How macro environmental forces affect business buying behavior after a recession:

A case study of the second hand truck business

NAME OF AUTHOR
Christos Kakazoukis

NAME OF SUPERVISOR
Urban Ljungquist

MASTER’S THESIS IN BUSINESS ADMINISTRATION, MBA PROGRAM

Jan 2011
Abstract

Master thesis in business administration, MBA Program, School of Management, Blekinge Institute of Technology, fall of 2010.

Author: Christos Kakazoukis
Supervisor: Urban Ljungquist

Title: How macro environmental forces affect business buying behavior after a recession: A case study of the second hand truck business.

Keywords: Buying behavior, customer behavior, financial crisis, trucks, PESTEL

Background and problem: The financial crisis has had a deep impact on businesses all around the world. This has affected our purchases, both as retailers and as customers. In this thesis I will investigate how the buying behavior has changed, before, during and after the financial crisis with focus on the second hand truck business. I will also investigate which macro environmental factors have affected the buying behavior.

Purpose: The purpose of this research is to describe changes in buying behaviors from influence of macro environmental forces.

Method: I have used a qualitative method, and as a part of that face to face interviews, to understand and establish a better contact with the respondents. At the selection of companies I have chosen three companies in the second hand truck business, located on the west coast of Sweden. They required to not be mentioned by their name so they are referred to as Company A, B and C.

Result and conclusions: The conclusions which can be drawn from this thesis research is that the macro environmental forces which have had a strong impact on the buying behavior after the financial crisis are the political, economical and legal forces. Both retailers’ and customers’ behavior have changed after the financial crisis. After the financial crisis both retailers and customers are more careful on spending their money. They are more informed about quality and their needs, to make better purchases. Retailers avoid building up stocks instead they are purchasing trucks upon requests. The crisis will likely to continue and make a difference for some years to come.

Suggestions for further research: A quantitative method would be interesting to add to a qualitative method with many more companies to base the empirical data. Also a qualitative method would be interesting to make upon additional companies.
# Table of contents

1. Introduction and background .................................................. 5  
   1.2 The Global Truck Market .............................................. 6  
   1.3 Purpose ........................................................................ 7  
   1.4 Research problem ......................................................... 8  
   1.5 Limitations ................................................................ 8  
   1.6 Thesis layout .............................................................. 9  
2. METHODOLOGY .................................................................. 10  
   2.1 Research Method .......................................................... 10  
   2.2 Choosing research strategy ............................................ 10  
   2.2 Primary and secondary data ........................................... 11  
   2.3 Choosing case companies ............................................. 11  
   2.4 Interviews and Data Analysis ........................................ 11  
   2.5 Selection ..................................................................... 12  
   2.6 Reliability of the research ............................................. 12  
3. THEORETICAL FRAMEWORK .......................................... 14  
   3.1 Buying behavior .......................................................... 14  
   3.1.1 Business behavior .................................................. 14  
   3.1.2 What influences the business buying behavior? ........... 15  
   3.1.3 Retailers buying behavior ....................................... 15  
   3.1.4 Customers purchasing strategy .................................. 16  
   3.1.5 Different customer needs ........................................ 16  
   3.1.6 Strategy for selecting a retailer .................................. 17  
   3.1.7 Business behavior vs. customer behavior .................. 17  
   3.1.8 Decision making process ........................................ 17  
   3.1.9 Pricing .................................................................... 18  
   3.2 Macro environmental factors ......................................... 19  
   3.2.1 PESTEL Framework .............................................. 19  
4. EMPIRICAL FRAMEWORK .............................................. 22  
   4.1 Approach ..................................................................... 22  
   4.2 Company A .................................................................. 22  
   4.2.1 Customers buying behavior .................................... 23  
   4.2.2 Retailers buying behavior ....................................... 23  
   4.2.3 Customer Needs ..................................................... 24  
   4.3 Company B .................................................................. 24  
   4.3.1 Customers buying behavior .................................... 24  
   4.3.2 Retailer buying behavior ........................................ 24  
   4.3.3 Customer Needs ..................................................... 25  
   4.4 Company C .................................................................. 25  
   4.4.1 Customers buying behavior .................................... 25  
   4.4.2 Retailers buying behavior ....................................... 26  
   4.4.3 Customer Needs ..................................................... 26  
   4.4.4 Summary ............................................................... 27  
4.5 Macro environmental forces .............................................. 28  
   4.5.1 Political ................................................................. 28  
   4.5.2 Economical .......................................................... 29  
   4.5.3 Social ................................................................. 31  
   4.5.4 Technological ....................................................... 31  
   4.5.5 Environmental ...................................................... 32
1. Introduction and background

In this initial chapter I am going to give the reader a background of business buying behavior, environmental forces and discuss how this has developed throughout the financial crisis. This brings us into the discussion of the research problem and the purpose of this master thesis. To provide the reader with a clear picture of the structure a disposition will follow.

During autumn of 2008, the financial situation in the world changed dramatically. The cause was the financial crisis in the United States, which affected the whole world. Different industries have been affected in different ways by this crisis. Bad economic situations are facts that influence the customers in almost all national markets (Amalia. Plonut. P, 2009). A financial crisis has a severe impact on customers buying behavior and a tendency to change their buying patterns in such stressful times (Hermann, 2009; Nistorescu and Puiu, 2009). However, the customers are also affected psychologically. They tend to buy less premium products and are more aware of their spending; products are compared and selected based on price compromising quality (Nistorescu and Puiu, 2009).

Knowing what is changing and how it has changed is also essential (Callingham, 2004). One of the most important aspects of surviving in a dynamic market is to know about and adapt to changes happening in customer behavior. In order for companies to grow and gain market shares in a competitive market, they need to find out more about their potential market opportunities (Wahlbin & Lekvall 2001). This is a very important issue when it comes to the survival and further growth in the future. If the work is done in a right way, it can contribute to secure profit in the long term (Callingham, 2004).

There are different ways to investigate and to get to know the market. One very frequent used technique is to map the market and do a market research and thereafter study and evaluate the opportunities. Every business strategy is developed to meet objectives and achieve targets. Companies must add value and reward shareholders. If the company cannot offer a positive return on capital then it can lead to the collapse of a firm or a takeover of a competitor. By analyzing the environmental forces such as political, economic, social, technological, environmental and legal, the company’s managers can develop competitive strategies to meet the future. What you can see in connection with the financial crisis is that the countries have done some changes in taxations and in import and export legislation. For example, many
countries have increased their import taxes for the benefit of national products. In countries where the inflation has increased, the government often has as ambition to decrease the inflation to lower the prices of national products and consequently increase the export. The government’s role is to control and prevent prices from further increasing to ensure that the purchasing power will not weaken to avoid unemployment and poverty (Amalia.P and Ionut.P, 2009).

A research amongst Ireland's leading retailers confirms that most consumers have changed their buying patterns after the economical crisis in 2008. The research shows that 65 percent of Ireland’s consumers are buying cleverer and looking for quality, 55 percent are buying less and 33 percent are buying cheaper products. The crisis had brought a new way of thinking and will stay for a long period. This will bring about a step change in the way consumers perceive 'value' and spend money, and in the way retailers are shaping their businesses, according to new PricewaterhouseCoopers (PwC) research launched at the 2010 Annual Checkout Conference (Accountancy Ireland, 2010).

However, companies that are anticipating a rapid rebound in customer behavior are likely to be disappointed. This requires a changed behavior for retailers to be able to approach their customers in the best way. In a financial crisis, customers are not as price sensitive as one can think. Customers value quality and good solutions before lower prices, because quality is equal to trust (Henriksson, 2009).

1.2 The Global Truck Market
This financial crisis has affected the business world, one business that has seen a huge change with the crisis is the used truck market. The largest truck manufactures, Daimler Trucks, Volvo Trucks, Scania and MAN have seen a decrease of 44 percent of their truck sales in Europe this January 2010 continuing a contraction that has persisted for 21 months, according to the European Automobile Manufacturer’s Association. Daimler Trucks, who makes Mercedes-Benz heavy vehicles in Europe, US and Asia, recorded a loss of 1 billion Euros in 2009 as sales fell 36 percent (Reiter, 2010).

In the past only two markets were considered as major world truck markets, the USA and the Western Europe. The companies, which did not have presence in these two markets, were unable to qualify as global players. Now the role of other markets is increasing. Already today the following countries can be considered to be the major world truck markets: China, Russia,
and India. Consequently, the companies, which will not be represented in these markets, cannot be considered to be global, going forward. The Russian market, based on the year 2007 results, became quite comparable to the USA market. However, to be fair, we have to admit that the US market is now near its bottom point (DN, 2009).

The Chinese market today is the largest in the world, and the key positions in this market are being retained by the local manufacturers. As a result, their role in the world industry is increasing very fast. There is another example which illustrates the reverse trend. Brazil does not have its own automotive industry. The Brazilian market has been carved up by the Western producers. Hence, new significant Brazilian players are unlikely to arise in the future. However, with the growth of the market, this situation has been changing. If we look at the situation in 2007, we will be able to see that the Russian market has become the largest in Europe compared with the German market which used to be the largest. Inclusive of the second-hand import, the volume of the Russian market is almost double of Germany. We have also to note that every second heavy-duty truck in the world is currently sold in Brazil, China, India or Russia.

