

# Survey: Swedish Business Climate in Brazil | **2015**



**KREAB**





## Swedish-Brazilian Chamber of Commerce

Swedcham Brasil, or the Swedish-Brazilian Chamber of Commerce, represents Swedish-Brazilian commercial interests in Brazil and Sweden, besides maintaining close contact with departments of the Swedish government on all levels. Swedcham Brasil is also associated with the European Chamber, which includes all of the European Chambers of Commerce established in Brazil.

Founded in 1953, it is funded solely by contributions from members and money coming from a series of activities organized and carried out by the Chamber. It provides its members and industries with valuable support through its influence, interaction, and its particular knowledge of Brazil-Sweden political and socio-economic relations.

Members enjoy a modern and adequate infrastructure, a network of contacts and business, and activities held exclusively to enhance and support the Brazilian and Swedish markets.

## S/A Kreab

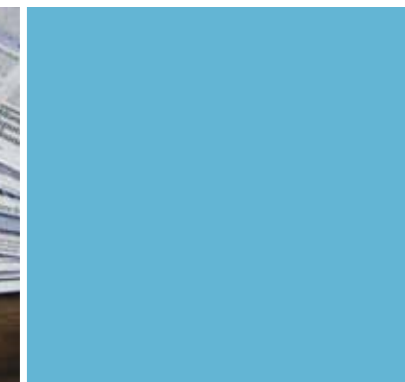
S/A Kreab is one of the 10 main Public Relations (PR) agencies in Brazil, having won the Aberje Award in 2010 and 2011, and elected among the ten best companies by Comuniquê-se in 2010, 2011, and 2012, as well as being a finalist in the 2009 Cannes Festival, in the Public Relations category.

The agency works with the PR concept, that is, communication focused on all of the client's strategic stakeholders. S/A Kreab is involved in the Corporate Communication, Financial Communication, and Public Affairs market.

The agency was created from the union of S/A Comunicação, founded in Brazil in 2006, with the global communication consulting firm founded in Sweden in 1970. The group has 42 offices in 25 countries, 400 professionals, and 500 clients, like multinational corporations and financial groups, which allows global alignment, agile access to information, and the prevention of eventual crises.

In Brazil, the agency operates in São Paulo, which is the headquarters of S/A Kreab in Brazil, Rio de Janeiro, and Brasília.

### Kreab worldwide



## Considerations and objective

The Swedish-Brazilian Chamber of Commerce (Swedcham) and the S/A Kreab communications agency have prepared the survey Swedish Business Climate in Brazil (Panorama das Empresas Suecas no Brasil), for the third consecutive year, in order to know the activities and opinions of Swedish companies and institutions regarding Brazil, as well as to create a reference work for the business sector, public opinion, and the government.

**Questionnaires:** Swedcham e-mailed the top executives of the associated companies a 21-page document with 21 questions, divided under two subjects: General Information and Investments and Involvement in the Brazilian Market.

**Note:** To maintain the privacy of the survey, the results present general information, without identifying the answer given by the companies for each question.

## Methodology

**Selected target:** Swedish companies with a presence in Brazil and associated with Swedcham.

In all, 75 companies took part in the study this year.

ABB, AEI Consulting, AF Consult, Agab Marco Automação e Sistemas do Brasil, Akzo Nobel, Alfa Laval, Atlas Copco Brasil, Autoliv, Axelent, Bama, BM Optimus Consultoria, Borgstena Gruppen, Brasil Projects, BrazilShip/ScanBrasil Comércio Marítimo, BTS, Camfil, Caterpillar, Dellner, Dometic, Dynapac Atlas Copco, Elanders, Electrolux, Elekta, Ericsson, Eritel, Flexlink, Flir, Gunnebo Gateway Brasil, Gunnebo Industries, Haldex, Handelsbanken, Höganäs, Hyper Island, IFS, Ikea, iZettle, Kazamax, Kreab, Laeder, Leax, Membrane Specialists, Mercuri Urval, Munksjö, Nefab, Nordea, Nordic Water, Nordic, Norvida North Trade, Nynas, Penguin Consultants, Plus International Seguros, PQR, Roxtec, Saab, Sandvik, SCA, Scania, Scanjet, SEB, Seco Tools, Semcon, Skanska, SouthPartner, SSAB, Stora Enso, Swedbrazil, Swedcham, Swedish Match, Tetra Pak, Trelleborg, True Caller, Vecsa, Vector, Volvo Cars, Xylem.



