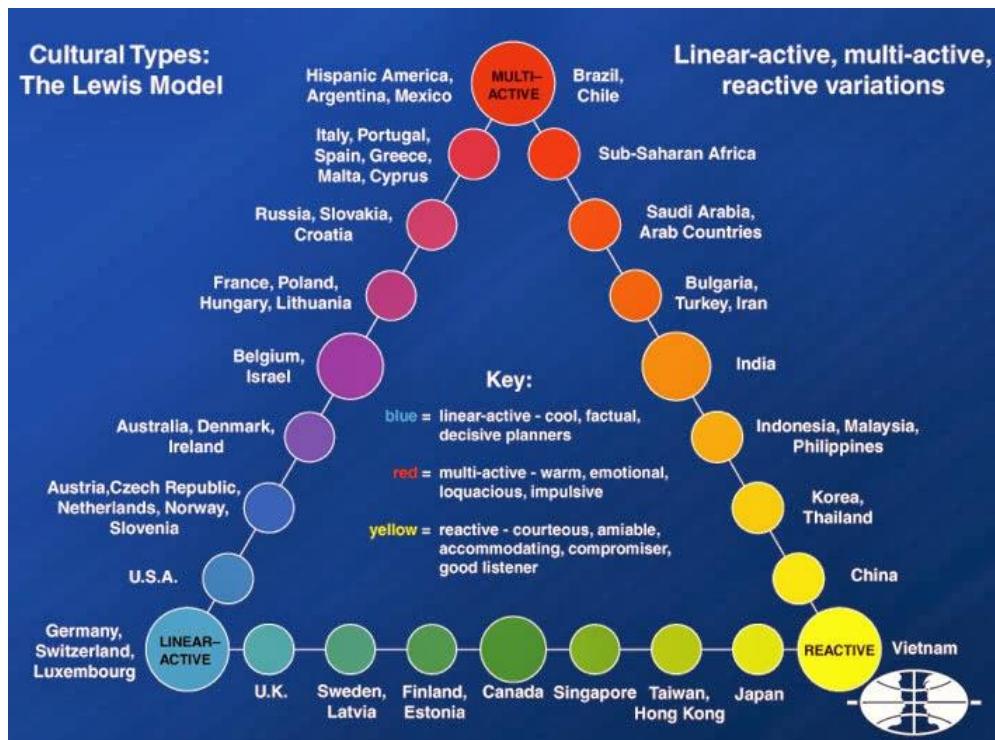


Table 2 The Lewis Model of Culture (2015)

### Finnish culture according to The Lewis Model

Lewis (2006) describes the Finnish society as environmentally clean and crime free country with strong, silent type, with a rural background, fiercely independent, reliable, loyal, and punctual people. The humble and pessimistic society see themselves as slow,

somewhat rustic, rude and clumsy yet honest, independent and reliable. Finns are described as open, direct and to the point conversationalists yet the introversion, shyness, and feeling of inadequacy when it comes to speaking up, especially in international arena, are mentioned as one of the greatest weaknesses of Finnish business representative. Shared silences, a typical and even essential part of Finnish negotiations, bothersome among most other culture representatives, and is to easily raise misconceptions in international negotiation situations.

Lewis also mentions independence as one of the typical features of Finnish people, and while the Finnish time and space concepts follow much of the one by North Americans and other Nordic countries', the Finnish are used to having extensive physical and mental space. Thus, a sales representative providing excellent service according to the American standards, might end up chasing away Finnish customers with too pushy sales or by following them around.

In terms of leadership, Finnish society tends to come across as democratic and low profile. Lewis discusses how the nation was able to recover and establish a modern state with democracy, equality and freedom in a fast phase after it was declared independent back in 1917. This idea of democratic and equality providing leadership has remained, and today these qualities have a strong stand in Finnish business management, hence Finnish run companies have commonly low power distance between management and employees, fairly informal business climate, and decision making power is generally well distributed among the staff.

"Refer to your own culture's achievements, but always in a modest tone. Low profile works wonders with Finns. Never boast", Lewis (2006, p. 331) on empathizing with Finns. Status doesn't play a remarkable role within the Finnish society, hence status symbols or boastful attitude is considered inappropriate and discourteous. The Nordic countries are known for being one of the most gender equal places in the world, and Finland is no exception. Finland has a long history for providing gender equality as being one of the first nations that provided women the equal rights to vote. (Lewis, 2006, p. 166)

### **Canadian culture according to The Lewis Model**

The Canadian territory was once known to be colonies belonging to the English and French. As a result of the war the French colonies were eventually ceded to Britain. While

the former French colonies were now officially part of the British Empire, the French population was determined to sustain their French heritage in the French speaking territory (Quebec) with language and culture of their own, well established from the English speaking provinces. While the rivalry between the French and English speaking population still continues today, the population of Canada has culturally enriched enormously since then. Today, Canada's population consists of people with over 200 ethnic origins, and Canada can definitely be described as highly multicultural, if not the most multicultural country in the world. The country with such a multicultural population is also well established and takes pride in its social harmony, antiracist education and activity.

While Canadians definitely have their own bilingual culture, and advanced social welfare system distinguishing them from their North American neighbour, United States, they still share many qualities and cultural similarities with Americans. Canadians tend to come across as easy-going, humorous and friendly like Americans, sharing the same time concept with American and Nordic cultures. While the American culture tends to be much similar to the Canadian one, it is important to keep in mind that there are also some marked differences between these two North American cultures. Canadians tend to be more modest, low key, like "softer sell" instead of the pushy sales technique typical to their American counterparts. Ostentatious behavior or bringing up status symbols, possessions or money is also definitely frowned upon among Canadians. Canadians have the same sense of not losing time as Americans, but they are somewhat less money driven and rather seek to compromise for win-win situation in negotiations. While Canadians have a good relationship to their southern neighbors, they don't like to be associated with Americans, and like to differentiate themselves by bringing out these cultural differences. (Lewis, 2006, pp. 186-193)

### **Finnish and Canadian values in comparison**

As previously mentioned, Finland and Canada share many common characteristics and qualities. Both countries located in the northern hemisphere, large part of the land covered by forests and arctic conditions. Both hockey and beer fanatic nations can respectively be described as tolerant, low key, yet warm-hearted. As shown on Table 2 The Lewis Model of Culture, the cultural values of these countries are similarly located very close to each other on The Lewis model of culture. Both cultures are positioned

between the linear-active and reactive culture types on the triangle model, meaning that the cultures reflect some of the characteristics and values of both types. The American culture instead is positioned between linear-active and multi-active culture types. This well demonstrates seemingly less obvious, yet remarkable differences between the Canadian and American cultures, and supports the statement that these two cultures are too often treated as one, whereas according to the Lewis model, the Finnish culture actually tends to resemble the Canadian culture more than that of the North American 'big brother, United States'.

**Virhe. Viitteen lähde ei löytnyt.** (Lewis, 2006) introduces the Finnish (p. 331) and Canadian (p. 188) the values typical for both cultures and demonstrates even more clearly the similarities these two northern cultures share. Canadians are generally lower key in their communication, have the honest "fair play" attitude and are more pragmatic in their spending in comparison to their American neighbors. These qualities make it easier for Finns and Canadians to find common ground, while some communication patterns between these two cultures are remarkably different. Finns might find the Canadian easy-going, relaxed, and friendly interaction even during business negotiations inconvenient and confusing, while the Finnish introvert and reluctant attitude is easily misinterpreted into unwillingness to do business or communicate. Despite the some of the communication differences, these two cultures share many fundamental values, and are in the ease of finding common ground as they find a common way to communicate.

### 2.5.3 Economy & Consumer trends

B-to-B supply chains consist of multiple B-to-B businesses, each adding value to product or service provided to the end customer. The end customer of a B-to-B supply chain is however likely to be a customer in consumer markets or closely related to consumer markets. This is why B-to-B markets are also equally affected by the changes in customer demand in consumer markets, and hence a decline in consumer markets has a so called bullwhip effect in B-to-B markets. While economic downturns, changes in demand, and economically unstable conditions are a universal phenomena, consumers, as well as organizations in different countries tend to have different reaction and sensitivity to these phenomenon.