1.3 Purpose
The purpose of this research is to describe changes in buying behaviors from influence of macro environmental forces.

The author will investigate how the purchasing behavior of retailers and customers has changed after the financial crisis within the area of second hand trucks. It is interesting from companies and academic point of view to investigate how the buying behavior has changed, and what factors that influences the changing of the buying behavior. The buying process is a complex matter as many internal and external factors have an impact on the buying decisions. Companies are interested in costumer behavior because they can develop sales strategies to influence customers to purchase their products based on costumer analysis (Hansen, 2004).

Environmental forces are affecting companies’ strategies and buying behavior. Knowing the external environment is the context in which a business operates. Each factor can have an effect on the business, positive or negative, and therefore the companies develop plans and strategies to anticipate these effects in the best way. A part of this thesis work will identify and discuss the macro environmental forces that influence the retailers and customers' buying behavior and how they have changed their business strategies. The market has changed
radically because of the financial crisis. This has forced customers and companies to change their buying behavior (Porter, 1985).

1.4 Research problem

Based on the discussion above, the research questions of this thesis are:

1. What is the impact of the financial crisis on change of companies business buying behavior?

2. To what extent have the customers changed their buying behavior during and after the financial crisis?

1.5 Limitations

My research has been limited to investigate trucking companies in Sweden and more specifically in West Sweden. The reason is that with a limited timeframe to have the opportunity to conduct personal interviews with all respondents.
1.6 Thesis layout

**Background** The initiating chapter will give an overall picture of the buying behavior and the role of the macro environmental factors during the financial crisis. Furthermore a presentation of the research problem and purpose will follow.

**Method** This chapter describes the way of approaching this thesis and the different methods used for this thesis. I also motivate my choice of companies and respondents.

**Theoretical framework** In this chapter the reader will find the scientific theories which this thesis is based upon and which I find relevant.

**Empirical data** The empirical material is presented and is based on interviews with the companies.

**Analysis** In this chapter the theoretical background is compared with the empirical data, which ends up in the analysis.

**Conclusion** Finally a presentation is made of the central parts of the thesis my and conclusion is presented furthermore suggestions for further research.
2. METHODOLOGY

In this chapter, I will describe the methodology that has been used during the research. I will present the choice of method for gathering the information and motivation of companies and respondents.

2.1 Research Method

Before starting the actual research, I have to find a research strategy that will be based upon the questions the study is aimed to answer. Yin (1994) divides the research strategies into five different types: experiment, survey, archival, analysis, history and case study. A motivation of my choice of research is given below. It is important for the researcher to realize that each type of research strategy represents a different way of collecting and analyzing empirical evidence and, most importantly, each strategy has its own advantages and disadvantages Yin (1994).

The framework that was used throughout the research to analyze and find out which macro economical forces that influence the buying behavior was the PESTEL model. The reason why the author chose this model is that it is a well tested method and used by many companies.

2.2 Choosing research strategy

In all market research, you are supposed to gather and analyze research data. This can be done with either a quantitative or a qualitative approach. The first one is formalized and structures while the other one is more formalized (Holme & Solvang, 1997). The quantitative method tests a theory where statistics and formulas are the major techniques. The qualitative method means to create a theory by of gathering data and a deeper understanding for the research problem (Merriam, 1994; Andersen, 1998). There are pros and cons with both of the approaches. According to Yin (1994), research questions that are of the types “how” or “why” are likely to lead to the use of case studies, histories, or experiments. My main problem is a “how” question. With a qualitative approach the researcher, gain a higher level of understanding through interviews, observations, case studies and various data collection. I have chosen the qualitative method to receive the information required from the respondents to be able to answer the research questions and get a better overall picture. When using a qualitative research method, the key concern is to understand the phenomenon of interest from the participants’ perspectives, not the researcher’s. In a qualitative research, this means that the researcher is the primary instrument for data collection and analysis. This method
gives the deep understanding for the problems required for a great quality of the thesis. The qualitative method consists of detailed descriptions of a certain problems and comprehends oral formulations and interviews (Merriam, 1994; Backman, 2008). However, a qualitative approach will lack the objectivity that a quantitative research has, so therefore it is very important that the researcher put a lot of effort in the interpretation of the results (Wright, 2004).

2.2 Primary and secondary data
If a source is of a primary or secondary character, is to find out the relation an author has to the data, if it is self experienced of if the content is experienced by another source (Holme & Solvang, 1997). Primary data is information the author has gather by himself and secondary data is information gathered by others than the author, for example by other scientist or institutions (Andersen, 1998). In this thesis the primary data, which the empirical data mainly is based upon, consists of interviews with the companies I have chosen to investigate. The secondary data the author use to gather data about the companies and facts about markets is from different websites.

2.3 Choosing case companies
The criteria to choose the case companies were based on the following issues; at least ten years of experience in the second hand truck market, their customers and suppliers could be found globally, a turnover of at around one million Euros per year. The companies that participated in the study were based in Sweden (totally three companies). Because of confidential issues, the companies that participated did not want their names to be mentioned in this study. Instead, I chose to call the company A, B and C.

2.4 Interviews and Data Analysis
The organizations that will be investigated works on international level. In-depth discussions and interviews are preferable when the personal opinion of a certain subject is desirable (Jacobsen, 2002). The companies would later include me in their meetings with the retailers and customers. The persons that I interview in the Swedish companies were the CEOs and Sales managers due to the availability and knowledge of the company’s business. With their knowledge and background, it would be possible for me to get information how the company’s behavior towards their customers and retailers has vary before and after the economical crisis. Total interviews that where conducted where eleven; three with the CEO’s, three with the Sales Managers and five with the customers.
The information from the different companies was collected, summarized and analyzed to understand how the buying behavior has changed before, during and after the economical crisis. The time that these interviews were consuming was in total approximately ten hours, where each interview was lasting from thirty minutes to one hour. Worth to mention is that included in these ten hours is the time spent for observations in the companies’ daily work and also having discussion with their customers. The time in between was spent on searching for information on internet, magazines and articles. In addition, some time was spent on the wrong numbers and wrong web pages. According to Jacobsen (2002) it is important in the beginning of the study to determine what to research. In line with this, the questionnaire was prepared in advance and a structure was made to ask the same questions to all of the companies (see appendix A).

The analytical of my findings is meant to be applicable to other companies as well to academics that want to increase their knowledge how customer buying behavior and macro environmental forces changes and relates due to an economical crisis.

2.5 Selection
The purpose with qualitative interviews is to create an understanding of the topic studied, which make the selection of companies and respondents important and should not be a random choice. It is necessary that there is a thought the choice is based upon, for example that extreme cases are investigated to receive great variation in the answers (Holme & Solvang, 1997).

2.6 Reliability of the research
It is important for the reader to trust the content of the research therefore, I have been as objective as possible through the research. The reader has also to consider that it is difficult sometimes for the author to not be affected of its own experience and values.

To get a more realistic research, observations of the chosen companies’ daily work, took place together with the interviews. According to Zikmund when the outcome of the measurement is reproducible, the measurement is reliable. Reliability is the degree to which measures are free from error and the result can be trusted and be conducted with the same result repeatedly (Zikmund, 2000).
The interviews would take place in different companies so the research problem could be seen from different point of views. I chose to interview different companies because the retailer and customer behavior can differ between the companies. I also put effort to develop and use appropriate questions so the outcome would be as relevant as possible. To avoid misunderstandings I send the written answers from interviews to the correspondents at the companies so I could get a feedback and correct possible errors before using them as empirical data.
3. THEORETICAL FRAMEWORK

In this chapter I will present the theoretical concepts I used as a basis for my investigation of the research problems. I have divided the theory chapter in two sections where in the first I will describe the definition and meaning of business buying behavior and what models can be used to investigate companies’ behavior process. The second section will concentrate on macro environmental factors and how they affect business buying behavior.

3.1 Buying behavior

Business buyer behavior is defined as organizations that buy goods and services for use in the production of other products and services that are sold, rented, or supplied to others (Kotler, 2004). The buying behavior is very complex phenomenon because it consists of different prior and after purchase activities (Hansen, 2004).

3.1.1 Business behavior

Furthermore, purchasing behavior of businesses can be considered from two perspectives traditionally and relationship-oriented purchasing behavior. The first mentioned is to make use of several parallel suppliers to create a competition between them to reduce prices. The relationship-oriented purchasing behavior however, goes on to build long term relationships with suppliers to collaborate and develop products together (Axelsson & Agndal, 2005). Another driver of the relational perspective is that, in turn, to give the final costumer additional value (Buvik & John, 2000). This can be diverted to Supply Chain Management, where relationships are the focus and the idea is that the various players in the value chain, in which the company belongs to, should cooperate more to create synergies (Lambert, Cooper & Pagh, 1998).