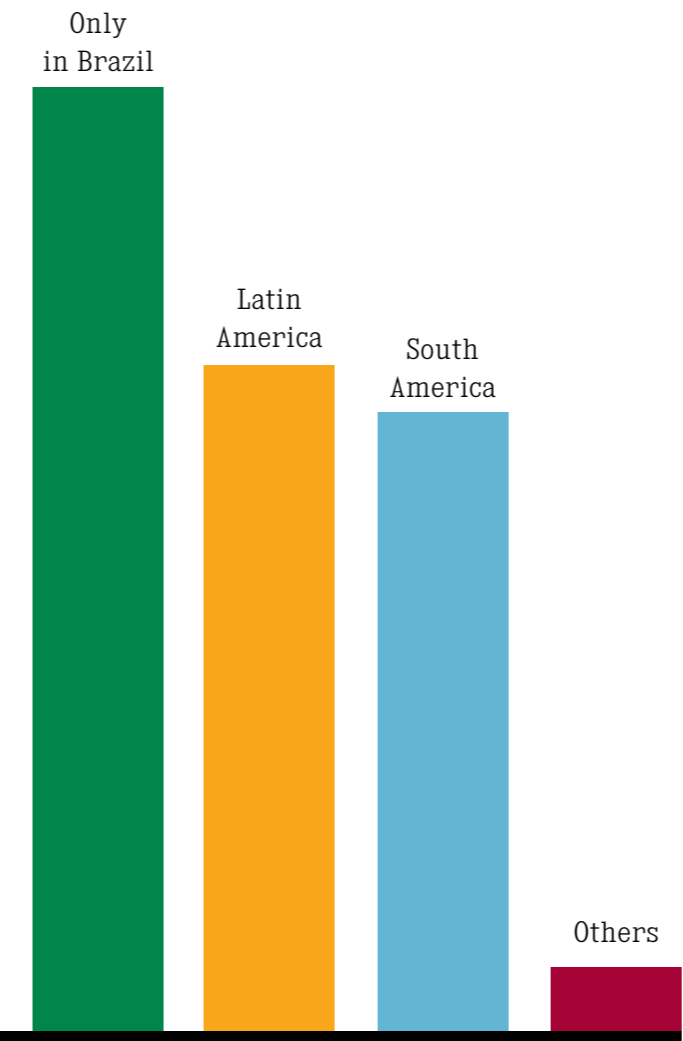
## Main results of the study





## Overall data

Scope of work of the Brazil unit

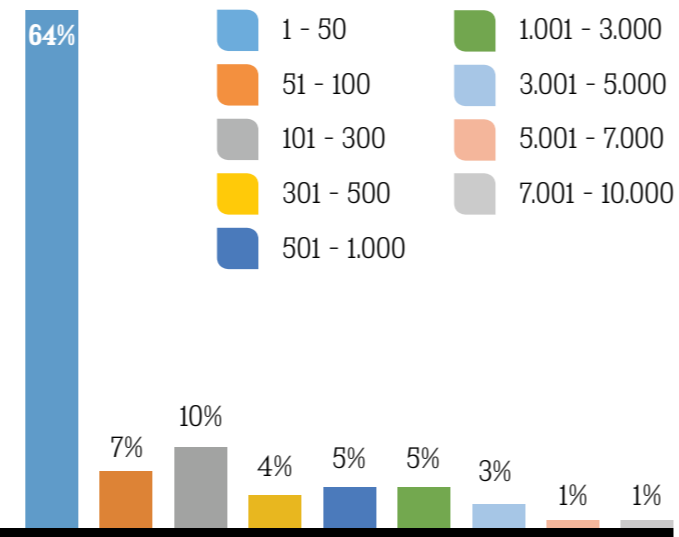


**41%** of the companies do business **only in Brazil**



## Overall data

Total employees in Brazil



The majority are small and medium-sized companies, with **64%** operating with up to 50 employees

Expectation of Swedish companies regarding the total number of employees in 2015

**56%** of the companies intend to maintain the same number of employees  
**20%** will likely reduce the number of employees