One of Hofstede's five cultural dimensions, Uncertainty Avoidance (UAI), describes how different cultures deal with future prospects and uncertainties, such as economic uncertainty. A great example of a country with lower than average ranking in UAI is the United States. Americans are known for being a highly consumerist society, where the total consumer debt grew nearly five times in size from 1980 to 2001. (Money-Zine.com, 2014) This capitalist society still remains as one of the hubs for innovation and free market competition with no need for too many rules and regulations. These two factors, as well, are typical characteristics of a culture with low UAI index. (Hofstede, et al., 2010) Japan's UAI index, instead, resembles the total opposite to the States, while it is one of the wealthiest economies in the world. Japanese culture is known for its long traditions, and strict etiquette, with UAI of 92. According to Hofstede "Japan is one of the most uncertainty avoiding countries on earth" (The Hofstede Centre, 2016). Despite being a wealthy, industrialized country, the Japanese culture values minimalist, savvy lifestyle. In Japan, this translates to smaller living spaces on average per capita (2009), minimalistic home decor, and valuing the ideology of saving money instead of spending it on unnecessary items. (Kane, 2014) As described, the UAI index translates to manner in which cultures consume, save, and how sensitive they are to economic change.

### **Economy & consumerism in Canada & Finland**

Finland scores above average (59) in the Hofstede's UAI index. The Finnish society has hence a high preference in avoiding uncertainties, feel the need to have a more defined structure, and regulations creating sense of security. Where the Americans embrace the capitalistic mindset, the Finnish society has been able to create one of the most developed social welfare systems in the world to ensure equal rights to medical care, education, and minimum level of income. Canada's UAI index score (48) (The Hofstede Centre, 2016), is definitely lower than that of Finland, resembling much of the American UAI index and consumerist mindset.

Canadians definitely are very proud of their own, local products and brands. In fact, according to the "Consumerology report" (Bensimon Byrne, 2010) on corporate reputation drivers, over 50% of Canadians consider the domestic origin being an important factor in corporate reputation. Even more important factors in advancing corporate reputation according to Canadians were, however, hiring locally and being socially responsible. Being environmentally responsible and supportive of environmental

causes was according to the report a major factor in brand selection of Canadian consumers, which further confirms the statement by Lewis (2006) of Canadian culture highly valuing mother nature. Despite Canadians supporting their local sports teams fanatically, brands supporting local professional sports didn't seem to have particular effect on corporate image, according to Canadian consumers. (Bensimon Byrne, 2010) In Finland, T-Media conducts a 'Trust & Reputation' (Luottamus & Maine) research among Finnish companies, where corporate social responsibility of the companies is considered as one factor to determine how reputable the companies are in the eyes of Finnish consumers. (T-Media, 2016) According to the 2012 Trust & Reputation report, corporate social responsibility has an increasing impact on the corporate reputation among Finnish consumers. According to the report, Finnish consumers incorporate the corporate social responsibility mostly with work community and taxation related themes. (TNS Gallup, 2012)

While less common mode of promotion in B-to-B markets, television advertising remains by far the most effective medium to convey advertising messages to Canadian consumers, internet advertising being a distant second, says Consumerology report (Bensimon Byrne, 2013) on how Canadians perceive and receive advertising. Research conducted on media engagement among Finnish consumers, by TNS Gallup (2012), television being by far the most consumed medium among Finns, internet being the second most consumed media, demonstrating media engagement between Canadians & Finns being very similar.

#### 2.5.4 Environment

The geographical environment, topography and climate condition have a significant stand in promotion planning. In B-to-B marketing, where the promotion consensus is on personal selling efforts, the size of the country, distances and accessibility are particularly important factors in the promotion planning process. Multinational companies locate their offices in strategically important locations. The offices may be located close to important resources for energy and raw material, within the reach of strategically important trade centers, such as urban growth centers or coastal locations close to important ports. In large countries such as Canada, long distances combined with various, sometimes severe climate conditions the natural environment dictates many restrictions for promotional activities.

It is also essential to consider the strategic location and role of the country in world trade. Some countries might have internationally recognized major ports, canals, or other important passageways in terms of routing and transportation. These factors inevitably place some countries or regions to a higher importance in international trade than others, making some industries more visible than others, and setting certain products and services naturally in greater demand within certain geographic regions.

Needless to say is that the environmental legislation regulated by the government, and business ethics in each country are part of environmental factors that need to be taken into consideration in marketing planning. Environmental issues and protection has become increasingly important part of business making, and while legislation sets certain boundaries for organizations operating in the country, businesses are self-responsible on their environmental footprint, and how they are involved in environmental protection in local and global scale. Due to the increased environmental awareness among people, environmental protection has become somewhat essential part of the process of doing business, affecting on the image of the company. This is why social responsibility and environmental management has also become part of marketing strategy despite the sector, country or region the company operates in.

### **Environment in promotional activities in Finland & Canada**

Canada and Finland share many environmental characters, such as the northern cold, sometimes severe climate conditions. The Finnish population is also increasingly living in urban areas in the southern parts of the country, whereas vast majority of Canada's population lives in the urban areas, close to the U.S. border. (Government of Canada, 2008) The population concentrations make it easier for marketers to reach larger focus groups more efficiently. There are however some remarkable environmental differences between these two northern markets to consider.

Finland is located in the Northern part of Europe, being isolated by the Baltic Sea from the rest of the European market and major ports. Finland does, however, play a role as a transit hub for the trade between EU and Russia, one of the largest economies in the world. While the EU – Russia trade relations remain much more regulated than the trade between Canada and the U.S., European Union remains the largest trade partner to Russia. (Ollus & Simola, 2006) Due to the limited demand, and insufficiency of the Finnish ports to meet the high demands of today's large ocean vessels, cargo imported

and exported by sea, is mostly transported via larger European ports to Finland in smaller liners. Transshipping will not only extend the shipping time, but increase the cost. According to Sitra (2006), Finland has despite been a favourable transit hub for value goods, and a quarter out of total Russian imports are transported through the Finnish territory much due to its safety, reliability and efficiency.

Canada, instead, shares the longest border in the world, accompanied by close trade relations with the economic giant, United States. Canada also has the second largest land mass in the world, covering the whole width of the North American continent, connecting to the Atlantic in the east, and the Pacific in the west. The largest ports in Canada are Vancouver in the west, and Montreal in the east coast. (Government of Canada, 2015) These ports are built to increasingly serve even the largest out of ocean vessels, making them essential for the North American trade. The Canadian railway infrastructure is highly developed with total of 46,000 kilometres of tracks (Government of Canada, 2011), and the trans-continental railway linking the Atlantic to the Pacific Canada.

While the Pacific west coast & the Atlantic Canada remain largest trade hubs by volume, the landlocked regions of Alberta and the rest of the Prairie region play a remarkable role as an exporter and producer of the major Canadian export commodities of oil, natural gas, mining, forestry and agri products. Alberta is known for its natural resources, being the largest gas & oil producer in Canada, having the third largest crude oil resource in the world, and one the world's largest suppliers of natural gas. (Government of Alberta, 2015) The presence of such globally remarkable major industries have made Alberta the leading province in economic and population growth, and a popular province for foreign investment. (Government of Alberta, 2015)

The province of Ontario accounts yet the highest GDP and highest foreign investment rate (FDI) out of all provinces in Canada. Ontario is also home to 13.8 million people (Government of Canada, 2015), accounting almost 39% of the total population, and making it the most populous province in Canada. While Ontario is the leading manufacturing province of Canada, with a remarkable share in automobile and auto parts industry, its service sector employs 79% of its workforce, and it has also increasingly become a hub for Canadian technology and innovation. (Government of Ontario, 2016) The province of Ontario may well be called the financial center of Canada for its large number of businesses, wide variety of industries, and close proximity to the U.S. markets, making the market presence essential for a marketer. The presence of natural resources,



and major industries, combined with a great share of the world's investments, the Canadian market makes up one of the most remarkable markets in the northern hemisphere in global trade.

### 2.5.5 Language

Language is one of the most prominent factors affecting marketing communication when businesses decide to go international. While English tends to be an internationally recognized business language, and B-to-B promotion more focused on communication between professionals, companies still favor hiring local staff instead of expatriates or third country sales personnel. (Hollensen, 2014, p. 590)

The problem with internationally recognized languages such as English is that the written vocabulary might have variable meanings from country and culture to another. The strong bond between language and culture is one of the factors marketers need to consider carefully. Despite the fact that business professionals around the world are increasingly competent communicating at least in one of the internationally recognized business languages, communicating in the national language is many times more appealing and effective as it sends a message of integration and commitment to the business community.

