



CBI Product Factsheet: Social media services in Sweden

'Practical market insights into your product'

Swedish consumers are the third most active social media users in the European Union (EU). Swedish companies increasingly see the importance of social media as well. Many Swedish companies are already using social media, although their social media activity varies greatly from industry to industry. Even though the market for outsourcing social media services is still in its infancy, outsourcing of social media services is expected to increase, mainly driven by a lack of in-house social media skills. Monitoring and analysis services are indicated by industry experts to offer the best potential for nearshoring/offshoring. Providers with proven expertise, 24/7 availability, quick response and resolution time, professional and personal service and Swedish language skills have the best chances of success.

Product Definition

Social media refers to web-based (mobile) applications that enable interactive user-generated content creation, sharing, discussion and exchange in virtual communities and networks. Social media introduces substantial and pervasive changes to communication between organisations, communities and individuals. Social media applications take on many different forms such as social networking sites (e.g. Facebook, LinkedIn), blogs and micro blogs (e.g. Twitter), multimedia communities (e.g. YouTube, Flickr), collaborative projects (e.g. wikis) and forums (Figure 1).

Figure 1: Conversation prism: visual representation of the expansiveness of social media



Source: Brian Solis & JESS3

There are five main categories within social media services:

- Content management: writing content for social media platforms, for example, posting comments, photos or videos on a customer’s company’s Facebook account or sending Tweets to a customer’s Twitter account and ensuring there is new content within an agreed period (daily/weekly/monthly).
- Monitoring and listening: monitoring what is said about a company on social media platforms, for example, scanning a range of social media platforms such as review sites, Internet forums and social networks on messages and comments regarding the customer’s company and filtering those messages and comments (positive and negative).
- Customer service: interaction with customers through social media before, during and after a purchase, for example, offering technical support through a company’s Facebook page or handling customer complaints through a company’s Twitter account.
- Analysis: researching and analysing data on social media, for example analysing for a company which of its products/services are rising in popularity, across which demographic groups and across which locations. This information can be used to develop a more targeted marketing campaign.
- Marketing: marketing through social media for lead generation, for example offering special offers, discount coupons or competitions on different social media platforms.

Social media services outsourcing

Managing, monitoring and analysing content on social media is a time-consuming process. Many companies do not have the time to manage social media themselves and delegate social media services to external service providers (outsourcing). These service providers can be:

- Onshore: providers within the same country (onshoring).
- Nearshore: foreign providers within the region (nearshoring), for example: Central and Eastern European countries and North African countries for Western Europe, and Canada and Mexico for the United States.
- Offshore: foreign providers outside the region, typically overseas (offshoring), for example: Asian and Latin American countries for Western Europe, and Africa and Asia for the United States.

Product Specifications

The most important product specifications of social media services as required by

Considerations for action

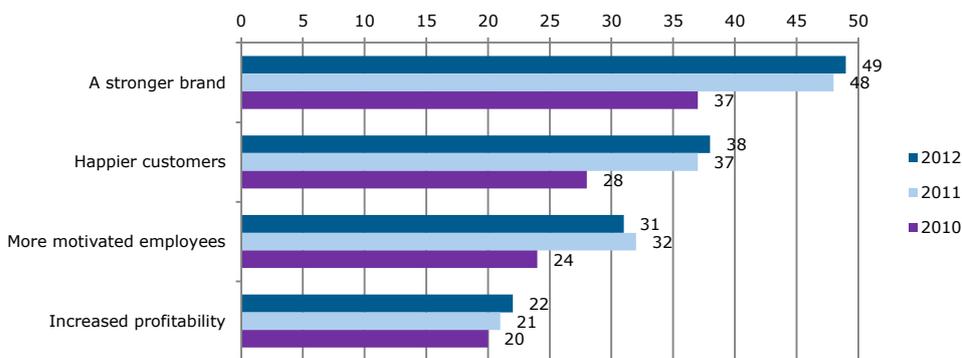
- Study websites of Swedish social media service providers to gain insights into

Swedish buyers are described below.

- **Expertise.** One of the main reasons for Swedish companies to outsource social media services is the lack of relevant in-house expertise. When they select a service provider, social media expertise is, therefore, one of the most important requirements.
- **24 x 7 x 365 availability.** Social media platforms are accessible 24 hours a day, 365 days a year and Swedish consumers expect to receive a rapid response. Swedish companies, therefore, prefer social media service providers that are available 24/7, all year round.
- **Quick response and resolution time.** A quick first response time on social media contact and a quick resolution time of a problem that is communicated through social media are very important to Swedish companies. They are important factors that can lead to stronger brands and happier customers, which are very important goals of social media usage according to Swedish companies (Figure 2).