**23%** plan on hiring from 1 to 10 employees

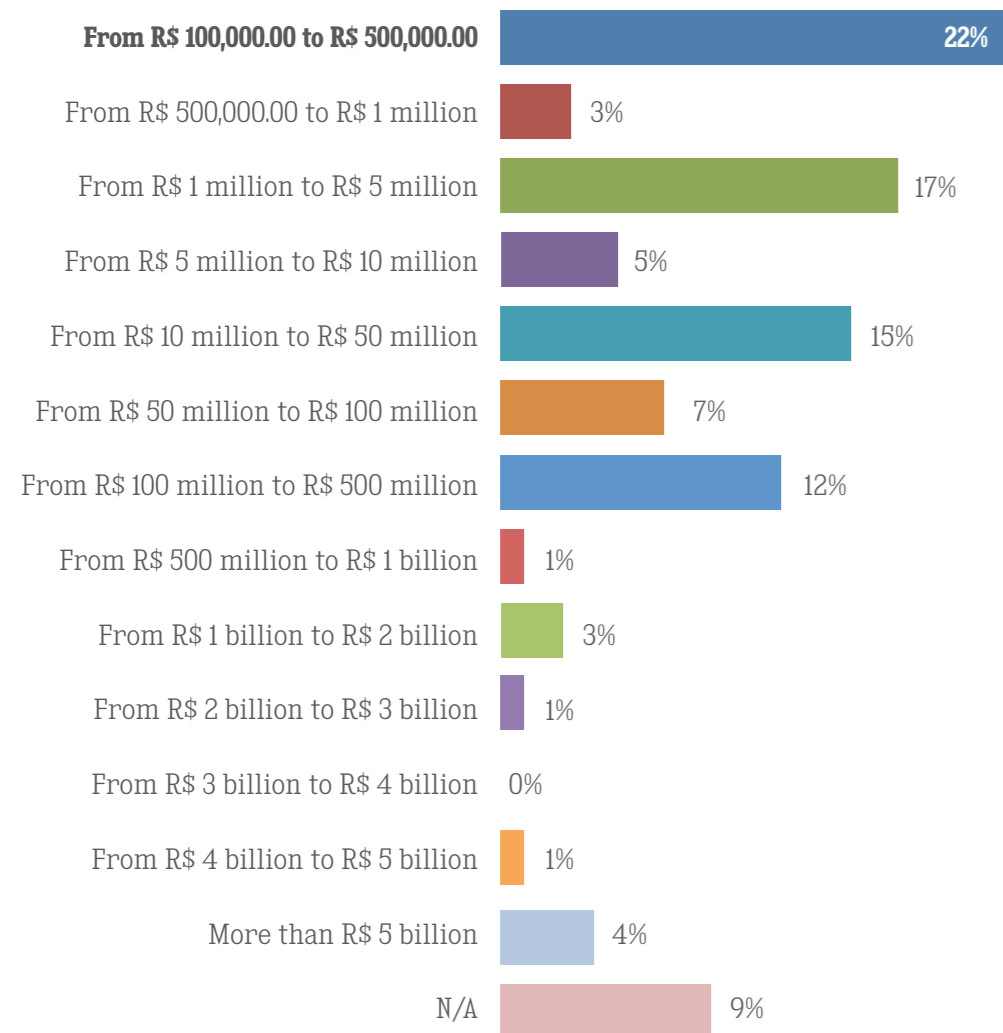
Only **1%** state that they will probably hire from 10 to 100 employees