The goods and services that are exchanged between the companies are sometimes being made under uncertainty because it is not always possible to sign agreements that cover all possible future events.

Some companies, however, choose to create contracts that are almost complete to reduce the risk, while others choose to make more simple contracts because they choose to trust on the relationship that has been developed. One example, when companies are doing business with foreign customers, to avoid future problems, because of the countries different legislation, a complete contract is made which is not required between two Swedish companies. (Axelsson & Agndal, 2005)
3.1.2 What influences the business buying behavior?
The buying process is a complex matter, as many internal and external factors have an impact on the buying decisions. When purchasing a product there are several processes that customers have to go through (Gezelius & Wildestam, 2007). Companies are interested in customer behavior because they can develop marketing strategies to influence customers to purchase their products based on customer analysis. The success of a company’s marketing strategy will depend on how buyers react to it.

To find out what satisfies customers, marketers must examine the main influences on what, where, when and how customers buy goods and services (Dibb & Simkin 1996). By understanding these factors better, marketers are more able to predict how customers will respond to marketing strategies. Ultimately, this information helps companies compete more effectively in the marketplace and leads to more satisfied customers.

Peter and Olson (1994) identified five major types of segmentation including geographic segmentation with bases including city size and population. Companies can research areas in order to find out the social make-up of the area then select suitable products to match the social make-up. For example, the majority of Japanese people living in London live in Golders Green, St John’s Wood and the Acton areas, therefore the company can offer Asian or Japanese products in nearest branch. If the company knows the number of people living in particular area, it will help it in considering whether to open a new branch or not as the case may be.

3.1.3 Retailers buying behavior
Retailer buying behavior is a major influence on the customer-perceived value of a retailer offering. A retailer must therefore acknowledge the need for understanding its customers’ buying behavior, collect necessary information, and analyze the information properly. Understanding when, how and why the buyer makes certain buying decisions is therefore of great importance. The retailer must understand the influences behind the decision and their ability to affect the decision process (Kaufmann, 1996). Understanding the buying behavior of a customer is one step towards becoming more customers focused. It is stated that when a retailer has a complete understanding of the customers’ buying tactics and strategies, the company’s marketing efficiency will increase (Hill & Hillier, 1977).
3.1.4 Customers purchasing strategy
Purchase behavior can be viewed from two different periods, one short and one longer, where the short period deals with individual purchases and the longer one on the purchasing strategy. Purchasing Strategy is characterized from three aspects;

1. How many different options are being considered?
2. How much and what kind of resources is needed to implement the purchase.
3. What issues are dominating the dialogue internally within the purchasing group and which occurs with the provider? (Axelsson & Agndal, 2005).

The customer's purchasing strategy is often determined based on what is asked. Is there a standardized product, which may be provided by several retailers or is it a product that is tailored to customer's specific needs, these are examples of crucial aspects of the choice of purchasing strategy. Another important factor affecting a company's purchasing behavior is determined by its operations and the way, which the company is solving problems for their own customers. It is therefore of great importance to analyze possible suppliers in order to find one that may contribute to bring added value to the final consumer (Axelsson & Agndal, 2005).

3.1.5 Different customer needs
Bergman and Klevsjö (1995) have proposed three groups of customer needs:

- **Basic Needs.** If these needs are not fulfilled, the customer will get dissatisfied. But a company cannot create satisfied customers by fulfilling these needs. They are so evident that the customer won’t declare them. It is important to know once customer and understand their needs to avoid them getting disappointed.

- **Spoken needs.** These are the needs the customer expects to be fulfilled and consider as important. In fulfilling these needs better than competitors, a company can win more customers. These needs are fairly easy to discover by directly asking the customers.

- **Unaware needs.** When asked, the customer cannot respond to which these needs are, since he has not experienced them. By satisfying these needs, the product or service will have an attractive value to the customer. If the company can find these dimensions it can gain competitive advantage and loyal customers. It is quite difficult to discover which these needs are. It is not enough to ask the customer, the company must understand and know their customer very thoroughly.
3.1.6 Strategy for selecting a retailer
When selecting a retailer, it is important to analyze how the retailers' history and recent business look like such as; financial situation, its resources, experience and quality of security. It is important to investigate what the supplier is actually offering, which problem solves that they can provide, in relative to the price of the product / service costs, are also an important aspect. It is also important to analyze how the suppliers' working process, because sometimes there is a big difference of expressed quality and what sort of quality is actually delivered (Axelsson & Agndal, 2005). It is interesting to investigate how important customers consider that supplier's product range and experience is the choice of provider within product categories.

3.1.7 Business behavior vs. customer behavior
The buying decision is a very complex process, which can be made by individuals as by groups. It is important to notice that a buying behavior process differs from an individual to a corporate level. According to Kotler (2004), customers’ buying behavior is defined as the buying behavior costumers – individuals and households who buy goods and services for personal issues. From an individual point of view the decision is influenced from different attributes such as family, friends, affection, personal feelings commercial, cultural etc. by taking all these aspects in consideration the costumer makes his decision.

To understand the business market, it is not as complicated as understanding the costumer market. For example in certain businesses market purchase decisions relies on the outcome of a bidding process between competitors offering the same or similar products. In these cases the decisions to buy is based upon one concern – which has the lowest price. Business markets are more price driven than brand driven and the demand in business markets tends to be more mobile than consumer markets (Christ, 2010).

Business buying decisions are more complex and formalized and involve more buyers in the decisions process compared to costumer buying decision process. The buyers and sellers work more closely and are building long term relationships due to fewer, larger and more geographically concentrated customers (Christ, 2010)

3.1.8 Decision making process
According to the Consumer Psychology in Behavioral perspective “The most widely-accepted and influential models of consumer behavior derive in large part from cognitive psychology. As a result, consumer choice is usually understood as a problem-solving and decision-making
sequence of activities, the outcome of which is determined principally by the buyer's intellectual functioning and rational, goal-directed processing of information.” (Gezelius & Wildestam, 2007). Before making decision to buy the goods, consumers have to handle considerable quantities of information, which must engage in processing of that information to compare, contrast, and evaluate alternative information for the consumers' purposes and aims. In the consumer market the buying decision made by a single person. But there are exceptions where the decision is made by multiple people as for example when a child is influencing the parent to buy certain brand or when a husband discusses together with his wife to buy a house. However in small companies the decision can also be made by a single person. In larger companies the decision process is made by many people and differs from the consumer market, where it is normal to make impulsive decisions. Within companies the purchasing is made by professional buyers whose job is to negotiate the best deals for the company (Christ, 2010).

The Five-Stage Model of the Consumer Buying Process is described by Kotler (2004) as a model of the ‘typical buying process’ and is a way to explain how consumers make their purchases.

![Figure 1 Decision making process (Kotler 2004)](image)

However, a consumer does not necessarily go through all the steps and can in some cases even reverse the order (Kotler, 2004).

### 3.1.9 Pricing

According to Robert J Dolan and Herman Simon (1996), ‘Price is an economic sacrifice a customer makes to acquire a product or service. The customer compares this sacrifice with his perception of the products value. Price and Value are the cornerstones of every economic transaction’.

Price is a language to customers and a quality/price ration helps to establish a customer’s quality perception of a product or service. Pricing objectives could be long term or short term. In a long term situation the company prices its products lower in the interest of building a larger market share and then reaping profits when its attains a greater market share, while in a short term situation the company concentrates on profits rather than market share. Both over pricing and under pricing result in sub-optimal sales price. Mispricing is costly in terms of
time and money as it would create the wrong impression in a customer’s mind over the perceived value of the product.

3.2 Macro environmental factors
Macro environment describes conditions and forces in an economy where a firm is not able to control. The macro environment is divided in six major groups of environmental factors, often called the PESTEL framework. These are political, economical, social, technological, environmental and legal (Cheverton, 2004).

3.2.1 PESTEL Framework
To understand the long-term forces on the market is very important, it is also vital to know how they change. By recognizing and understanding the relevance of these changes faster than the competitors, the company can gain advantage (Cheverton, 2004). To create a competitive advantage ahead of competition a company has to satisfy the buyer’s needs and make the buyer willing to pay a price for a product that is higher than the production cost (Porter, 1998.I).

When a company is going global, there are environmental forces such as political, economical, and social character of the country, in which the company wants to entry that plays an important role in the choice of entry mode (Root 1998). The PESTEL framework develops this statement by explaining different forces, these are political, economical, social, technological, legal and environmental (Cheverton, 2004; Johnson et al., 2005). There will be an effect on the competitive environment when any of these forces change (Johnson et. al, 2005). Priority when implementing the PASTEL framework is focus on the forces with high probability of change and high impact on the business (Kermally, 2004).