Another problem which causes communication errors in international business field is that learning a language alone does unfortunately tend to disconnect the verbal communication from equally culturally diverse non-verbal communication and of its socio-cultural context. Communicating and advertising in the national language is not only able to take into account the variable levels to which nations or regions take pride in their attributes, qualities and assets, but makes it possible to use culturally specific terms, that cannot be adequately translated. One example of this is the Finnish term 'sisu', which is best described as guts, persistence, and tenacity. Sisu is highly valued and recognized as one of the national traits, hence it has a strong bond to the Finnish culture without a valid translation in any other language. (Lewis, 2000, pp. 63-69)

These communication deficiencies might come costly, thus local personnel, better adjusted to the local non-verbal means of communication, and having higher knowledge of the socio-cultural environment are chosen over expatriates, which otherwise would be

a very resourceful and attractive option for a company with strong global operations. (Cateora, et al., 2011)

While the relevance of local language in marketing is being perceived in different sectors, even well-recognized MNC's still manage going wrong in the process of trying to translate slogans or advertisement messages into foreign languages. One of the famous advertising campaigns that got seriously lost in translation is the 'Got Milk?' campaign by the American Dairy Association, which did really well in the U.S. but didn't go as well in Mexico after being translated to "Are you lactating". To prevent misunderstandings and ensure that the sent marketing messages are perceived as intended, companies have taken the localization process further by hiring local marketing professionals or by outsourcing the marketing activities to local marketing agencies.

Another considerable factor is that many countries are bilingual with more than one national language. While Switzerland has as many as four official languages, Finland and Canada both have two.

### **Language in promotional activities in Canada & Finland**

According to Statistics Canada (2011), French is spoken as a mother tongue by 20.6 percent, and English 57.8 percent of the population of Canada. In 2014 Statistics Finland reported Finnish to be spoken as a mother tongue by 88.98 percent, and Swedish 5.31 percent of the population of Finland. (Tilastokeskus, 2015)

In some countries certain language speakers are more centralized to certain areas or regions of the country, this way creating a stronger regional culture of their own. In Canada, the French speaking region of Quebec and its people have as a minority established a strong cultural identity of their own, which is strongly distinguishing the region from the rest of English speaking Canada.

In multicultural countries such as Canada or Singapore, the marketer is to face new challenges when a substantial portion of the population speaks other than the national languages. In Canada, the multicultural environment is particularly noticeable in major cities and population concentrations. It is reported that over 200 languages are spoken around Canada at home or as a mother tongue, and in Toronto CMA alone, 1.18 million people, or 32.2 percent of population, are reported to speak an immigrant language at home. (Government of Canada, 2011) While Cantonese is the most spoken immigrant

language in CMA Toronto (8.8% of population in CMA Toronto), the Cantonese population is large enough to create a target market on its own. Hence it is not unusual in Toronto to see outdoor or even TV advertising in Cantonese. This well illustrates the complexity of multicultural market environments and the challenges it may create to marketers.

#### 2.5.6 Competition

All of the above mentioned environmental factors are important part of market research of a responsible and successful marketer. Yet the research on competitive environment of the target country not only makes the company aware of the opponents it is to face when entering the market, but a closer examination of the reasons behind the marketing communication strategies might save a well prepared marketer from some of the biggest pitfalls. The first step of conducting a competitor analysis is to identify the competitors in the target market. A company that has been able to establish a stable position in the market is a sign that something must have been done right. Taking a closer look into the promotion strategies and activities of such successful competitor gives a newcomer an idea of the prevailing conditions in the market. Besides these most obvious competitors, there are also smaller, indirect and potential, future competitors that should be considered in the research process.

Conducting a competitor analysis will also make it easier for the management to understand how it is positioned in the market in comparison to others, and what are the strengths and weaknesses of the company when entering the market. (Aaker & McLoughlin, 2010, pp. 41-59) While a competitor analysis contains all the aspects from business strategies to internal organization culture, the most crucial parts of such analysis in terms of marketing communication are image, positioning, strengths, weaknesses, size, growth, profitability, and objectives of the competing company. These are to help the marketer understand, how other companies in the field have positioned themselves, what kind of image they aim to achieve or maintain, and eventually to create an effective marketing strategy for the market.

A comprehensive competitor analysis also includes some research on cost structures of competitors. (Aaker & McLoughlin, 2010, p. 59) In marketing communication this means developing some general understanding on how much competitors are investing in different types of advertising and marketing means. As marketing environments are

diverse, some mediums are more costly and used more than others, the marketing budgets and spending should be proportioned to the market environment. This means that some country markets might almost by default need more substantial investments on advertising than others.

It is also worth considering how much competition in the sector there is, and analyzing why there is or isn't. As described earlier in the chapter, there are several drivers that may restrict the marketing communication of certain industries or sectors from strict legal conditions to socio-cultural and geographic factors. Observing the competitors provides valuable guidance to the new companies entering the market, how to successfully deal with marketing challenges it is to face, and how to go about it.

### **Competition in freight forwarding sectors in Canada & Finland**

According to Industry Canada, there are total of 5076 Freight Transportation Arrangement establishments in Canada. Out of these, 44.2 percent located in Ontario, 24 percent in Quebec, and 14.3 percent in British Columbia. While the number of businesses in the industry seems large, almost half (47.9%) of the businesses are categorized as micro companies, employing only 1 to 4 people. The majority of the companies are small businesses, employing 5 to 99 people, whereas medium sized companies (employing 100 -499 people) account 1.7 percent, and large (employing 500+ people) only 0.1 percent of the total number of businesses. (Government of Canada, 2014) According to Eddie Rei, the President of Triumph Express Canada, the industry characteristics of non-asset business with low barriers to entry, and Canadian industry being relatively less regulated than in the U.S., explains the large number and the wide size range of businesses in the industry. (Banker, 2015) He also adds, that the formation of steamship line coalitions, like G6 Alliance, have made it more difficult for freight forwarders to leverage their domain knowledge and provide niche offerings, hence forcing freight forwarders to rethink their offering. Providing new benefits to customers, such as value-adding information systems and online tools to improve tracking, tracing and online booking services. (Banker, 2015) Industry Canada's report on logistics industry in Canada (Government of Canada, 2008) also shows a fast growth number of 4PL and 5PL service providers in Canada, supporting Rei's statement on the emergence of IT tools' development in logistics.

### 3 RESEARCH METHODOLOGY

The main focal point of this thesis is an explanatory study establishing causal relationship between macro environmental factors and marketing communication in business-to-business environment. This research discusses theories related to the phenomena, hence deductive reasoning, which focuses on deducing a hypothesis (a testable proposition about the relationship between two or more concepts or variables) from the theory (Saunders, et al., 2009), is applied in the research.

As a research method the thesis is using a case study of DSV, a global supplier of transport and logistics solutions. DSV as a freight forwarding company was chosen for this study not only due to the personal interest of the author towards the industry, but due to its strong stand and global presence in the B-to-B industry where it is impossible to make it without having to manage international relations and having knowledge to some degree on disparities between international marketing environments.

The research was implemented in cooperation with the marketing & sales representatives of DSV Finland and DSV Canada in the form of questionnaires on marketing methods they are using for promotion. Due to the limited availability of previous research data on industrial marketing communication in cultural context, and considering the limited time and resources available, this study rather aims at providing qualitative data for internal use of the case study company, than forming generalizations on the subject matter.

As neither one of the country divisions of the case study company has established a marketing plan on their promotion, the first phase of the research is intended for gathering detailed data on the forms of promotion practised by both of these organizations. The first phase of the research is implemented in the form of questionnaire with multiple-choice and open-ended questions in cooperation with the marketing representative of DSV Finland, Tarja Witikka and marketing representative of DSV Canada, Morten Hansen. The purpose of the first phase is to create an overall understanding on the promotion activities practised by both country divisions. The questionnaire was formulated collaborating the data gathered from various sources on promotional mix for this study and some data on the marketing means of the case study company, received in forehand from a DSV representative.

The second phase of the research is implemented in the form of a questionnaire among the sales representatives of both country divisions. The second phase of the research is intended to further recognize the methods utilized in personal selling, attitudes values of the sales personnel towards different sales tools and how they positions themselves in relation to the surrounding world. The data gathered for the first phase of the research was further used to help formulating the questionnaire for the second phase of this research. In addition, the questionnaire cooperated data on personal selling, key account management, as well as data gathered and presented in the literature review on macroenvironmental factors affecting promotion, including the Cultural Types Model by R.D. Lewis (2006).

Both surveys were conducted through an online questionnaire forms, allowing the respondents located in two different countries and several locations to access the questionnaire at the most convenient time and place. To verify that the instructions and questions on the questionnaires are clear and adequate, and that the questions were found appropriate, both questionnaires were run through pretesting phase with a representative of the DSV organization. A total of 20 persons, 16 Finnish sales representatives and 4 Canadian sales representatives, took part in the final survey. The results of the research are categorized and analyzed based on the reviewed literature presented in this thesis. Further reasoning for any identified differences between the counterparts discovered are to be identified. The final discussion on aims to compare the differences between the marketing strategies and to identify the degree to which these differences are due to the sociocultural differences or other factors in the macro environment of the company.