No company expects to hire more than 100 employees

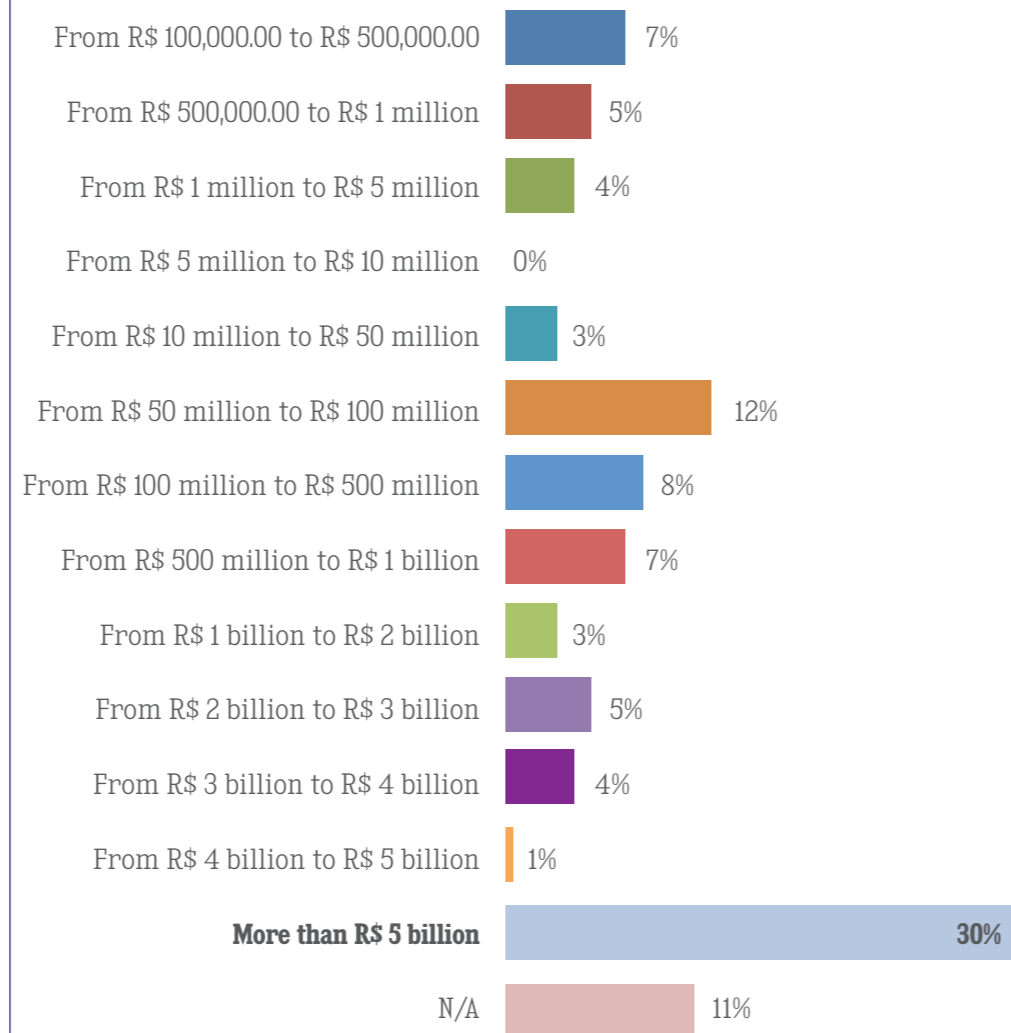


## Overall data

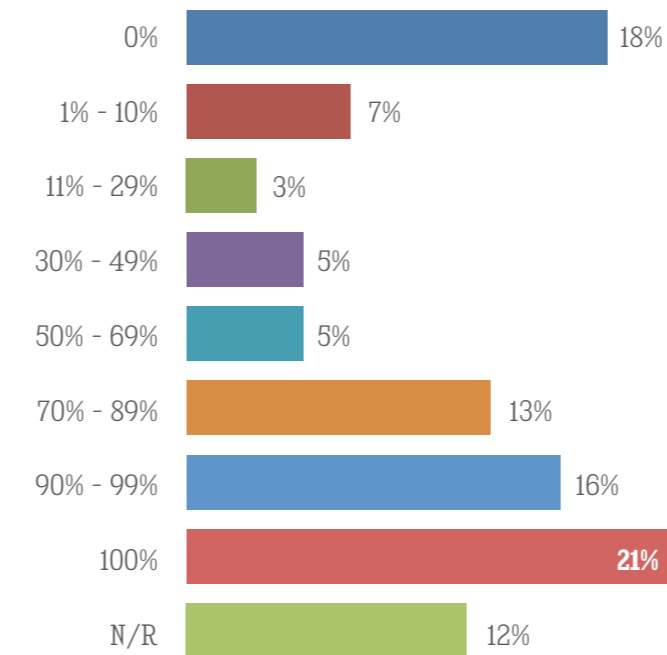
Revenues of Swedish companies in Brazil, in 2014



Revenues of Swedish companies, worldwide, in 2014



Percentage of local production in sales in Brazil



**16** of the companies interviewed have 100% of their production in Brazil



## Overall data

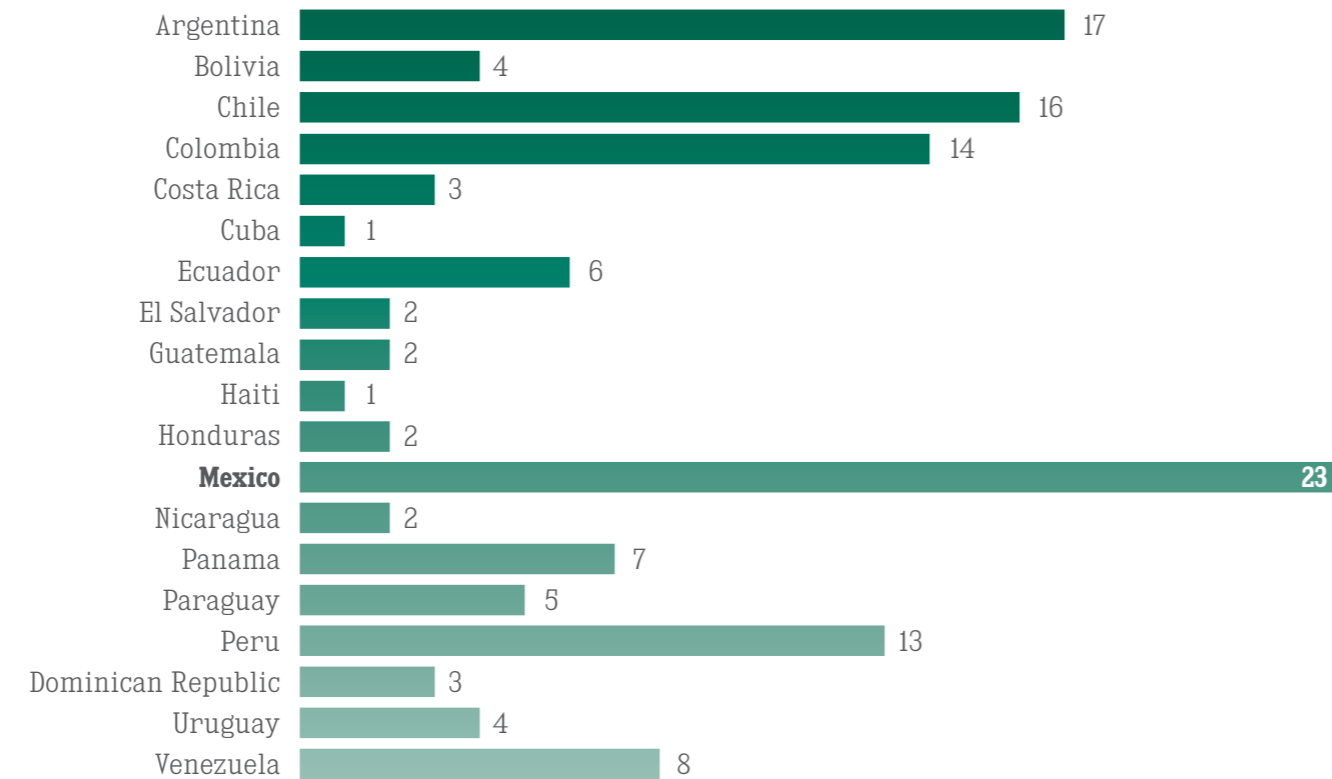
Presence of the Swedish companies in other Latin American countries, besides Brazil



40%



57%



Among the companies surveyed, **23** have offices or operations in Mexico

On the other end of the list, Haiti and Cuba were chosen by only one company, each.