3.2.1.1 Political
Wars and diplomatic relations, trade agreements, sanctions and embargoes, political trends and events, legislation protecting consumers and on safety, health and employment are examples of political forces in the business world (O’Connor, 2000). If the market’s economy is a market economy or a centrally planned socialist economy has an impact on the entry mode (Root 1998). Political inputs is most likely to happen in branches that, affects certain political goals, such as native access to national resources, defense and employment (Porter 1998.III). Government actions are together with suppliers and customers part of the business process (Cheverton 2004). Some kind of legislation can also belong under either political or
legal forces depending on its nature and local circumstances. According to Yadin (2002) the legislation is used to restrict for example marketing activities, particularly in industrialized countries.

3.2.1.2 Economical
Interest rate fluctuations, national taxation, raw material prices and currency are forces that have strong effects on the global market (Yadin, 2002). Other economical forces are stock market values, business cycles, inflation and GDP (gross domestic product per capita) figures (Johnson et al., 2005; O'Connor, 2000). The size is significant talking about economical forces, size of products and markets as well as the size of the GDP plays an important role in the choice of entry mode. According to Root (1998) a small market favors entry modes that have low breakeven sales volumes, an examples is indirect exporting. This is also applicable when the business is concentrating on a particular smaller part of a large market (Johnson et al., 2005). To be able to access each national market, an agreement with the local distribution channels is very important. Issues who should be taken in consideration are the need for local sales groups and services, complicated adjustments of price and performance, and transportation time. Cost can be very high when it comes to a product that needs to be delivered fast or is of great value (Porter, 1998.III). Due to customs documentation, shipping arrangements, and other issues it is often hard and costly for small firms to export (Leonidou, 2004).

3.2.1.3 Social
Social forces can be defined as the ways in which changes in society affect the organization. Cultural distances between the home country and the export country such as culture, values, language and social structure may influence the company’s way of entering the market (Cheverton, 2004). Some examples of social forces are baby booms, changes in life expectancy and morality, number of population and within population groups, substance of households, and local conflicts and national wars. Most of these can be classified as either social forces or economical forces (O'Connor, 2000; Yadin, 2002). As a result demographic changes affect marketing strategies and human resources for companies (Kermally, 2004). It is important to decentralize the activities from a company in order to come close to the customer segment.

3.2.1.4 Technological
The increased use of computer programs, technological trends and innovations, increasing speeds in producing units, smart systems, improvements in artificial intelligence and diversification are examples of technological forces (O'Connor, 2000). In the production field
the infrastructure is more important compared to new technological trends. The attractiveness in a potential new market to entry there are some important factors that should be taken in consideration, such as electricity, telecommunications, railroads, water supply and natural gas (Johnson et al., 2005). High transportation cost makes it hard for external parties to compete with local products, especially when there is a large distance between the two countries (Root, 1998). In developed countries like the United States, Germany and Sweden the infrastructure is generally better compared to developing countries (Kessides, 2004).

3.2.1.5 Environmental
The other forces in the PESTEL framework has its focus based on the company, this force and its issues mainly concerns producing companies due to their nature and affects companies worldwide and huge resources are needed in order to maintain efficient environmental governance. The environmental forces are local, national and global and concerns issues regarding environmental protection laws, energy consumption, waste disposal etc (Johnson et. al., 2005; Kanie, 2004).

3.2.1.6 Legal
The legal forces are policies and legislative regulations which are barriers for foreign business to entry the local market, this is made by restrictive import policies; high tariffs, tight quotas and other barriers are some examples (Leonidou, 2004; Root, 1998). Barriers like these protect a country’s own production from foreign. The higher these barriers are the more attractive is local production (Porter, 1998.III; Leonidou, 2004). According to Porter (1998.III) other legal barriers are world laws concerning bribes and taxes if they are set to negatively influence the global trade. Customs documentation and shipping arrangements are other issues that make it often hard and costly for small firms to export (Leonidou, 2004). Technical norms, different legal restrictions and building regulations bring out different variants of products on the national market. One of the main barriers for global competition, which suffers when national markets require different products, are the cost of changing the products so they meet national market needs (Porter, 1998.III).
4. EMPIRICAL FRAMEWORK

In this chapter, there will be a presentation of the empirical findings from the interviews with the three companies. The companies will be described in separated chapters. Under the same structure as in the theoretical chapter, the answers from the interviews will be presented. All the information is based on the interviews unless otherwise is stated. In the end of this chapter a summary of all interviews will be given.

4.1 Approach

In this empirical research, I have assumed two different perspectives, the retailer's perspective and the customer's perspective. The companies contributing to this study can be described both as customers and as retailers. In the role as customers the companies are buying used trucks from their retailers were they later resell them to customers in Sweden or abroad. The companies’ perspective helped the author with the knowledge and awareness of the buying behavior towards the retailers and customers prior, during and after the financial crisis. The author has described the PESTEL framework in the theory chapter and has been using this model across the empirical research to find out how the macro environmental forces (Political, Economical, Social, Technological, Environmental and Legal) affects the companies’ business behavior and how the managers take advantage of this forces when forming the company’s strategies. The empirical data have been obtained during the fall of 2010.

4.2 Company A

The company was found in 1992 in the city called Skövde in the west of Sweden. Their core business is trading with second hand trucks. Their customers can be found internationally, in Sweden, Middle East, South America and Central, South and East Europe. Today the company consists of five employees including the founder and the number of employees has not changed after during the crisis. Company A has been affected in a positive way after the financial crisis due to that their customers can be found in three different continents. This has helped them to spread the risks. Their turnover has decreased from 1.000.000 Euro in 2007 to 750 000 Euro in 2010. However, the profit increased from - 15.000 Euro 2007 to 40.000 Euro 2010 (allabolag.se). The explanation of the increased profits is due to better margins and increase sales in the Middle East Area after the Iraqi war.
4.2.1 Customers buying behavior
The company A’s customers are located internationally and are small and medium sized companies. Their customers’ buying behavior has changed after the financial crisis. Prior, the customers would buy second hand trucks in a larger amount than today and the price negotiations were fast and simple. After the crisis the customers have reduced their purchasing of used trucks. However, in Sweden the company has seen new and different type of customers, which are small logistics companies, instead of buying new trucks for their businesses these customers have started to buy used trucks. After the financial crisis, the customers in Sweden have had difficulties to receive bank loans as often and as easy as they used to. The CEO and the Sales Manager explains that after the crisis the value of new trucks is decreasing more rapidly than earlier, the reason is the value of the second hand truck has decreased. A factor that has affected the price reduction is the customers’ cash flow, they cannot afford to purchase a truck to its original cost so the retailer has to lower the second hand value of the truck.

The company A feels that the customers of today are more price-sensitive and have a good knowledge of market prices. The use of Internet to compare prices and quality has increased. They are much more informed of the second hand truck business as they are mapping how the market looks like from country to country. Therefore, their customers do not need to travel as much anymore, they can easily in beforehand find what type of truck they want to buy and to what price.

4.2.2 Retailers buying behavior
According to the CEO and the Sales Manager, their sales dropped due to a lack of demand. Many other companies went bankruptcy during the fourth quarter of 2008. The retailers buying behavior became more customers orientated. Before the crisis they bought more trucks without having any specific orders from customer, they had stocks. Today they are working from a lean perspective, and are keeping down the stocks to the minimum. Retailers are more willing to adapt to customer’s price suggestions since they know that their customers have struggled with their financials during the recession and know what margins their customers have and that they cannot afford to build up a stock.

The retailers have been forced to learn more about their customers and their strategies to be able to predict their selling potential. They are more informed about the foreign markets and their needs so they can be able to adapt to their purchasing behavior of second hand trucks. At
an early stage this information helps the retailer to know which second hand trucks will be easy to sell.

4.2.3 Customer Needs
The consequence of the recession is that retailers, like company A, have to be more proactive, says the CEO. He explains the effort his company puts to inform themselves about the import legislation overseas, which is often changing. We know in advance which attributes the customers are looking for. Before the crisis, this company did not put enough effort into questions concerning customer needs. It is important that all trucks are working correctly so when the customers arrive to pick up the truck they can test-drive it. To meet the customers’ needs and expectations the company do the booking of hotel and prepare all export papers they might need before the arrival.

4.3 Company B
A small family owned company that was established in 1997 in Gothenburg, West Sweden. Their core business is trading with used Volvo and Scania Trucks. They are exporting to mainly South America but also a smaller amount to Sweden. Company B has cut down their personnel with two persons and they had a decrease in their net result due to their concentration into only one big market; South America. Their turnover has on the other hand been affected and has decreased from 1.300.000 Euro 2007 to 800 000 Euro 2010. Even the profit went down from 17.300 Euro 2007 to 1400 Euro 2010 (allabolag.se).

4.3.1 Customers buying behavior
Prior the recession the company had no problem to find customers. A remarkable change after the financial crisis is that customers are more quality oriented than before, says the owner. The customers cannot afford to make bad purchases and therefore they are not in a hurry to make decision. They take their time before buying to gather as much information as possible before a purchase and they cannot afford to make a bad choice. The CEO and the Sales Manager explains that this changed behavior leads to tougher price negotiations than before the financial crisis. We can also see a new trend where the customers have started to use several parallel retailers to create a competition between them to reduce prices.