## 4 THE CASE STUDY COMPANY – DSV

### 4.1 Introduction

DSV is a global supplier of transport and logistics solutions with offices in more than 80 countries, and an international network of partners and agents. The Danish owned DSV A/S, founded in 1976, has evolved into a major global player in its sector by employing 22,000 transport and logistics sector professionals worldwide, and reaching a record worldwide revenue of 6.1 billion euro in 2013. The DSV organization is divided into three divisions; DSV Road, DSV Air & Sea, and DSV Solutions.

*DSV Road* is focused in road transportation including road transportation operations, freight forwarding and customs clearance services all over Europe. In accordance with the business model of the company the division is mainly using subcontractors in its road transport operations. With around 9,000 employees, accounting 42% of DSV employees (Lindtner & Nielsen, 2014), and over 20,000 trucks, DSV Road is one of the top three leading logistics providers in Europe. (DSV, 2016)

*DSV Solutions* is specialized in designing and providing logistics solutions and value adding services such as outsourcing of stock management, distribution, cross-docking. The DSV Solutions operations employ over 6,000 people, accounting 27% (Lindtner & Nielsen, 2014) of DSV employees, and operate over 130 warehouses worldwide.

*DSV Air & Sea* offers a wide range of air and sea transportation and logistics services, as well as related freight forwarding and customs clearance services worldwide. The division acts as a specialized intermediary between the customer and the shipping line or airline company. DSV Air & Sea workers account 29% of DSV employees (Lindtner & Nielsen, 2014), handling approximately 750,000 TEUs of sea freight, and 250,000 tons of air freight around the world annually. (DSV, 2016)

### 4.2 Business strategy

DSV positions itself as a global supplier of transport and logistics solutions, targeting major B-to-B sector markets such consumer products, industrial, healthcare, Hi-tech, and automotive industries.

The company's growth strategy is calling after synergy, and collaboration across divisions for a stronger, more efficient organizational performance and a consistently high level of service by centralizing as many business functions as possible. (DSV A/S, 2014) All functions, however, are extremely difficult to fully run on a global level without compromising the market efficiency, and service quality. Hence some functions are still run on a local level, and the organization is managing its operations on de-centralized basis, following the business philosophy to "think global, act local". This means that DSV is constantly developing its global network in order to serve its customers anywhere in the world, while maintaining high level of service, and offer the best local knowledge and expertise.

#### 4.3 DSV Global marketing

The brand strategy is much streamlined with the business strategy. The DSV brand strategy is strictly managed by the headquarters in Denmark, striving to convey one brand image globally, while the implementation of marketing strategies is done on a local level. In order to maintain one consistent brand image and corporate identity, the corporation has a Global Marketing department, located at the global headquarters in Denmark. The Global Marketing department is responsible for the global brand image design, establishing, and setting global standards for protecting and unifying the image of DSV. For this purpose the Global Marketing department has published the DSV Identity Manual, in which the company has emphasized the significance of the logo in corporate identity as well as its correct and consistent use. The manual consists of general guidelines on how to apply the standards and how to use of the corporate logo, as well as the associated payoff "Global Transport and Logistics" in various contexts, such as official documents, publications, electronic documents, vehicles, signs, flags, and clothing.

In addition, DSV Denmark and the Global Marketing department has designed and created a wide range of promotional giveaways featuring the DSV logo. These giveaways are available for order globally, and can be handed out alongside any local promotional giveaways or business gifts. (Just Socks Foundation, 2016) In addition to the promotional giveaways, the Global Marketing has developed some IT tools and software for the use of marketing and sales teams, such as DSV SlideShopper & DSV AdBuilder.



DSV SlideShopper is a library of PowerPoint presentations designed to help sales representatives build sales presentations. The tool consists of presentations created by the Global Marketing, presentation templates which may be edited and modified according to individual needs. Global Marketing has also created and added corporate films available online, which may be incorporated with the presentations. DSV AdBuilder is another IT tool created to support marketing efforts. AdBuilder allows regional and country divisions to create brochures, posters, and ads for their organizational needs. Unlike the DSV SlideShopper, any advertisement created by the DSV AdBuilder is required to get an approval from Global Marketing before it may be sent for printing locally. (Hopponen, 2012)

The corporate magazine "Moves" is another marketing communication tool that is being distributed globally, and published quarterly by the parent company. The magazine is aimed at investors, customers, and employees of DSV's global network, and it is available in the traditional printed copy as well as in electronic form. (DSV A/S, 2014)

#### 4.4 DSV in Finland

The Finnish DSV operations currently consists a total of 320 employees, including 30 sales representatives across the three divisions; DSV Road, DSV Solutions, and DSV Air & Sea. DSV Finland has 12 offices in total, out of which 7 are run by DSV Road, 2 by DSV Solutions, and 3 by DSV Air & Sea. The head offices of all the divisions are located in Vantaa. Out of these three divisions, DSV Road also employs the largest portion of employees. (DSV, 2016) While all the three divisions officially act as separate undertakings in Finland, the divisions co-operate and share some business activities, such as IT and Marketing departments.

The marketing activities are partially carried on a country operation level, but the annual marketing budget is divided between the divisions, and all divisions are responsible in the planning and budgeting of their own marketing.

The questionnaire executed for this research, the Marketing Manager of DSV Finland, Tarja Witikka, mentions that DSV Finland is not focusing its sales efforts into any specific industries, but is open to serve all trades.

The company has within the last two years, published advertising in trade journals and online. In addition to the advertisement published in trade journals, the Finnish division

has provided interviews on subjects such as, services provided by DSV Finland and customer cases, in newspapers, local economic newspapers, professional magazines and customers' publications.

While the Finnish operations is not currently providing sponsorship to any organization, DSV Finland is arranging annual events which are targeted to DSV Finland's clientele. The annual events include a Christmas party targeted to families of the existing clientele, arranged before Christmas at four DSV locations in Finland, summer theatre events, as well as customer cruises to existing clientele in the summer in four cities. As all events are targeted to the existing clientele, according to Tarja Witikka, they are mainly organized as appreciation for the clients of DSV Finland. In addition to the customer events, DSV Finland is taking part in several trade shows, including Logistics days in Helsinki, 600Minutes Supply Chain by Management Event, and Logy Conferences in Helsinki. This is a way for DSV Finland to create awareness and network with stake holders in the Finnish market environment.

The survey reveals, that DSV Finland hasn't utilized DSV AdBuilder for its promotion. Unlike DSV Canada, the Finnish operations has in addition to the promotion tools provided by Global Marketing team, found the need to create some customized promotion such as brochures and giveaways. According to Tarja Witikka, the primary reasons for creating additional promotion gifts was that DSV Finland felt the need to create more versatility in the giveaway products offered, as well as create products that fit better to the needs of the local sales teams. Additional giveaways created by DSV Finland include *Umbrellas, car cleaning sponges, mobile phone holders for cars, big towels, water bottles, mouse pads, pens, dry powder extinguishers, glass vases etc.*

#### 4.5 DSV in Canada

The Canadian DSV operations consists of 130 employees, including 9 sales representatives. Unlike the European operations, the North American DSV has, until only recently, offered services by DSV Air & Sea only, while road, warehousing and other services provided by DSV Road and DSV Solutions, have been subcontracted to other service providers in North America. DSV Air & Sea has 4 offices in Canada; the head office in Toronto, ON, and branch offices in Montreal, QC, Dartmouth, NS, and Richmond, BC. Although all of the four offices are operated under DSV Air & Sea, they are providing a full range of services including road transportation, courier, and

warehousing services. According to *Morten Hansen*, the Branch Manager of the Canadian head office, the company targets to major industries, such as automotive, garment, machinery, agriculture, renewable energy, mining, oil and gas industries in Canada. As the empirical research for the study reveals, these industries are all listed as top trade commodities for Canada.

DSV Canada doesn't have a local marketing department or representative. The questionnaires conducted for this research reveal, that the Canadian operations incorporates some promotion tools created by the Global Marketing team, such as giveaways and the online presentation tool DSV SlideShopper, which are much bound to the work of the sales representatives. They have not so far created any giveaways in addition to the ones designed by the Global Marketing team in Denmark, neither have they utilized the DSV AdBuilder to print any ads, posters or brochures.