## Overall data

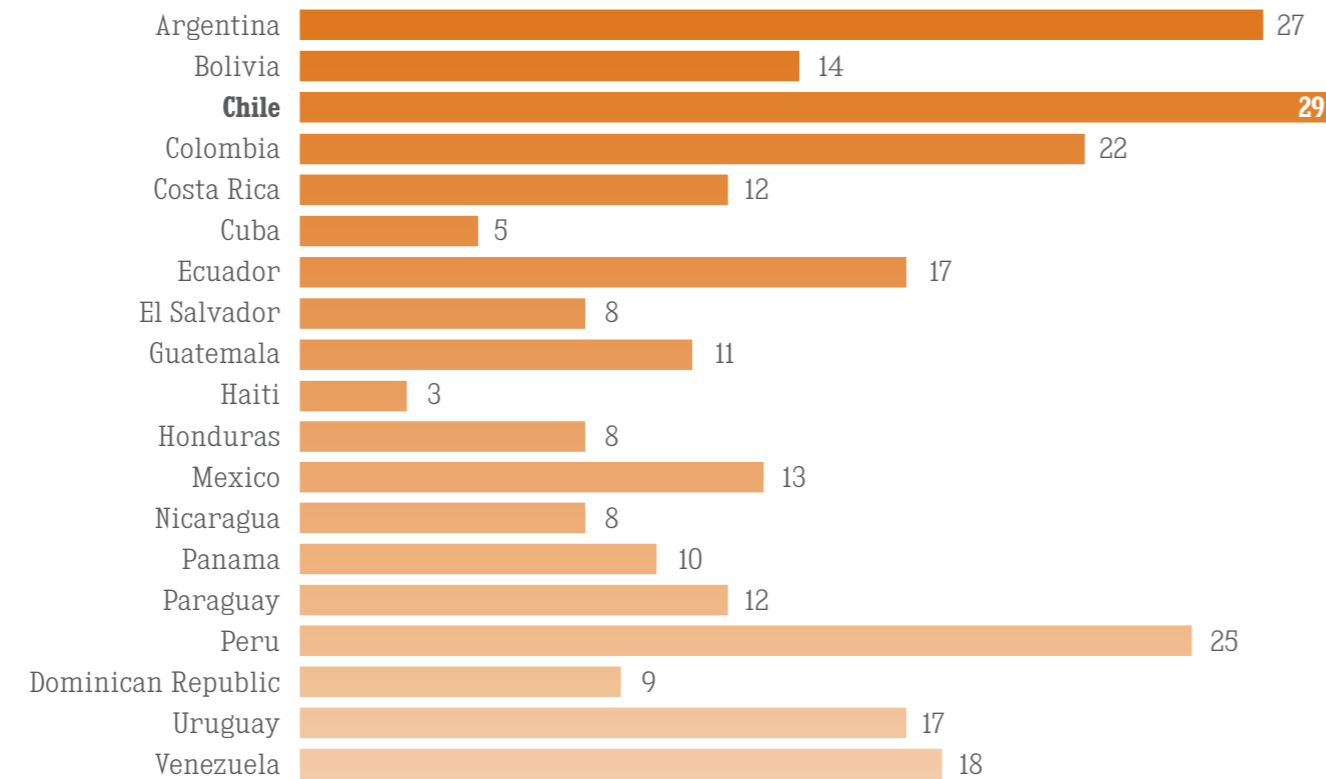
Exports to Latin American countries



48%



49%



# Chile is the main destination of exports from Swedish companies in Brazil

Argentina and Peru are right behind, as the largest purchasing markets







## Investments and involvement in the Brazilian market

Main reason for being present in Brazil

**1<sup>st</sup>**

- Size and potential of the local market
- The country is part of the company's global strategy