- buyer requirements on the Swedish social media market. Look, for example, which social media services they offer and for which platforms. This information can help you to adjust your service offering better to the Swedish market.
- Provide customer references and case studies to prove your expertise in social media services.
- Make social media also an integral part of your own company culture by actively using social media and keeping your social media activities up-to-date. By doing so, you will leave a good first impression on prospects.
- Offer 24/7 services. This is an area where your company can distinguish itself. Time zone differences can be an advantage as they can extend the social media 'business hours' of your customer's company.
- Provide information about your company's policy regarding first response time and problem resolution time for the different social media platforms for which you provide services.

Figure 2: What the usage of social media leads to, according to Swedish companies, 2010, 2011 and 2012, in %



Source: TNS Sifo, Smarta företag, 2013

- **Professional service.** Swedish consumers and companies value a professional service level. According to a survey by Interactive Intelligence, 71% of Swedish consumers shared a positive experience in customer service with friends or family. Globally this percentage is about 60%. This indicates that Swedish consumers are accustomed to good service levels and that it is important to meet this expectation as Swedish consumers tend to share their experiences. Note that each company has its own set of customers and its own

- Research the website of potential customers and their social media use (if any) before approaching them to get an idea of their service level and their way of communicating.

way of describing professional and personal service, depending on the company and the industry in which the company operates.

- **Clear communication.** One of the main challenges in social media outsourcing for Swedish companies lies in clear and transparent communication. For customer service through social media, for example, input from company employees might be needed. This requires clear communication and collaboration between the two parties.
- **Swedish language skills.** Swedes generally have good English language skills. In the case of large, multinational companies, English language skills might, therefore, be adequate. For social media services, such as content management, however, Swedish language skills are very important.
- Make sure that you receive the key procedures and policies for social media services from your customer and that they form part of the outsourcing contract. For example, an outline of when you should engage, what should be said and how often.
- Plan regular contact moments with your customers to inform them about the process and progress and avoid misunderstandings.
- Have Swedish speaking staff in your company to increase your chances on the Swedish market. Otherwise, focus on social media services where Swedish language skills are less important, such as monitoring or analysis services.
- Consider offering multilingual services in order to add value and gain a competitive advantage.

Legal requirements

- **Personal data protection in electronic communications.** Providers of technical services involving electronic communications to EU companies have to take into account the EU legislation on personal data protection (Directive 2002/58/EC and 95/46/EC). The requirements relate to the protection of the privacy of EU users of technical services, which also include social media services, and sets strict limits on the collection and use of personal data. As social media generally involves a great deal of personal data, the EU legislation on personal data protection is very important for social media service providers.
- **Considerations for action**
 - Providers outside the EU can be held directly responsible for violations of EU data protection requirements. It is, therefore, important that you meet the EU legislation on personal data protection. For more information, refer to [EU legislation: Personal data protection in electronic communications](#).
 - Have a company security policy for personal data protection.

Non-legal requirements

There are some additional standards/certifications that are appreciated when you want to target the Swedish social media services market.

Quality requirements

- **ISO 9001.** The ISO 9001 standard represents requirements for the development and implementation of a quality management system in an organisation.
- **eSourcing Capability Model for Service Providers.** This model helps sourcing organisations manage and reduce their risks and improve their capabilities across the entire sourcing life cycle. The Model's Practices can be seen as the best practices associated
- **Considerations for action**
 - Consider applying for relevant standards/certifications to gain trust and prove your capabilities. However, they are not a legal requirement.
 - ISO 9001 is the most well-known quality standard among Swedish companies. Applying for ISO 9001 is, therefore, recommended. Refer to the website of [ISO](#) for more information.
 - eSCMSP is less well-known than ISO9001. However, it might help in gaining trust and proving your capabilities. Refer to the website of [ITSQC](#) for more information about the model and its certification process.

with successful sourcing relationships. Where most quality models only focus on delivery capabilities, eSourcing also addresses critical issues associated with the initiation and completion of a contract.

Security requirements

- **ISO 27002.** ISO 27002 is the standard governing information security and management. It provides the industry approved model for an Information Security Management System (ISMS) and addresses the confidentiality, integrity and availability of information within an organisation. ISO 27002 (and its ISO 27001 counterpart) has rapidly become the worldwide standard for information security, helping organisations achieve compliance with the Data Protection Act and Computer Misuse Act.

- Adopting the ISO 27002 standard is a must for service providers who deal with sensitive information about their customers. For more information on ISO 27001 and ISO 27002 standards, go to <http://www.27000.org>.