DSV doesn't organize any events to clients in Canada, participated in trade shows or conventions, provide any interviews, or advertise in publications in Canada. Instead, the Canadian operations has focused its PR and advertising activities into charity sponsorship. DSV Canada has participated in the charity campaign 'Just Socks'. *Just Socks Foundation* raises funds, purchases socks in bulks and provides socks to partner charities and shelters. The objective of the foundation is to help keep the homeless in Canada in clean new socks year round. (Just Socks Foundation, 2016) According to the country representative, Mr. M. Hansen, DSV has provided a recommendation to its local divisions to focus sponsorships on charity work. This is one of the reasons why DSV Canada has chosen to support the Just Socks Foundation.

Mr. Morten Hansen mentions in his answers that DSV Canada relies heavily on their personal selling efforts in promotion, and the study does in fact reveal that the Canadian operations has made very little effort in engaging to the local market environment.

## 5 RESEARCH FINDINGS & ANALYSIS

### 5.1 Legislation in promotion at DSV

The marketing representatives at DSV confirm, that the parent company is somewhat governing legal and regulative issues in all DSV organizations. The DSV Identity Manual, created by the DSV Global Marketing, works as a guideline to marketing in all DSV organizations. In addition to some guidelines created for visual representation, the parent company has recently regulated that any public statements concerning DSV, are to be provided by Managing Directors only. As DSV Canada has not done any advertising or run direct marketing campaigns locally, the local regulations or CASL as described in the chapter 2.5.1, have not been a concern at DSV Canada. According to the marketing representatives, the parent company provides some legal advice and counseling to DSV's global operations whenever required. As DSV Finland has been more active in in local promotion, the Finnish division has taken the measures to verify that their advertisement and direct sales campaigns follow Finnish Advertising legislation by using a local a communications consultant. According to the survey results, it may be concluded that, marketing related laws & regulations have not so far locally noticeably affected to either DSV country division's promotion.

### 5.2 Language in promotion at DSV

Neither one of the local operations uses more than one of their country's official languages for promotion activities; marketing material distributed by DSV Canada is, according to the survey, in English. In Finland, the DSV organization is using mostly Finnish in its marketing, with some exceptions, such as the DSV corporate magazine 'Moves', and DSV annual wall calendars, which both are designed by the Global Marketing department, printed by DSV A/S and published in English only. The global marketing material created in English, creates a significant benefit and savings for English speaking countries, such as Canada, as they're spared the trouble of translating and creating marketing material in their local language. This may well also be part of the reasoning, why DSV Finland has created significantly more marketing material locally, than DSV Canada.

The survey implemented among the marketing representatives of DSV Finland and DSV Canada, reveals that neither one of the organizations have taken second official languages into account in their marketing planning. The survey implemented among the sales representatives of DSV Finland shows coherent results, as out of the Finnish sales team respondents; 96% utilize Finnish language in their work. English was the second most frequently utilized language among the Finnish sales representatives, with 25% of the respondents utilizing English in their sales, making Swedish, the second official language in Finland, the third, with only 13% of the respondents utilizing Swedish language. In addition, Russian language was utilized by one sales representative out of all Finnish respondents. Despite the Canadian multicultural market place as previously described in chapter 2.5.5, according to the Canadian sales representatives no other languages, in addition to English, are used in sales at DSV Canada.

The marketing representative of DSV Finland, Tarja Witikka, states in the survey, that Finnish speaking, experienced logistics professionals, are something the clientele in Finland values, as described by Cateora, et al. (2011), and hence the ability to speak the Finnish language has been a key factor in the forming of their sales team, as well as the rest of the staff at DSV Finland. While the Finnish DSV organization is much focused in hiring local, Finnish speaking sales professionals, English being the prevailing language in Canada, has lowered the bar for bringing expatriates as part of the sales force at DSV Canada.

It may be concluded that, the study were not able to distinguish that the regional dominant languages, would considerably affect on the business culture in either business environments. Both country divisions at DSV had carried their promotional communication in the dominant language of their marketing environment only. The dominance of English language in global trade and as an international business language, was instead supported by both country organizations, as it was revealed in the study, that the English language is becoming increasingly important even in the Finnish market, to the point where many of the marketing and sales material created in Finland, has been implemented in English only. It's obvious that DSV Canada has somewhat benefited from the fact that English, the international business language, is also the dominant official language of the country. It has made it easier for the Canadian organization to create such an international sales team, and not having to have globally distributed promotion material translated.

### 5.3 Economy & industry trends at DSV

One of the noticeable differences between the Finnish and Canadian sales representatives in this research was, what kind of key performance factors has their organizations established and what kind of factors they considered their organization to focus most. According to the Finnish sales team, DSV Finland is mostly focused in establishing new client relationships and maintaining already established ones. Figure 1. How much do the established sales targets at the local organizations focus on increasing different performance factors. According to the Canadian sales team, DSV Canada is mostly focused in measuring sales performance by sales volume and sales profitability factors. These, interestingly enough, are the least measured factors by DSV Finland according to the survey. The results of this survey align with Roland Berger's study (2014) on commercial excellence, which suggested that North American B-to-B businesses tend to focus their KPI's around deal profitability related themes, whereas European businesses considered deal closure measuring CRM systems to be the most important sales steering methods. The results of this survey would hence suggest, that B-to-B businesses, including the freight forwarding companies, tend to have a larger focus on deal profitability KPIs in comparison to the Finnish businesses.



Figure 1. How much do the established sales targets at the local organizations focus on increasing different performance factors

#### 5.4 Competition in promotion at DSV

As the previously cited, Finland and Canada are somewhat similar in sense of major trade commodities, while the economies differ remarkably by size. The survey implemented among the marketing representatives of DSV Finland and DSV Canada shows, that the organizations are approaching their market from very different perspective. DSV Canada is focusing their sales effort in the largest, most productive sectors, whereas DSV Finland is not focusing its marketing communication on any specific sectors. Both, Canada and Finland, being well established, industrialized western economies, the larger market in Canada for DSV means considerably more potential business, yet more competition, in comparison to the smaller market in Finland. Where huge markets, such as Canada, have the tendency to attract more competition, they eventually force companies to target at more specific, niche markets, with their special demands on products or services. DSV's marketing is enforcing its global reach, yet being able to specialize its services to fit the needs of companies in the most remarkable trade sectors. Due to the smaller market and amount of opportunities, DSV Finland hasn't been able to establish marketing targeting to a considerably fewer number of companies. This may have well be part of the reason why the two country divisions have ended up approaching their market in such diverse manner.

According to the survey implemented among the marketing representatives of DSV, the Canadian sales operations is primarily naming new accounts based on industrial sectors, whereas the Finnish operations is primarily focusing on the size of account and the geographic location of the client company. Marketing representative of DSV Canada, Morten Hansen, states in the survey, that while certain major sectors are named as targets, no sector is totally ruled out in case a promising sales lead comes on the way. As mentioned, the remarkable difference in between the size of Canadian and Finnish markets, has allowed the Canadian division to set targets by sectors, while Finnish division needed to respectively search through a wider range of sectors to discover business opportunities providing enough volume trade the company is striving to achieve. Tarja Witikka also mentions, that more experienced sales professionals take care of bigger accounts at DSV Finland, and in addition the presence of several offices around the country has enabled DSV Finland to divide sales areas geographically to certain extend, and bringing DSV closer to the clients.

### 5.5 Sociocultural environment in promotion at DSV

The research results reveal that the Finnish DSV organization has a higher interest to be integrated to its local business environment in comparison to the Canadian DSV organization. Where the Canadian organization employs a mix of local and expatriate sales professionals, the Finnish organization emphasizes the importance of local sales professionals in their local marketplace. Both organizations have made some promotional products, created by the global marketing team, available to their sales representatives. DSV Finland has, in addition, created some giveaway explicitly for the needs of its operations in Finland. According to the survey, the additional giveaway products have been created to better meet the demand of the Finnish environment and clientele, as well a wider range of business gifts and giveaways. Based on the list of promotional products, provided by Mrs. Witikka, the giveaways created by DSV Finland however don't seem very culturally bound, but quite universal, and fitting to a wide audience. Hence, the urgency to create a larger selection of promotional gifts available to its sales representatives is likely impacted by the presence of DSV Road division (absent in Canada). In fact, the representative of DSV Finland mentions, that part of their giveaways, in addition to some other promotional material, are created to promote the 'DSV Daily Pallet', a fully DSV Road operated service.