4.3.2 Retailer buying behavior
During the financial crisis, the company did not afford to keep all of their employees, and they therefore lost important competence. Due to the small size of the company, they did not experience the stock affects of the financial crisis in the same extent as larger retailers. An explanation is that they have never had a large stock of used trucks and as a very small
company. They have never had the advantages like the larger companies, which might have a large customer base. The CEO explains that they have been working very closely with the customers and many of their purchases have been more as an agent agreement where the retailer knows which specific truck the customer want. During the crisis, they have been even more aware of the importance to take care of the customers. After the crisis the companies on the used truck market have increased, this has lead to an increased competitiveness. The amount of foreign companies has increased in Sweden because of good quality and prices on trucks. At the same time, this has forced them to take actions and make carefully and complete purchase agreements to avoid insurance and fraud situations. The Sales Manager says that after the crisis, the frauds have increased and it has made them to take precautions.

4.3.3 Customer Needs
According to the CEO, their customers are more aware of the quality now, he believes it is due to the increased competition among retailers. The company has had some problems with customer needs after the crisis and has received much reclamation because of the lack of competence. The Sales Manager also mentions that the paperwork for export has become very complicated and the customer many times needs help. After the financial crisis, they have also seen an increase of foreign customers where their needs are different than the common customers needs in Sweden such as; older trucks, different trademarks than usual, different properties etc. To meet the customer expectations and to facilitate their purchase the company B has developed a new website in different languages to obtain information of the trucks.

4.4 Company C
They established in 2001 in Gothenburg, in the West of Sweden. Their core business is to export used trucks to Russia and Eastern Europe. They have four employees including the founder and that has not changed since 2007. Their turnover 2010 was 400.000 Euro, which is a decrease from 3.000.000 Euro 2007. The decrease can be explained due to their concentration on Eastern Europe market. The profits went down from 34.000 Euro 2007 to - 150.000 Euro 2010 (allabolag.se).

4.4.1 Customers buying behavior
Company C’s customers are very determined and well informed about the truck market. The legislation for importing used trucks in Russia is very strict which makes the customers selection of used trucks very narrow. The Sales Manager clarifies that the customers from Eastern Europe are different in their buying behavior. They are very reserved buyers and they need time to first create trust towards their retailer here in Sweden before they feel
comfortable enough to agree upon a deal. These customers are not used to pay the whole sum directly; instead, they are more used to divide their payment. Before the financial crisis, our customers would pay the whole sum directly but due to the crisis their cash flow has been reduced which have made them to be more restrict in their purchase. During the crisis, the second hand truck market went in a coma, many of our customers companies in Eastern Europe ended up in bankruptcy and they were putting their whole effort to sell their existing stocks. In the beginning of the third quarter of 2010 company C has seen a slowly increase of their sales. The customers are starting to travel again to Sweden for making business.

4.4.2 Retailers buying behavior
Prior the financial crisis the company did not have enough trucks to meet the demand, as the customers often bought trucks in large amounts. According to the CEO, this has changed after the crisis and they have seen a declining demand of trucks. They were very careful during the crisis since their customer demands dropped rapidly. We put all our energy to sell our current trucks from the stock. During the crisis many of our customers also tried to avoid paying their trucks, which in some cases led to that company C had to turn to the authorities to get their money. Today they are more careful and make detailed customer research before selling any trucks. This detailed research is made only when the customer demands to pay through bank transfer after the deal has been made. Worth mentioning, is also that many of the customers avoid paying cash since the increased robberies. After the financial crisis, they are informed about our customers’ needs. They are frequently looking on Eastern Europe’s import legislations because there is a trend after the financial crisis where the governments often change the import rules and which trucks it is allowed to import. The CEO says that this helps them to adapt the purchase to their customers market.

4.4.3 Customer Needs
The company C sees a change in the customer needs during the past time, which has been a rollercoaster. According to the CEO, the customers, after the crisis, many times expects that the company is informed and knows the new legislations of the Eastern Europe so they can provide the customers with the right papers. The customers also have a lack of knowledge in English, which makes it difficult to communicate, therefore a Russian salesman has been employed. The CEO also says that after the crisis, there has been a change of mindset to be more proactive and satisfy the customers in different areas. Another thing they have start to do after the crisis is that they have created a strong relation to the governments so they can be able to be updated with latest news regarding the country’s legislations. It is necessary to be a step ahead the customer so they can fulfill their unspoken needs.
4.4.4 Summary
The interviews reveal that customer's buying behavior has changed after the financial crisis. Before the crisis they would buy larger amounts of trucks. The negotiations today are also more time consuming than before. The type of customers are also new, today many of the customers are small logistic companies that used to buy new trucks. Another issue is that after the crisis many companies have difficulties to receive bank loans. The retailers can also see an increase of Internet when searching for trucks and also when they negotiate. The retailers are also investing time and energy of creating strong, trustful and long term business relationships.

The customers of today are more quality oriented than earlier. They cannot afford to buy trucks with errors and they are very careful before the purchase. Customers have also started to use several parallel retailers to create a competition between them to reduce prices, a habit that was not used before the crisis. We can also see after the crisis that the competitiveness has increased as new companies have showed up in the market. The companies are also more careful today when they sale trucks to new customers. To avoid frauds they are filling in complete agreements between the parties.

The companies also declare that cultural differences can create misunderstandings between the companies. In Eastern Europe the customers are very quiet and restricted and it takes time to create trust. Some countries are used to pay off the invoice in different parts something that is not common in Sweden and other countries.

Today retailers avoid building up large stocks, instead they are buying upon customer orderings. The retailers after the financial crisis are also more willing to accept price reductions when negotiating. They can simply not afford losing their customer. The retailers have also become more informed about their customers’ needs after the crisis and are willing to put time on getting to know their customer. The customer’s needs such as quality, price, and different new government legislations are steering the retailers purchase. To reach their customers, many companies hire personnel with language abilities and also translating their websites into different languages to meet their customer unspoken needs and requirements. Retailers have also experienced a tougher environment against their customers, they do not want to pay in cash due to the robberies and they chose instead to pay by transferring money through Internet. Many times a good relationship with the export country’s government can help the retailers being updated with the latest legislations.
4.5 Macro environmental forces
The PESTEL framework has been a base through the interviews to make an environmental analysis to identify the key factors that affects on the company’s business buying behavior. The identified factors will help the managers to identify the key forces so they can be able to develop future strategies for their companies (Yuvarani, 2009).

4.5.1 Political
Based on the information from the interviews, the companies state that changes in the governments import legislations affects the retailers buying behavior as they have to purchase trucks that are legal to export to countries who might have stricter import laws. Company C, whose main export country is Russia, explains that the government often changes the import legislations and makes it hard for companies to adapt their purchases. According to company C the political environment in Russia and Eastern Europe is unstable and the companies have lost their trust against companies there.

The legislations can change very quickly and it makes the companies very unsecure in their trading. Company A witness that the European Union has lately changed the trade regulations against countries outside EU to become more bureaucratic, which means more insurance and export paper. The political environment in north Europe is very stable, according to Company A, which makes it easier for companies to make long term investments. Looking into South Europe the political environment is very unstable; the companies do not dare to give credits to customers from Southern Europe when they demand it. The CEO from Company A, says that after the financial crisis the political and economical environment in Southern and Eastern Europe as well in South America has become very unsecure and they do not take any chances, “Cash is king” as he says, meaning that credits does not exist anymore. Bolivia which is company A’s largest export country is the poorest country in Latin America.

Another case that Company B mentions is the new import policies in South America. The new import legislations means that only trucks that are newer than 2002 are allowed to be imported which has led to a decreased export of older trucks. This has indirect forced the company to buy newer and expensive trucks with less margins to be able to sell them to the South American market. According to iamfi.com the economy in central and Latin America is affected by political risk and uncertainty. The market’s liquidity is at record high levels and has led to high savings since 2007. In the same time the capitalization remains still low (www.iamfi.com).
Company B also declares that the Swedish government makes it hard for small and medium sized companies when it comes to taxes. According to OECD Sweden is the second highest tax country in the world after Denmark. As taxes has risen in Sweden since 1960 so have also the social welfare. Nima Sanandaji explains that when taxes reach a certain level the country tends to spend the money on other things than crime reduction, qualitative health care and educations. Sanandaji also explains that by cutting down Sweden’s taxes the government will encourage entrepreneurship and work (OECD, 2008). According to Trade Minister Ewa Björling, export is Sweden’s most important and highest income. In five years from now we will double our export. Sweden’s export represent 50 percent of the country’s GDP. By increasing the export, Sweden will create new jobs for about half a million people. 66 percent of Sweden export goes to EU countries and therefore increasing the free trading within EU is vital from Sweden (Björling, 2010).