**2<sup>nd</sup>**

- Serve clients that the company already had in the country

**3<sup>rd</sup>**

- Attractive production cost



## Investments and involvement in the Brazilian market

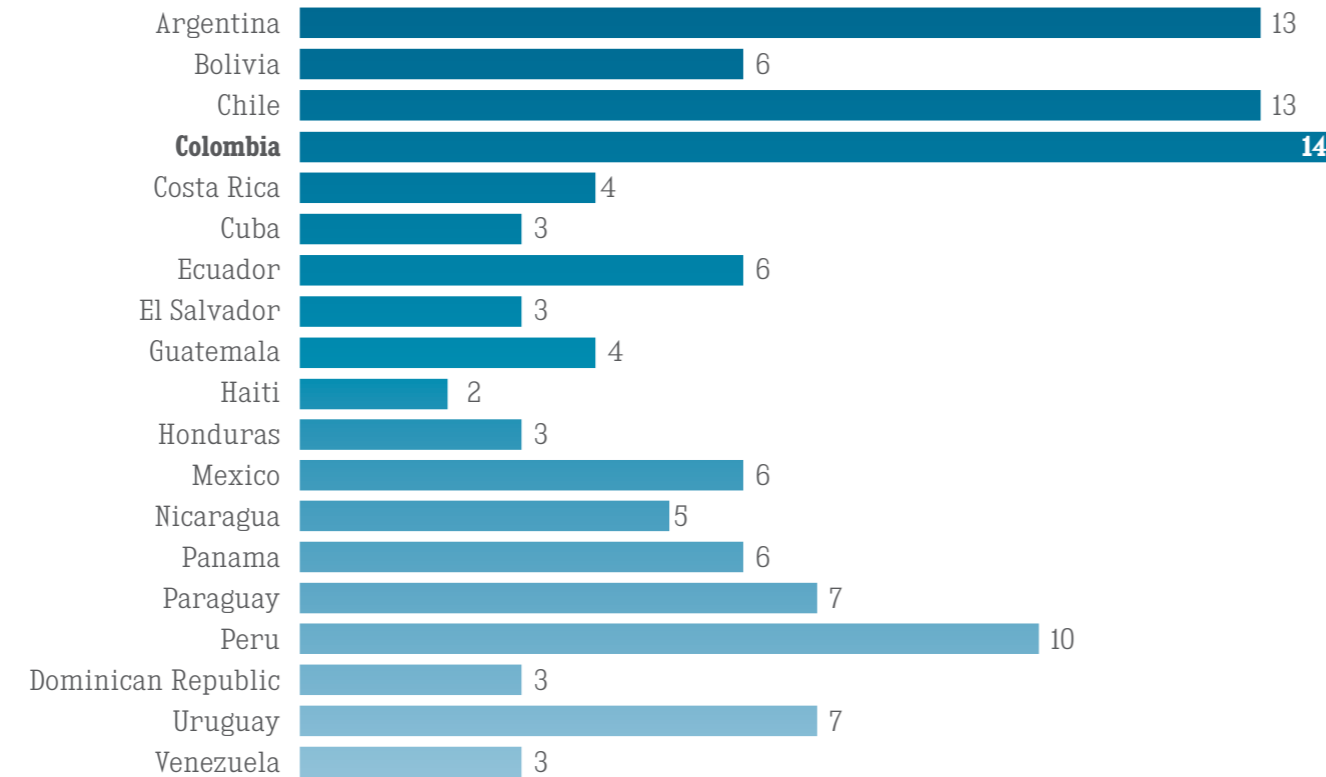
Plans for expanding operations or exporting to new countries in Latin America



36%



56%



Colombia is the favorite country in expansion plans or as a new export destination in Latin America

Argentina and Chile are tied, in second place





## Investments and involvement in the Brazilian market

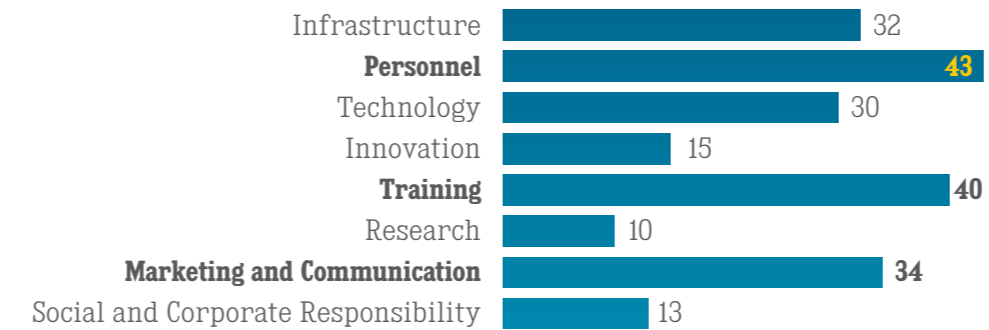
Investments made in Brazil in the last 12 months



81%



19%



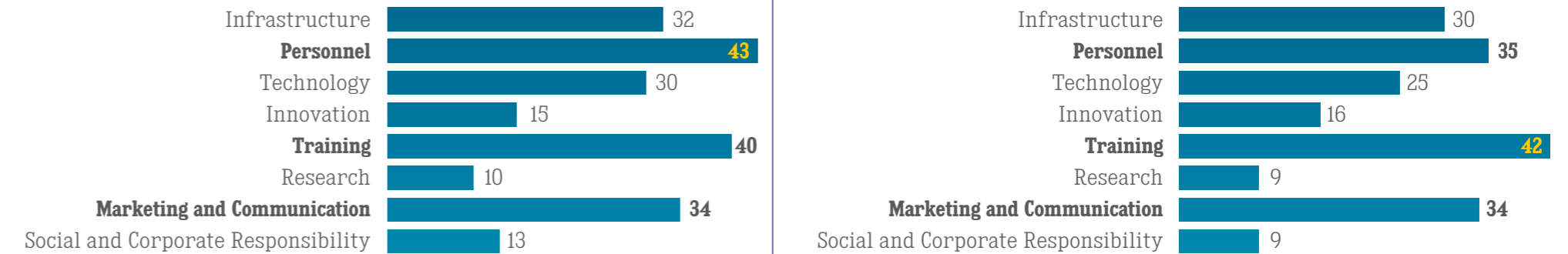
Investments planned for Brazil in the next 12 months