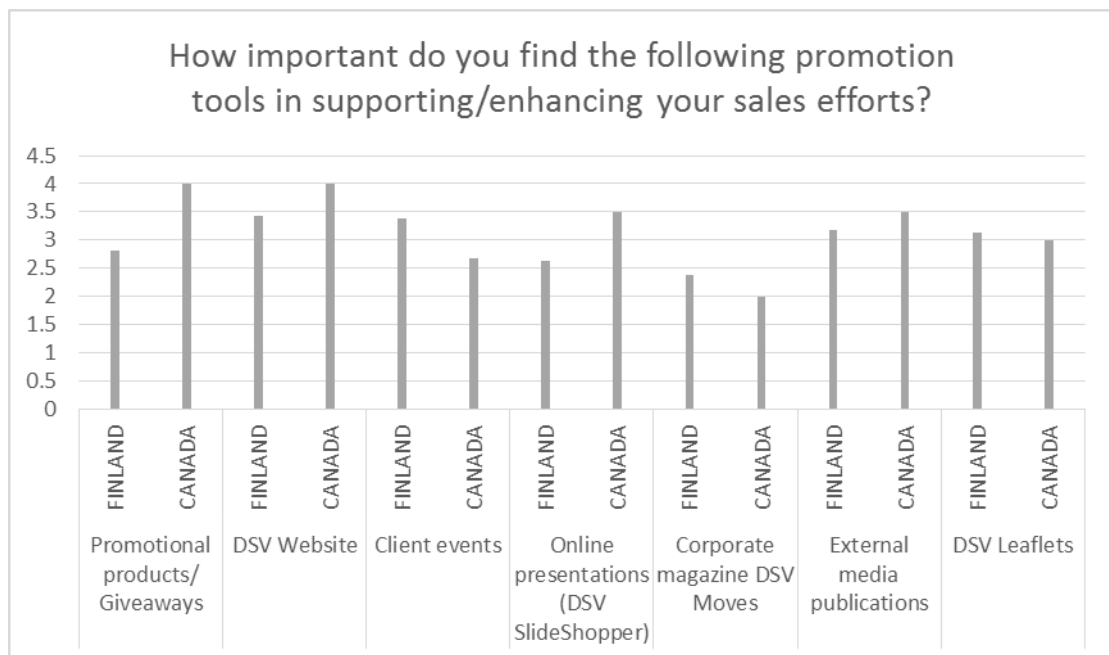


Figure 2 How important do sales representatives at DSV see other promotion tools



The Figure 2 shows how important do the sales representatives see other promotion tools for supporting their sales efforts. The figure shows that sales representatives have somewhat similar idea of the most remarkable promotion tools, as well as the promotion tools they find least remarkable. The Canadian sales representatives found the company website and the DSV promotional products being the most important promotion tools alongside their sales efforts, whereas the Finnish sales representatives found the company website respectively the most important, client events coming a good second. The least valued promotion tool according to both sales teams was the corporate magazine 'Moves'. Some remarkable differences in between the preferences of Finnish and Canadian sales representatives are discovered. Client events was among the most valued promotion tools for the Finnish sales team, whereas for the Canadian sales team client events were came only second last in order of importance, posing the largest different between the Finnish and Canadians. The second largest difference discovered, according to the Figure 2, was the DSV online presentations, created in the DSV SlideShopper tool.

DSV Finland is also more active in organizing client events. The client events the Finnish organization organizes annually are the Christmas party for clients and their family members as well as summer theatre and summer cruises every summer season. Tarja Witikka, the marketing representative of DSV Finland, confirms that all of these events are targeted to the existing clientele, and may be considered as relationship building activities by DSV Finland. Roland Berger's study (2014) showed similar results in the methods companies were running their KAM in North America and Europe. According to Roland's study, in Europe more KAM (60%) was performed in traditional ways, such as one face to the customer and relationship building events and activities. North American companies would instead tend to use more innovative methods for KAM and sales steering. (Roland Berger, 2014) The lack of client events at DSV Canada could hence be considered somewhat typical for a North American business, while for a Finnish business the events may be the few chances to connect with their clients.

The number and duration of the client meetings is in fact one of the most significant differences between the Canadian and Finnish sales representatives brought out in this survey. The Roland Berger's study showed that where "One-face-to-the-customer" is commonly accepted instrument for European companies, North American companies are more likely to follow a "tentacle" approach for as many contacts as possible. Besides more aggressive sales methods, this may reflect in many ways, such as the urge connect

with more than one person in the client company, and this way seek to strengthen the relationship to the organization's 'buying center', and as a greater activity towards meeting clients face-to-face. The survey between the Canadian and Finnish sales representatives at DSV revealed that, Finnish counter parts estimated to have 14 client meetings per month on the average, whereas the Canadian counter parts had almost double the amount, 26 meetings per month on the average. The survey also examined to which degree the sales representatives are utilizing different methods of communication and how actively, when approaching prospective clients. Figure 3 How many prospective customers do sales representatives contact monthly, on average, indicates similar results as previously mentioned, Finnish representatives confirming to have approximately 8 face-to-face meetings with prospective clients monthly, whereas Canadian representatives nearly doubled the amount, by approx. 18 meetings per month. The results were similar with the number of prospective clients by phone, as the Canadians confirmed approximately 20 attempts, whereas Finns only 13 contact attempts per month. Email was in fact the only communication method where the Finnish sales representatives were more efficient, with approximately 20 email contacts as opposed to 13 email contacts by the Canadian sales representatives. The most utilized method for contacting prospective clients among the Finnish sales team was email, whereas Canadians favored contacting prospective clients by phone the most. Email contacts, favoured by the Finns, were interestingly the least utilized by Canadians, and Face-to-face meetings the least favored by the introverted Finns.

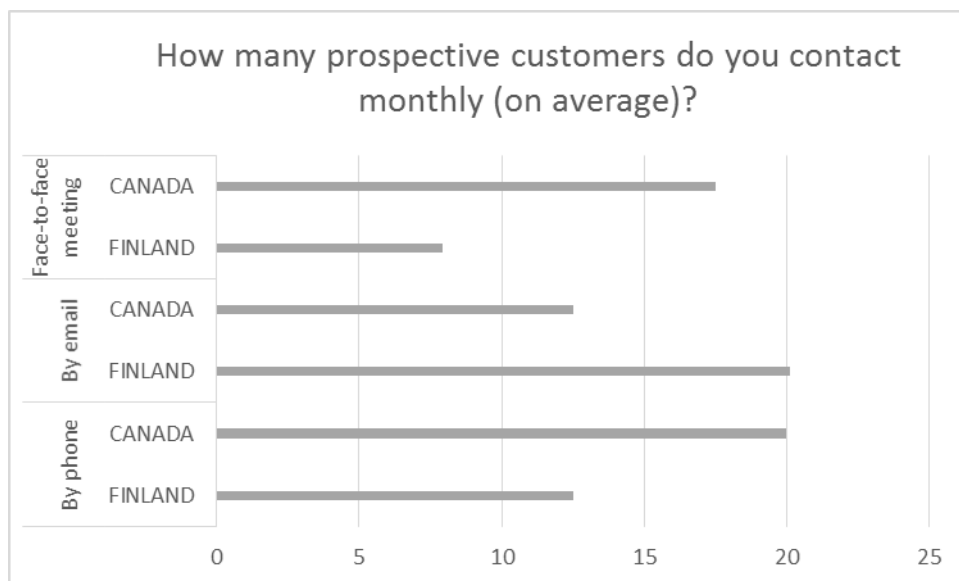


Figure 3 How many prospective customers do sales representatives contact monthly, on average

This just comes to show that while, according to R. L. Lewis (2006), Canadians tend to be “softer sell” than Americans, the sales approach is in no means comparable to the Finnish approach, yet is much under the influence of the American sales culture.

According to R. D. Lewis (2006), Canadian and Nordic cultures share the same time concept of not losing time. The results of the survey however revealed that where the Finnish sales team spends on the average of 78 minutes on one client meeting, the corresponding figure for the Canadian sales team is 35 minutes, making it less than a half of the average Finnish meeting duration. In the case of DSV, it's fair to say that the Canadian time concept is stricter than that of the Finnish, and the Finnish sales representatives seem to feel the need for more time face-to-face in order to build client relationship.

The survey among sales representatives at DSV included an open ended question “What kind of advice would you give to your American colleague on meeting clients and negotiating in your local market? What should one keep in mind or avoid?” The purpose of this part of the survey was to disclose how the sales professionals position the sales culture in their country, what topics they find critical, and reveal some of the attitudes they may have towards the American sales culture.