Company A declares in the interviews that Iraq has become one of their largest import countries of second hand trucks after the Iraqi war. The countries have received large amounts of loans from USA and the rest of the world for investments in their infrastructure. Iraq's economy is one of the fastest growing in the world, bigger than China. According to the International Exchange Fund, Iraq’s economy will grow during 2011 to 11.5 percent and the average until 2015 will be +10.2 percent compared to China’s +9.6 respective +9.5 percent. (Erixon and Dick, 2011).

4.5.2 Economical
The interviewed companies reveal that their cash flow has decreased and it has slowed down the purchases. The companies are more careful in spending their money and purchase a truck only when they already have a customer to resell it to. Due to the low value of the Swedish currency and the low inflation it has helped the companies to increase their sales to countries where the currency is stronger compared to the Swedish currency. According to Company C the climate for business investments in Eastern Europe, especially Russia, has decreased, even if the value of the Swedish currency has become weaker towards the Russian currency. Companies in Eastern Europe are facing hard times after the financial crisis and are not willing to spend money, rather keep it within the company. According to Company B and C the degree of unemployment in South America and Eastern Europe have increased after the financial crisis and it has lead to less import of used trucks. The governments have also
increased the taxes for imported trucks so they can benefit their local market with their own produced trucks.

Many countries in Latin America are starting to overcome the recession. The economies in this region grew by around 6% in 2010, this growth has lead to a big inflow of foreign cash. A consequence is that the region’s currencies have soared in value against the dollar, which makes it harder for Latin American manufacturer and struggle with cheap imports. The governments are worried and launching new ways of measures to restrain the value of their currencies. According to company A and B they the Latin countries are introducing increased taxation for imported trucks and other products. In that way they are hoping to help their countries economical growth and production.

Overheating economies and uncomfortably strong currencies are what we see in this part of the world after the financial crisis. If central bankers raise the interest rate to increase the inflation, there will be a risk to further strengthen the currencies. However, if their interventions in the foreign-exchange market drive the currency down, that scenario might enhance the inflation. Governments are working to ease the pressure on the currencies by shifting some of their assets abroad (The economist, 2011).

The Russian government will increase the taxation during 2011 for companies from 26 percent to 34 percent. For small businesses the taxes will rise to 34 percent from 14 percent. The reason is that the government needs the money to help meet its spending plans. During 2010 the investments in Russia went down with 20 percent compared to 2008 while the exports inclined with 18.5 percent compared than a year ago. Looking on import the country had an incline with 10 percent comparing to 2009 when they had a decline with 35 percent (Kudring Alexei, 2010).

The GDP (Gross Domestic Product) is a good measurement of the market value of all produced services and products within a country in certain period of time. GDP it’s a good measurement of a countries standard of living and in the same time GDP is intended to measure the country’s total economic living (Wikipedia, 2011).

According to indexmundi.com GDP in Russia has decreased from 2007 to 2010 with 17.5 percent with still high unemployment (Wikipedia, 2010, Indexmundi.com_3, 2010). Compared to Sweden the GDP has decreased from 2007 to 2010 with 9.8 percent (Indexmundi.com_1, 2010). In Iraq GDP has increased from 2007 to 2010 with 2.1 percent
(Indexmundi.com_2, 2010), and in Bolivia the GDP has decreased with 1.1 percent since 2007 (Indexmundi.com_4, 2010). By looking on changes in a country’s GDP it will automatically correlate with changes in living standards (Wikipedia, 2011).

4.5.3 Social
The buying habits after the financial crisis have changed. The companies are spending less money than before the crisis. They are afraid that a new crisis will return and they want to be prepared. These savings have led to a higher unemployment rate. It’s a new global buying behavior habit that has appeared and is willing to stay for a long time. People live longer and it makes the new buying habits to continue along the way. (Accountancy Ireland, 2010).

The companies can also confirm that employees today are more educated compared for ten years ago. Their language skills have increased and they know how to take advantage of the new technology. The employees and the management are using the internet technology throughout their daily work, something that has changed the past decade. According to company A, B and C their customers has increased their knowledge in the language, specially the younger generation. It helps the company to work more globally and the communication has become better.

Company C explains that the business habits differ from Sweden. In Eastern Russia the business is mainly done by personal connections in government offices. Gifts are a good way to make friends and are always appreciated. It is important to check business history before making any business. Russia is an attractive market for many companies and the reason is the chance to make lots of money. But the foreign companies have to be aware before entering the Russian market. Many wealthy entrepreneurs have ended up in prison, in exile or being killed. Normal rules of politics, business and economics don't apply in Russia (Bhumika Ghimire, 2006).

4.5.4 Technological
All three companies that were interviewed agreed that trucks of today are much more technological complicated compared to earlier truck models. That leads to skeptical customers when buying newer second hand trucks. Some of the arguments have been that service and spare parts are much more expensive compared to earlier models. There is also a lack of knowledge among the mechanic service centers which make the customers worried before buying newer second hand trucks. Small companies cannot afford to buy newer models
because they does not have knowledge to maintain them and they are forced to leave at the mechanic service center as soon as they need to get it repaired.

According to all three companies the banking system has made it difficult to foreign customers. The CEO of company A explains that due to the new technological trend in Sweden, where companies and private persons are using Internet banking in a higher degree than in other countries, the Swedish banks has difficulties to handle larger amounts of cash at the bank offices. Another issue is due to the new antiterrorist laws after 9/11 the banks are very skeptical receiving money and want to avoid handling cash. There are certain limits of how much money a person or company can deposit at the bank. This issue has led to serious problems when foreign companies want to do business in Sweden according to company A, B and C.

Company B also explains that the new internet technology has made the customer relationships more impersonal due to less physical contact with the customers. The way business is made today has completely changed. Web sites, emails, search engines particularly Google have initiated a different set of strategies for businesses to follow. Organizations can advertise aggressively and contextually. Trucks and other products can be virtually presented to people living on the other side of the planet. Anything can be bought and sold with the help of an Internet connection. According to company A, B and C they have seen an increase of the internet usage after the financial crisis. It is a cheap and fast way setting up business without taking any larger economical risks. Many of the upcoming companies does not even have any real office, instead they are setting up virtual offices and works mainly upon customer requests.

Internet has made it much easier for everyone to start up a business and has increased the customer network tremendous. The negative side is that many small companies have to compete globally and price is a bigger factor than ever. Companies have to be more business savvy because the number of competitors has increased faster than the number of customers each company can reach. But in the same time the rewards for small companies than before due to the low costs (Douglas, Kersten 2005).

4.5.5 Environmental
The environmental factors in Sweden differ compared to other countries. The companies point out that the infrastructure in Sweden is much better than in the countries where the companies
are trading. Therefore the quality of the used trucks in Sweden is much better than other countries, something that is highly valued among the foreign customers. The high quality of the second hand trucks in Sweden is spread globally and many customers which are retailer in their home countries comes to Sweden to buy second hand trucks. The interviewed companies points out that the weather in Sweden is also a very important factor that affects on the trucks quality. Cold weather and less sunshine does not tear so much on the trucks material and mechanics. In warmer countries the trucks are getting ripped very quickly.

The impact of green policies in Europe is well known globally. The European Union has strict regulations when it comes to environmental questions. It can be positive as well as negative dependent on the customer. Due to the emission legislations, companies within Europe need to follow certain laws before purchasing a truck for their business. The legislation sometimes forces the companies to buy certain trucks with the needed emission requirements. These emission requirements are not legislated outside the European Union. Outside Europe the environmental laws is not so strictly as in Europe which makes trucks that are not adapted to the green regulations cheaper to sell outside Europe.

Many EU initiatives are ongoing to improve the social environment in Europe with, health, safety, and quality of working environments. EU wants also to ensure to social benefits for people moving between countries, promote research and provide help to poorer parts (Health-E, 2010). New emission legislations for heavy trucks are frequently presented in the European Union. These standards define acceptable limits for exhaust of new vehicles sold in EU member states. The aim with these standards is to reduce CO2 exhausts and minimize the pollution of the environment (European Commission. 2010).

4.5.6 Legal
According to the company A, B and C the legal system in Sweden is very strict when it comes to employment, health, safety and product regulations. It is very positive both for the companies as for the employees. According to company C which exports trucks to the Russian market explains that the government has made import legislations difficult in order to increase the domestic market. The legislations within Europe have also become very stricter due to that many trucks that are traveling through EU countries don’t take the different legislations seriously. Many transportation companies avoid specific countries only to avoid getting caught of the authorities because they are not following the legislations. According to company A when the export to Middle East increased after the financial crisis and the war in
Iraq the legislations in EU become stricter. The argument where that many second truck dealers didn’t follow the legislations when transporting the trucks between EU and other countries, which led to many accidents on the roads. During the change of the Russian government in 2001 some positive reforms have been made in the pension and electricity sector. Russia is however still struggling with high crimes in both local and foreign businesses. The positive side is that the companies are turning to the courts to solve their problems. Regarding taxation and business regulations it is still difficult to predict and they can change from a year to another.
5. ANALYSIS

In this chapter I will discuss and analyze the theoretical frame related to the empirical data. As base in this analysis I have the research theme where I am looking on the retailers and customers buying behavior and how it has been affected from financial crisis during and after the crisis. The chapter discusses also the concept of PESTEL framework and it's relation to the business buying behavior.