76%



24%



**Personnel, training, marketing and communication** are the preferred investment areas of companies

## Investments and involvement in the Brazilian market

Growth opportunities in Brazil

**11%** say they do not plan on making investments in Brazil

**11%** will look for opportunities for growth through merger

**68%** want to grow organically, by investing in the company, itself

**8%** state that they can expand via partnerships, standardization of norms, or by bringing out new product lines

Main business opportunity in Brazil



**The Oil and Natural Gas sector is the focus of investments by 11% of the companies**

Among the "others", the biggest numbers go to the automotive market (5%) and transportation (4%)





## Investments and involvement in the Brazilian market

Main barriers to Swedish companies becoming involved in the Brazilian market

**1<sup>st</sup>**

The current economic slowdown

**2<sup>nd</sup>**

High taxes and customs fees

**3<sup>rd</sup>**

High costs

**4<sup>th</sup>**

Devaluation of the local currency: the Brazilian Real

**5<sup>th</sup>**

Possible government intervention in business

**6<sup>th</sup>**

Competition

**7<sup>th</sup>**

Protectionism



## Investments and involvement in the Brazilian market

Main challenges for Swedish companies, in terms of human resources

**1<sup>st</sup>**

Finding  
qualified  
professionals

**2<sup>nd</sup>**

Cost of labor

**3<sup>rd</sup>**

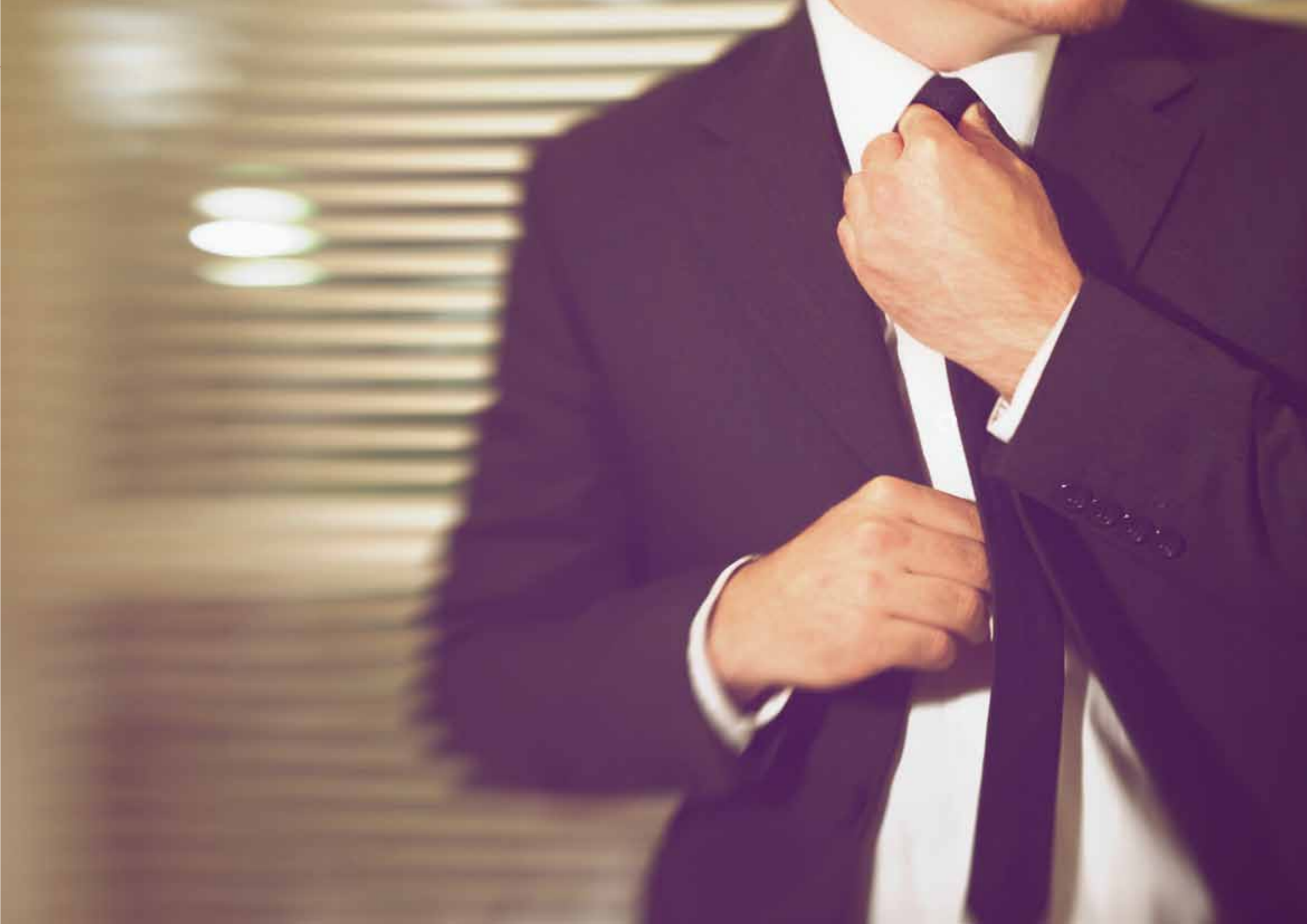
Difficulty  
communicating  
in another  
language