There were some topics that were repeatedly mentioned among the Finnish sales representatives. The majority of the respondents stressed the importance of listening to the client, letting the client speak, and giving the client space instead of pushing too much. Other common topics were avoiding over-dressing for the meetings, staying respectful towards competitors, staying humble and not making big promises if you cannot guarantee them. It was also mentioned that closing deals or pushing clients into closing are not typical in Finland, instead Finns prefer to have some time to consider the offer. The results show that Finns seem to have a fairly good understanding of the culture of their own as well as that of the American. Many critical topics mentioned by the Finnish sales representatives are also aligning with the cross-cultural research and theories by Richard D. Lewis and Geert Hofstede. The most critical difference between the American and Finnish sales cultures according to the respondents, as mentioned, was proven to be the importance of listening to the client and their needs instead of just pushing your own product or service.

Among the common topics of the Canadian representatives were stressing the importance of relationship building, and smaller market in comparison to the US, and

high price competition. Building closer relationships, spending time on developing the client relationship was seen especially important due to the smaller market, in comparison to the American. While building relationship seemed to be a key issue among the Canadians, any critical attitude towards sales techniques or aggressive sales weren't directly brought up. It was however mentioned that quick closings are likely leading only into short term events in Canada, if no further effort building the relationship is done. Hence, it seems that although the ways Canadians are contacting clients and techniques they use to build a client relationship with their clients is different from the Finnish methods, they still feel it is very important part of doing business in Canada, and yet somewhat more important than their colleagues across the border. The Canadian sales representatives do definitely focus more directly to commerce related themes, such as pricing, in their answers. It is hence fair to say, that Canadians are more open on discussing prices or commercial benefits during sales meetings, and more profit driven in comparison to the Finnish sales methods, as described in Roland Berger's study (2014).

## 6 CONCLUSION

### **Question 1. What are the most significant promotion tools DSV Finland is using in business-to-business environment?**

As mentioned in several literature sources, personal selling tends to be the most important promotion tool in industrial marketing, and DSV Finland is no exception. DSV Finland's promotion mostly relies on its sales representatives and their personal selling efforts. Contrary to the statement by Reed, Story, & Saker (2004), DSV Finland has employed a Marketing manager, while however there is no marketing department, typical to B-to-C businesses, and the Managing directors of all divisions at DSV Finland are closely involved with key account sales, as described by Reed, Story & Saker (2004). The key account management at the Finnish organization is well structured, with clearly divided sales areas, and multiple key account indicators in place measuring the sales performance. The research indicated that DSV Finland is urging to have a close relationship to its local market environment, and as part of this integration the organization has attached the importance to having a Finnish speaking sales staff with local knowledge.

Another remarkable promotion tool for DSV Finland is client events which is categorized under PR events by Fill & Fill (2005). These events are organized annually in different forms such as Christmas parties, theatre events and summer cruises to the existing clientele of the organization, and takes a substantial portion of the annual marketing budget of the Finnish organization. The research revealed that, out of the wide range of promotion tools established by DSV Finland, alongside the client events, the DSV Website was considered to be the most remarkable promotion tool in enhancing and supporting the personal selling, according to the sales team at DSV Finland. In industrial marketing, where the client usually has an existing demand and tends to be more proactive in finding a solution to their demand. The website serves a greater purpose as creating the first impression and providing some primary data on the services the company is able to provide. At DSV, the corporate website is purely run from the corporate headquarters in Denmark, and while all DSV country divisions have their own assigned country section.

In addition to some of the promotion tools provided by the Global Marketing department at DSV A/S and the above mentioned, DSV Finland has incorporated some additional promotion tools to better fit and to enhance the integration to the local business environment. These include promotional giveaways, brochures, participating to local trade shows, industry events and conferences, as well as providing interviews to local business and clients' publications. Interestingly enough, besides the client events, none of these promotion tools with a local focus were not considered substantially more valuable than the promotion tools designed by the Global Marketing department. This being said, the least valued promotion tool, according to the Sales representatives of DSV Finland, was the corporate magazine "Moves", printed and published by DSV A/S.

**Question 2. Are the same tools used in Canada (as well)? What are the differences?**

Where DSV Finland is considered to mostly rely on personal selling in promotion, it is fair to say that DSV Canada's promotion is almost entirely relying on personal selling. The key account management at the Canadian organization is less structured in comparison to the Finnish sales organization, and while the sales representatives are divided into four DSV locations across Canada, creating some geographic distinction between sales areas, the distinction is quite loose and not enforced by the organization. The research showed that besides personal selling, DSV Canada has not created any promotion tools locally, nor has the organization employed any staff to perform marketing functions. In fact, the only way DSV Canada was according to the research shown involvement in the local environment was participation in a charity event in support of local homeless. Charity events, such as this one, may be categorized under Public Relations, as an act to enhance the corporate reputation.

A distinct difference may be discovered between the promotion strategies of the Finnish and the Canadian organizations in the urge to be integrated to the local business environment. Where the Finnish organization has created some additional giveaways, provided interviews to local publications, is participating to local industry related fares and has made it a priority to have a locally knowledgeable sales team, the Canadian organization has taken a different approach to their marketing communication. The Canadian promotion relies mostly on the promotion material created by the global

marketing department. DSV Canada has employed an international crew for sales, with a mix of local and international sales professionals.

The sales representatives at DSV Canada considered the DSV Website and promotional giveaways among the most valuable promotion tools, while the selection of giveaways made available to the Canadian sales team was considerably narrower than at DSV Finland. No clear distinction between the sales teams could however be made, whether one or the other is utilizing the giveaways more frequently. A difference between the Finnish and Canadian was discovered in the research on how sales representatives positioned client events among promotion tools. The Finnish sales representatives considered among the most important promotion tools, whereas their Canadian counterparts considered client events to be among the least important in sales support and enhancement.

The research showed that the way personal sales is being implemented is different at DSV Canada than it is at DSV Finland. The Canadian sales representatives were found to have nearly double the number of face-to-face meetings with clients than their Finnish colleagues. Where Finns preferred to contact prospective clients by emails, the Canadian sales was mostly utilizing phone and face-to-face meetings in order to get the attention of prospective clients. None of the sales teams showed very critical attitude towards the American business culture in the research. The themes brought up in the research by the sales representatives were however quite different. Alongside the importance of taking time for relationship building with the client organizations, the Canadians stressed the high level of price competition in the Canadian market, whereas the Finnish sales team emphasized the importance of listening to the clients' needs, avoiding to dress and act in more relaxed manner, and taking time to create a trust relationship instead of trying to push the client to close the deal.

**Question 3. How do the differences between DSV's promotion strategies reflect the differences between the Finnish and Canadian macro environmental factors?**

Legislative issues were shown in the research to have relatively little influence on promotional planning at both organizations. The low entry barrier to the sector may be however considered as part of the reason why the competition in the Canadian market is extremely high, and part of the reason why there is such on-going biting war in the freight forwarding sector in Canada, as described by the Canadian sales representatives.

The relatively small Finnish market has formed the business climate in Finland, and pushed even the major global freight forwarders to focus their sales also on more niche markets order to create more trade volume. Hence the size and competition in the market in cooperation with the legal framework may have affected why DSV Canada has more defined target market, whereas DSV Finland doesn't target any certain sectors.

The Consumerology report by Bensimon Byrne (2010) showed, that more than half of Canadian consumers considered domestic origin being an important factor in corporate reputation, whereas even more influential were hiring locally and being locally responsible. Claiming the lack of local integration on the Canadian sociocultural climate seems quite difficult to justify, and hence the reasoning for such difference in promotion may instead be found among the corporate internal factors instead of the external organizational environment, such as the set of services provided, or industries targeted by the organization. As mentioned, DSV Finland currently includes three divisions; DSV Road, DSV Air & Sea and DSV Solutions, whereas DSV Canada currently includes the Air & Sea division. DSV Finland is thus able to respond to the demand of continental and intercontinental transportation services, whereas DSV Canada is currently only serving its clientele in intercontinental transportation. Hence, the Canadian customer base and target market may be considered somewhat less focused on the local contribution of the service provider, but more interested in the global reach of the organization. The marketing manager at DSV Finland in fact noted, that many of the additional promotional gifts created by DSV Finland, were solely designed to promote services provided by DSV Road, such as the previously discussed DSV Daily pallet service. According to the research, the same seems to apply with many of the interviews provided to local publications, by DSV Finland. This would further reinforce the belief, that the more local set of services has driven DSV Finland's need to be more locally integrated and concerned of their local contribution, instead of this being a sign of a sociocultural difference between these two business environments. In addition, DSV Canada's main target markets were some of the largest industrial sectors, whereas DSV Finland had not named any particular industries of interest, and according to the study, serving a wider range of sectors. Promotional activities such as local industrial fares and articles in publications tend to serve in creating knowledge on the presence of the company and available services to potential clientele in the local business environment. This may be considered a great method of promotion for a company, such as DSV Finland, targeting to a wide range of sectors and businesses. The target market being narrower, and focused into fewer number of high volume suppliers or industries, such as at DSV



Canada, the same promotion methods may not serve the purpose. The DSV website, run by the global marketing department at DSV headquarters in Denmark, serves well in demonstration of the global reach of the DSV network, and it is therefore easy to justify why it is also considered the top most important promotion method in support of personal selling at DSV Canada, while the locally organization has focused its local promotion efforts almost solely into personal selling.