5.1 Customers buying behavior

The correspondents have similar view on customer’s buying behavior. We can see that the economical crisis have led to changed buying behavior. The customers are not spending their money on unnecessary purchases. According to the answers the customers are well informed about the truck market such as prices, models etc. From a theoretical point of view, Kotler (2004) said that the consumers may be highly involved when the product is expensive, risky, purchased in frequently and are highly expensive. When the consumer is highly involved then it will be very risky so, this point has matched with the literature review and empirical implication.

In the literature the author mentions that consumer behavior is affected by many uncontrollable factors. Culture is one factor that influences behavior (Kotler, 2004). All of the companies customers can be found globally and the author mentions that their behavior differs from country to country and that they need time to feels trust before their purchase.

Another common thing among customers is that they do not buy in the same large amounts any longer. They cannot afford to build up stocks as the used to do prior the economical crisis. The companies’ cash flow has also been reduced which makes it difficult for the customers to make expensive purchasing. We can also see that the customers are more price sensitive than before the economical crisis. A new trend after the financial crisis is that customers more often create competition among the retailers to reduce the price through negotiates of same truck model. When a customer has a need of a special model he or she meets different trailers and negotiates what price he or she can get for the special model. The customers know that the retailers cannot afford to lose their potential customers and many times they are ready to reduce the price and meet the customer’s need. The price negotiations have also changed. Prior they were fast and simple compared of today’s time consuming price negotiations. This way of acting corresponds to Robert J Dolan and Herman (1996) method which is that the
company lowers its prices due to the interest of increasing the market shares and then obtains profits when it attains a greater market share.

The type of customer has also changed after the crisis for at least one of the companies. They are selling used trucks to small logistics companies who cannot afford to buy new trucks anymore. The banks do not give loans so easy due to the increased risks and many bankruptcies. What we can see here is a new trend where small transportation companies purchase second hand trucks, however this may change when the company’s economy becomes stronger.

The customers are using new technology to search information and do the comparison of what is out on the market. They are using Internet more often than before the crisis, as it is a cheap and fast way of obtaining important information. They cannot afford to travel as much as they did before due to worse financial status. The only time they travel is when they are sure of what purchase they will make. Before the crisis, the customers would meet with the retailers face to face and discuss the price.

Today everything is taking place on Internet. The customers make the decision while they purchase the product, this decision process differs from costumer to costumer, first they recognize the need or want, and then they search for information on the existing market for a more effective purchase. While purchasing the product they use the personal and public sources to purchase the product, finally evaluate the alternative product to purchase. As we can see from the empirical data the usage of Internet in the customers’ daily work has increased. It is much easier to find information and make comparison between different attributes such as; price, model, gearbox, etc.

The payment methods have also changed. Before the financial crisis customers would pay the whole sum directly but due to the crisis their cash flow has been reduced which have made them to be more restrict in their purchase.

5.2 Retailers buying behavior
What we can see from the empirical data is that the retailers buying behavior has changed in different ways. They have become more customer-oriented and they are learning more about their customers' strategies, to be able to predict their needs. According to Bergman and Klevsjö (1995) a customer has unaware needs which must be fulfilled to get the customer...
satisfied. The needs are so evident that the customer would not declare them. In this empirical data, we can see that the retailers consider the customer’s needs more than they used to do before the crisis. Porter (1998) talks about the marketers, in this case the retailers, if they understand customer behavior, they are able to predict how customers are likely to react to various informational and environmental cues. They are also able to shape their marketing strategies. Due to the theories, we can see that the companies, used in the empirical data, are following these theories.

Before the crisis, the retailers would buy many trucks and build up stocks without having any orders. Today they are very careful when they purchase second hand trucks and they keep their stocks to the minimum. We can also see from the empirical findings that small companies have not been affected in the same way because they never had large stocks. The small companies are working more closely with their customer than the larger companies and they often make their purchases directly upon their customer’s orders. The impact of the recent global financial crisis on customer spending cannot be underestimated. Research has found that consumers’ fear of the future, strongly impacts their behavior and that this fear is difficult to overcome. The downturn has increased people’s desire for simplicity and has forced customer’s to question their beliefs and attitudes.

After the crisis, retailers have also seen an increased competitiveness among the retailers which has led to price reductions. Due to the competitiveness, the retailers are more aware of the importance to take care of the customers and their needs. According to Bergman and Klevsjö (1995) unaware needs and by satisfying these needs, the product or service will have an attractive value to the customer. For many foreign countries the import legislations often changes and it forces the retailers in Sweden to be updated, so they can adapt their second hand trucks to the countries import rules. In this way, they can avoid unnecessary stocks and have more satisfied customers.

Other issues the retailers can witness after the economical crisis, is increased robberies and frauds among their customers. The interviewed companies are today more proactive to fulfill the customers unaware needs. Today it is not safe anymore to pay with cash, instead they pay through bank transferring on the Internet. The bank transferring is a suggestion from the retailers to avoid the robbery and an unaware need from the customer has been discovered by the retailer. However, this is not always the best way for foreign customers as it takes up to five days for the money to reach the retailer. By paying through the Internet is also connected
to an extra cost for the customers who have to stay in Sweden during these days until the money are on the retailers account. To ease the stay financially, retailer often supports the customer by paying their hotel stay. Due to the increased frauds the retailers signs complete and detailed purchase agreements with their customers to prevent unnecessary problems. Here we can apply Maslow’s concept where he suggests that needs change as we go along our path of striving for self-actualization. His concept is useful for companies as it can help them understand and develop consumer needs and wants.

5.3 Customer Needs
After the financial crisis the retailers have become more proactive. The retailers know in advance which attributes the customers are looking for. The customers have also become more aware of quality and that is due to the increased competition. In an economic slowdown people are not as price sensitive as one can think. Customers value quality and good solutions before lower prices, because quality is equal to trust (Henriksson, 2009).

Other things that customers would appreciate would be to get some help filling out export papers. It is very complex and the responsible for filling out the paper require education and experience. The customer must feel a trust towards the retailer when filing out the papers. In an economic slowdown trust is very important for the customer. Customers today are generally more afraid of taking risks, both when it comes to the product and to the company (Henriksson, 2009). To meet the customers' expectations and to facilitate their purchase a company also developed a new website in different languages so the customers would obtain information of the trucks. According to Henriksson (2009), the financial crisis does not only bring risks and uncertainties, it also opens up for opportunities such as innovation and new thinking. We can see here that the empirical data align well with the theory.

5.4 Analysis of the Macro Environmental factors
According to the theory the macro environment is divided in six major groups of environmental factors, often called the PESTEL framework. These are political, economical, social, technological, environmental and legal (Cheverton, 2004). This chapter will analyze and discuss the macro environmental forces and their relationship to the companies’ buying behavior in an economical crisis.

5.4.1 Political
The political force is one of the most enhanced macro economical factors after the financial crisis. The countries are well informed about this factor and they are vividly using political
forces to influence the country's economy. According to Sally Dibb (1996), the political stability is very important for successful business. Based on the interviews in this thesis we can see that companies are sceptical before doing business with countries that have bad economical situation. It is not the economy that is the problem but everything else that come along such as; frauds, crimes, unemployment etc. The research also reveals that countries with bad economy often prioritize their own products when it is possible to increase the countries economy. By increasing the countries export sales it will create new jobs in the country. The interviews also reveals that changes in countries import legislations have changed the companies buying behaviour. They companies have to be updated all the time with the latest news from their export countries to be able to adapt the purchases. According to Root (1998), centrally planed socialistic influenced economies have an impact on the entry mode. Russia for example, prioritizes to increase the sales within the country before going international. The Russian government has a strong control in the country's business environment. For example they own all country's national resource companies by 50 percent (Mishustin, Mikhail (2010). By increasing the import taxes Russia will be able to minimize imported products and instead companies and customers will spend money within their own country. The Swedish government has through a number of different issues helped individuals starting up new businesses and enabled a competitive climate for both retailers as for customers.

5.4.2 Economical
From the interviews and the empirical findings the author has been able to identify that economical forces has a strong affect on a country's growth and in business buying behavior. Governments implements different economical forces such as, inflation, GDP (Gross Domestic Product), rates and taxation to increase growth, encourage entrepreneurship, export and foreign investments. By using these ingredients, the government can make big changes in a country's economical environment. For example, the low inflation and currency value has led to cheaper products. By controlling these factors the government can increase the export of Swedish products which means more job opportunities and higher consumption by the Swedish citizens. Another example that we experience from the interviews is the way Russian government has solved their economical problems the last years. By increasing taxes for import products they can benefit their local market with their own produced products. This has lead to a change in buying behavior for businesses who are exporting to Russia, as it is too expensive to export to this market. Also looking into the Latin American market we can see an overheating of the economies and uncomfortably strong currencies are what we see in this
part of the world after the financial crisis (The Economist, 2011). By increasing the currency value and taxes governments are hoping to help the growth of their domestic market. These different economical factors affect the companies buying behavior because the firms have to be updated with latest legislations from the countries that they are exporting to. By following and being updated of the different economical legislations companies can be able to buy the right trucks for the right countries.