**4<sup>th</sup>**

Employee  
retention

**5<sup>th</sup>**

Cultural  
differences  
between Brazilians  
and Swedes







## Investments and involvement in the Brazilian market

Strategy for brand, image, and reputation management by Swedish companies

20% resort to the assistance of a communications agency

56% use the services of an internal marketing and communications department

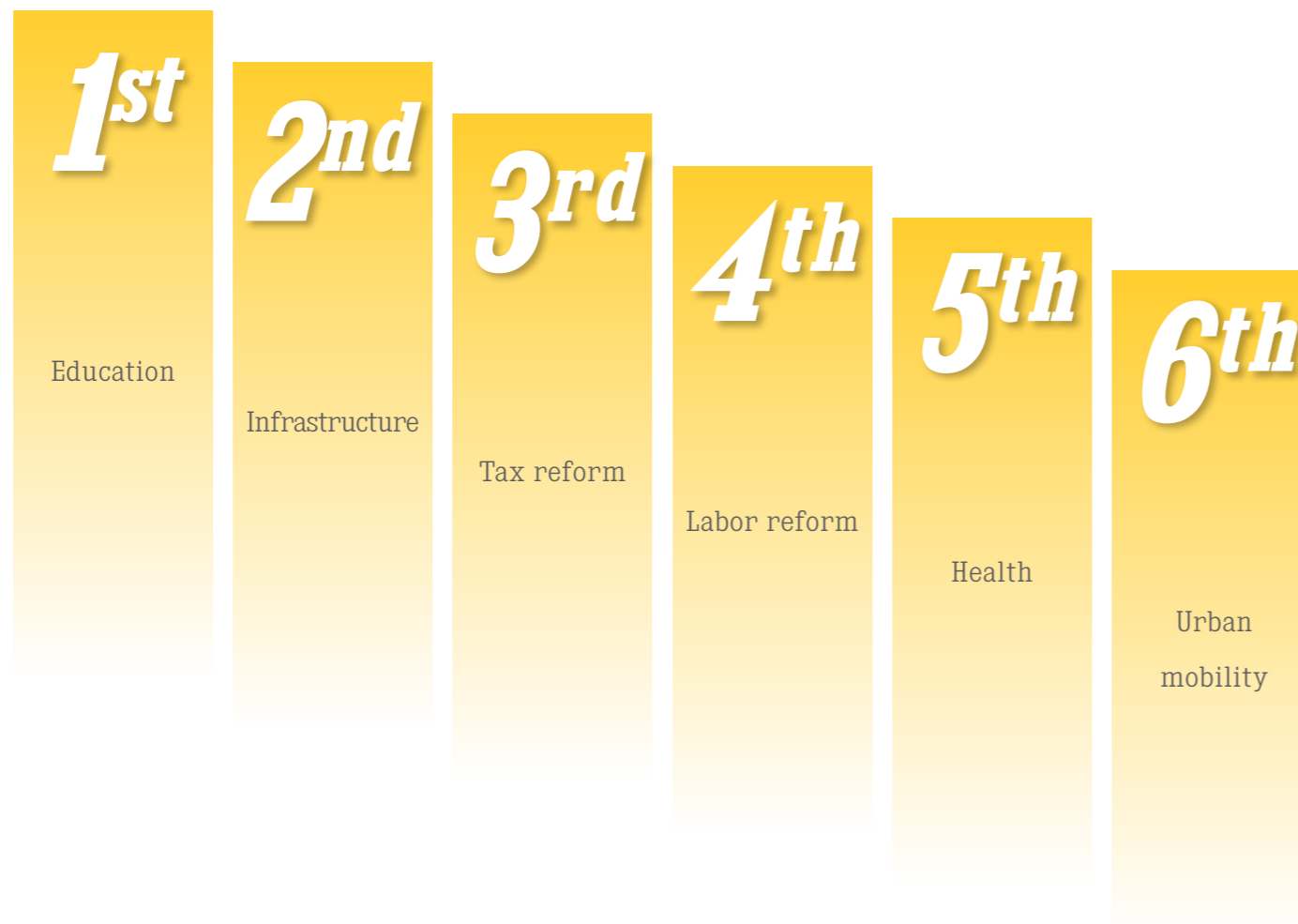
19% have no brand, image or reputation actions

4% hire an advertising agency



## Investments and involvement in the Brazilian market

Priority areas where the Government should act, in order to ensure greater and more sustainable growth for the country







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