One of the most noticeable differences in the study was the way the organizations were implementing their personal selling. The Canadian sales representatives seemed to reach out to the existing and potential clients much more frequently than their Finnish colleagues, and preferred meeting potential clients face-to-face, whereas the Finnish sales representatives mostly favored contacting prospects by email. On the other hand, the face-to-face time spent with each client at DSV Canada was, according to the study, much shorter in comparison to the client meetings at DSV Finland. For a Finnish sales professional, such strict time constraints for client meetings, accompanied by a more open attitude towards price discussion during negotiations, the Canadian sales may come of as somewhat aggressive and solely focused on the financial profitability aspect of the trade.

It may hence be difficult for a Finn to grasp, that according to the study results, the Canadian sales personnel seem to be in fact highly focused in creating client relationships and finding long-term relationship building essential for financial success in the Canadian business environment. The results of the study by Roland Berger (2014) in fact confirm the findings of this study in the matter. The results of the study by Roland Berger mention, that North America is in fact focusing more on customer relationship and partnering, whereas Europe puts emphasis on sales process and technology. Based on these findings, the assumption of a cold and aggressive sales in Canada, are likely caused by the differences in sociocultural factors and sales approached between the Canadian and Finnish business environments.

## 6.1 Final remarks

Then, what should a Finnish expatriate expect of a Canadian market place? – Some remarks based on the research can be made.

The Finpro country representative, Ari Elo, stated that often Canada is put in the same category with United States instead of being treated as a separate case. In the light of the information revealed by this study, the statement seems well-grounded. It is also easy to understand why many Finns end up mistakenly considering these two North American countries as a single market with one unified business culture, as Americans and Canadians, as neighbouring states, share many cultural traits. As this study indicates, the Canadian and Finnish cultures also have a lot of common, and in fact the Canadian, business oriented yet subtle and diplomatic, business culture seem in many aspects to be falling in between the American and Finnish traits.

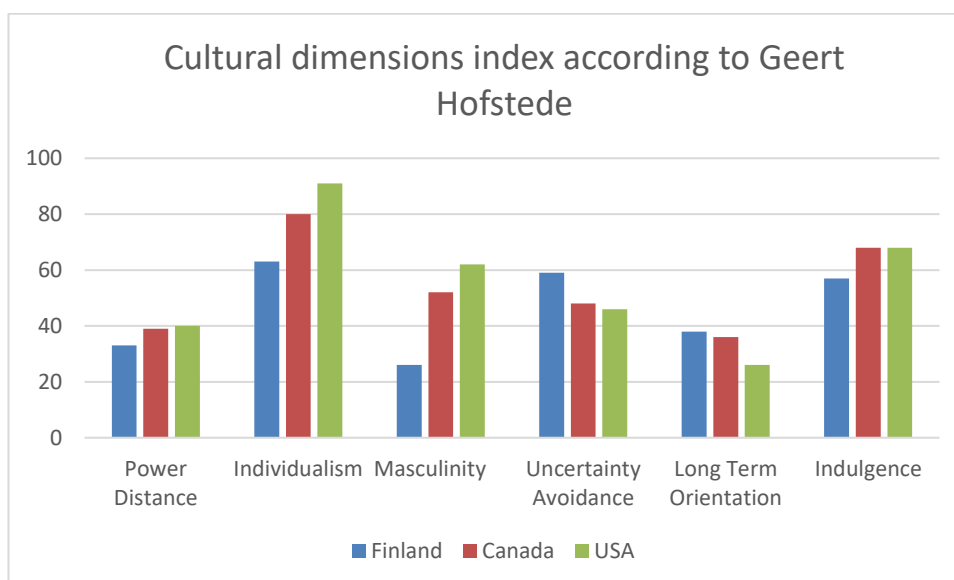


Figure 4 Cultural dimensions index according to Geert Hofstede

Geert Hofstede's Cultural dimensions theory, discussed previously in this study, supports this statement as demonstrated by the Figure 4 Cultural dimensions index according to Geert Hofstede (Geert Hofstede Centre, 2016), showing how the Canadian figures fall almost with no exception between the Finnish and American figures on the index chart.

Practically speaking, where Canadians share some of the cultural traits with their fellow Americans, others may be more similar to that of the Finns. In the Finnish B-to-B sector personal selling is the main method of marketing promotion, and in Canada even more so. As a sales professional, you're most likely required to

engage with client face-to-face more in Canada than you are in the Finnish B-to-B sales environment. Face-to-face meetings are preferred over email and phone contacts in Canada, and somewhat required in the Canadian business place in order to engage the attention of prospective clients. While you're more likely expected to encounter face-to-face more actively with clients in Canada, and while you're most likely offered at least coffee during the meetings, the meetings are kept quite brief and Canadian business professionals are expecting you to respect their time.

Canadians tend to come of as very courteous and less aggressive salesmen than their American colleagues. In comparison to the Finnish custom however, the Canadian businesses tend to be more focused on the deal profitability factor of sales, and as mentioned in this study by one of the sales professionals of DSV Canada, due to the highly saturated market the price competition is high in the Canadian freight forwarding sector. This is why, you're likely to face a more direct discussion on pricing during sales meetings and negotiations. Where in Finnish business environment you're more likely to come across with larger client events, the Canadian business culture tends to favor the one-on-one method i.e. tentacle approach, for building relationship with the client company's buying center.

While Canadians tend to come of as courteous yet relaxed even in business, In comparison to the Canadian business custom, Finnish business environment can be described as less formal. In the Canadian business environment is more traditional, with stricter dress-code and status plays a greater role. Where the dress-code varies somewhat depending on the industry, it is not generally acceptable to wear jeans or athletic footwear for work. It is also important to keep in mind, that while Canadians come across relaxed even in business, Canadian business environment is more formal than in Finland, and calling people in business by their correct title is important.

The Canadian society may generally be described as warm-hearted and open-minded with a fair play attitude, and as R.D. Lewis described, the Canadian society takes pride in the social harmony, antiracist education and activity. Courtesy, cultural sensitivity and equality are values that are shown high value

among Canadians. Many companies take pride in providing equal opportunities to all despite gender, age, race, color, religion, national origin, physical or mental disability. It is hence very important to remain open-minded and show cultural sensitivity. Overall, the open-minded and culturally well-aware Canadians, in addition to a generally a positive image perceived by the Canadian people on the Finnish culture, makes it fairly easy even to a more introverted Finn to get along and find mutual harmony.

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## Appendix: Cultural values according to Richard D. Lewis

### Cultural values

| Finnish   | Canadian                                 |
|---|--|
| - <b>Honesty</b>  | - <b>Honest</b>                          |
| - Warm-hearted; Desire for solitude   | - <b>Friendly, easy-going</b>            |
| - Hardworking and intelligent; Worry about emerging from a recession/hatred of debt | - Practical, savers                      |
| - Sisu, i.e. "guts"   | - Humorous                               |
| - Love freedom; Curtail their own liberty   | - <b>Tolerant</b> , but critical of U.S. |
| - Admire coolness and calm judgment; Drink far too much                             | - Prudish, often traditional             |
| - Want to communicate; Wallow in introversion                                       | - Fair, gentle                           |
| - <b>Tolerant</b> ; Secretly despise overly emotional people                        | - Generous, parochial                    |
| - <b>Independent</b> ; Hesitant to speak up in international arena                  | - Pioneers, <b>independent</b>           |
| - Democratic; Often let the "tyranny of the majority" rule                          | - Low key, uncomplicated                 |
| - Fiercely individualistic; Afraid of "what the neighbors might say"                | - Love family, mother nature             |
| - Western in outlook; Cannot lose face (like the Asians)                            | - Internationally impartial              |
| - Resourceful; Often portray themselves as hapless                                  |  |
| - Capable of acting alone; Frequently take refuge in group collusion                |  |
| - Love their country; seldom speak well of it                                       |  |
| - Desire to be liked; Make no attempt to charm                                      |  |
| - Shyness & modesty   |  |
| - Realism   |  |
| - Common sense  |  |

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Cultural values according to Richard D. Lewis