5.4.3 Social
Cheverton (2004) explains that cultural distances between the home country and the export country such as culture, values, language and social structure may influence the company’s way of entering the market. According to the interviews, good language skills and understanding the culture is vital when doing business with foreign countries. The business buying behavior has not been affected after the economical crisis due to the social factors. However some social issues that has appeared during the interviews and which have had a small effect on the buying behavior have been the language skills and the unemployment. The companies after the financial crisis have become more proactive and in some cases they personnel have learned the foreign countries language so they can easier communicate with each other. The companies can also confirm that employees today are more educated compared for ten years ago. Their language skills have increased and they know how to take advantage of the new technology. Unemployment is another issue that has had a small effect on business buying behavior. In countries like Eastern Europe and Latin America small companies and entrepreneurs can feel unsecure due to the high criminality which is direct result to the high unemployment. They have been taken precautions with carrying around cash and hold a lower level so they will not attract attention.

5.4.4 Technological
The usage of technology has had an important role after the financial crisis. Companies have started to use Internet in a more efficient and smarter way than before the crisis. Customers can easy find and contact retailers through Internet and make a complete purchase without even have met the retailer. It is a cheap and fast way doing business without investing money on expensive offices or travel costs. This new technology trend has brought a higher competitiveness due to lower investment cost for new started companies. Another technological issue that has affected the buying behavior is new technological solutions in new trucks. The second hand market is not ready yet to meet these technologies due to the lack of service and maintenance knowledge. Companies chose to buy trucks with older
technological solutions because it is easier and cheaper to repair them and also because the
experience and knowledge exists. In a few words the second hand market is not mature yet for
these new technical solutions in the trucks.

5.4.5 Environmental
Environmental forces refer to issues about the physical environment on which businesses
depend for their survival. According to the interviews the environmental forces does not have
any severe influence on their business. Some issues regarding the cold weather in north Europe might have an impact on the trucks quality as well as a good infrastructure. Good quality of the truck is equal to higher profits according to the interviewed companies. Johnsons (2005) and Kanie (2004) talks about forces that are local, national and global which concerns issues regarding environmental protection. The European Union are using legislations on the trucks exhaust emissions and forces the companies to follow the new legislations when using them in their daily business within EU. Countries outside EU do not use this legislations and it is a quality not so much appreciated. To achieve these certain emission requirements the manufacturers of the trucks needs to make technological improvements which leads to higher market prices.

5.4.6 Legal
The legal forces are policies and legislative regulations which are barriers for foreign business
to entry the local market, this is made by restrictive import policies; high tariffs, tight quotas
and other barriers are some examples (Leonidou, 2004; Root, 1998). Barriers like these
protect a country's own production from foreign. The higher these barriers are the more
attractive is local production (Porter, 1998.III; Leonidou, 2004). According to Porter (1998.III) other legal barriers are world laws concerning bribes and taxes if they are set to negatively influence the global trade. Customs documentation and shipping arrangements are other issues that make it often hard and costly for small firms to export (Leonidou, 2004). Technical norms, different legal restrictions and building regulations bring out different variants of products on the national market. One of the main barriers for global competition, which suffers when national markets require different products, are the cost of changing the products so they meet national market needs (Porter, 1998.III).

According to the survey the Russian government has implemented different import legislations to decrease the import market and instead increase their export of their own products. Example of import legislations have been higher taxes for imported products, more
complex documentation and many times they decides rules of which year models of trucks are allowed to import. The legislations within Europe have also become very strict, due to that many trucks are traveling through EU countries and does not take the different legislations seriously. All these different legislations have changed the buying behavior of the companies. The companies have to be updated continuously with the different legislations, so they can adapt their purchases. This can be very time consuming and costly, especially for smaller companies.
6. CONCLUSIONS

This closing chapter aim to answer the thesis research problem of how the financial crisis has affected the companies’ business buying behavior from influence of macro environmental forces. I will present the conclusions of this thesis and finally I will present suggestions for further work.

What is the impact of the financial crisis on change of companies business buying behavior?

The conclusions which can be drawn from this thesis research is that the macro environmental forces which have had a strong impact on the buying behavior after the financial crisis are the political, economical and legal forces. These factors have lead to a change in the companies' business buying behavior after the financial crisis. Knowing the value of these forces and in what degree they can affect the buying behavior is important for companies’ daily purchases and future buying strategies. After the crisis, governments around the world have been changing different economical and political factors to support and to increase the stability of the countries economical growth. By affecting factors like, GNP, inflation, interest rates, taxes, import and export legislations and other important factors, the governments are able to change the economical situation. Severe import legislation has affected the buying behavior and it might no longer be profitable to import. A national increased inflation affects the business buying behavior as prices on their products are higher than in other countries with lower inflation. Foreign customer then chose to buy products elsewhere.

To what extent have the customers changed their buying behavior during and after the financial crisis?

After the financial crisis both retailers and customers are more careful in their spending. They are more informed about quality and their needs, to make better purchases. Retailers avoid building up stocks instead they are purchasing trucks upon requests. Before the crisis retailers did not have to pay so much attention to the customers’ needs. The customers were not as economic in their buying behavior before the financial crisis, they had to act fast as the supply was less than the demand.

After the financial crisis the customers are not spending their money on unnecessary purchases. They cannot afford to build up stocks as the used to do. The companies’ cash flow has also been reduced which makes it difficult for the customers to make expensive
purchasing. Furthermore, the retailers have become more customer-oriented. After the crisis, retailers have also seen an increased competitiveness among retailers and they are more aware of the importance to take care of the customers and their needs.

Finally I want to clarify that the reasoning made and the conclusions I have come up with is based on my empirical investigation. Considering the short period of time, my conclusions are only based on the three companies participating in this master thesis. This makes it harder to draw conclusions from a more general perspective from the collected material. However, I have seen tendencies which, with high probability, could be applied on other companies, as many customers’ buying behaviors are similar to the companies in this thesis.

6.1 Suggestions for further research
In further research it would be interesting to carry out this study into more companies in Sweden. A quantitative method would be interesting to add to a qualitative method with many more companies to base the empirical data. In this way we can receive a more correct result where you can draw more general conclusions. This would also be interesting to apply to the global market.

Another suggestion would be to develop strategies where focus will be on preparing for upcoming financial crisis.
7. REFERENCES

Accountancy Ireland, Irish Customers Change Buying Habits, FEBRUARY 2010 Vol.42 No.1 p.95


Erixon, Dick (2011), Iraks tillväxt högre än Kinas. Retrieved: 2011-01-12,


Henriksson, Lars, Marknad eller reglering? : vägval för europeisk telekommunikation, Economic Research Institute, Stockholm School of Economics (EFI) : 2009


Holme & Solvang, Forskningsmetodikens – Om kvalitativa och kvantitativa metoder, (Lund: Studentlitteratur, 1997)


Kotler Philp 2004 Principles of Marketing 3rd edition (Mc graw hill edition)


Merriam, Fallstudien som forskningsmetod, (Lund: Studentlitteratur, 1994)


O'Connor, Darren (2000), Business Planning, Scitech Educational


Olson, C. J & Peter, J.P (1994), Understanding Consumer Behavior


Company data:
www.allabolag.se
www.iamfi.com
Appendix A
Questionnaire

1. Can you give me a brief description of your company?
2. How many people work within your company?
3. Could you give a brief outline of your truck market before, during and after the financial crisis (i.e. number of markets, market situation, market segments, share, competition, etc)?
4. Who are the target customers for your trucks?
5. How has the financial crisis affected your customers’ purchasing behavior?
6. Which factors do you believe are affecting your customers’ buying behavior?
7. How did your buying behavior look like before, during and after the financial crisis?
8. How has your price strategy been before, during and after the financial crisis?
9. How do you identify customer needs?
10. How do you create value for your customers?
11. How have the prices of second hand trucks changed before, during and after the financial crisis?
12. How important is the price to the customer? How has it changed?
13. Is the economical environment in Sweden stabile as well as in your customer’s country?
14. What is the government's policy on the economy in Sweden and in your customer’s country?
15. Does language impact upon the diffusion of products onto markets?
16. What are the roles of men and women within society in your customer’s country?
17. How long are the population living in your customer’s country? Are the older generations wealthy?
18. Does the population have a strong/weak opinion on green issues in your customer’s country?
19. Do the technologies offer consumers and businesses more innovative products and services such as Internet banking, new generation mobile telephones, etc?
20. How is distribution changed by new technologies e.g. via the Internet, auctions, etc?
21. Does technology offer companies a new way to communicate with consumers e.g. banners, Customer Relationship Management (CRM), etc?