Trade and Macro-Economic Statistics

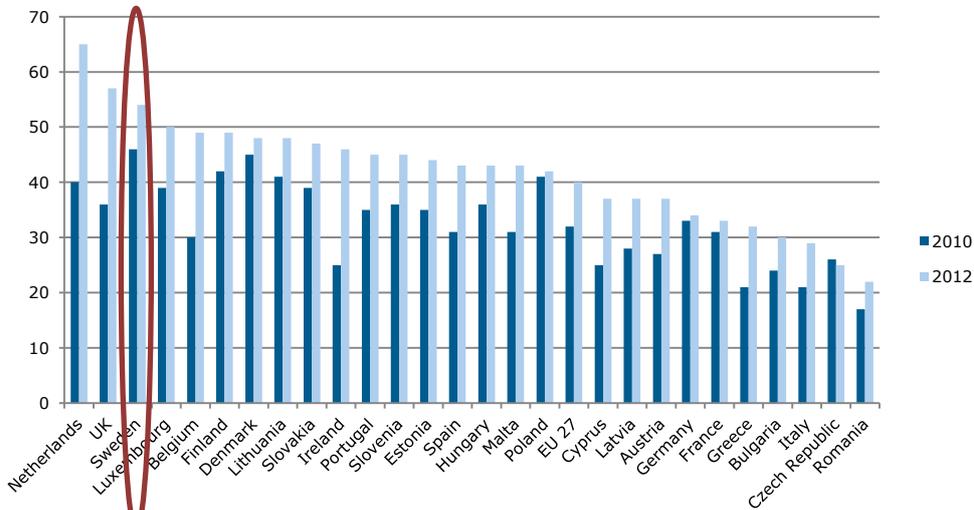
Social media usage

- **The Swedes are the third most prolific social media users in Europe.** Adoption of social media is high in Sweden. Swedes are very active social networkers compared to other EU countries, according to research of Eurostat. Over 54% of Swedish consumers used social networking platforms in 2012 (Figure 3). When it comes to accessing social networks via portable devices, Swedes lead the charts with 40% in the 16 to 74 age group, and even 79% in the 16 to 24 age group. These figures indicate the importance of social media in Sweden.

Considerations for action

- Consider focussing on the Swedish social media services market as Sweden is among the top countries in social media use.

Figure 3: People between 16-74 who use social media, per EU country, 2012, in %

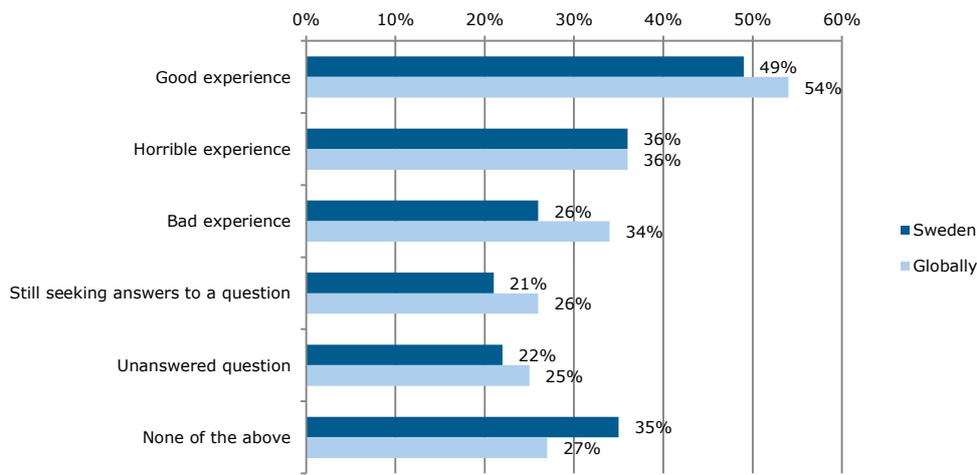


Source: Eurostat

- Swedes use social media to raise complaints.** Customer service experiences are shared through social media. 49% of cases were positive, 36% were horrible and 26% were bad experiences (Figure 4). This underlines the importance of taking social media interaction with Swedish consumers seriously as a non or a bad response can damage a company's reputation significantly.

- Respond quickly to complaints through social media. Also, if you do not have an immediate solution, communicate that you are working on it.

Figure 4: Which experiences do Swedish customers share through social media, 2013, in %



Source: Interactive Intelligence

- Facebook and YouTube most popular social media platforms among Swedish consumers.** After years of double digits, the growth in the usage of social networks in Sweden has tailed off. The most likely cause is that the market has matured. Swedes between 12 and 20 are the heaviest social media users with 91%, compared to 56% of the 36 to 55-year-olds. Facebook and YouTube are the most popular social media platforms among Swedish consumers, according to reports by Interactive Intelligence. Local social networks have largely been replaced by international competitors. Swedish networks that still exist are Hamsterpaj and Challengerä.
- Pinterest interesting channel to reach consumers with money to spend.** In comparison with Facebook and YouTube, Pinterest has only a small share in the Swedish social media market. However, Pinterest is growing quickly in Sweden. In 2013, it was said to have nearly 280,000 users in Sweden. A Swedish version of the site will be launched soon. Pinterest is experimenting with 'promoted pins' which is brand-sponsored content that members can find in search results and category feeds. Promoted pins can be an interesting tool for Swedish companies

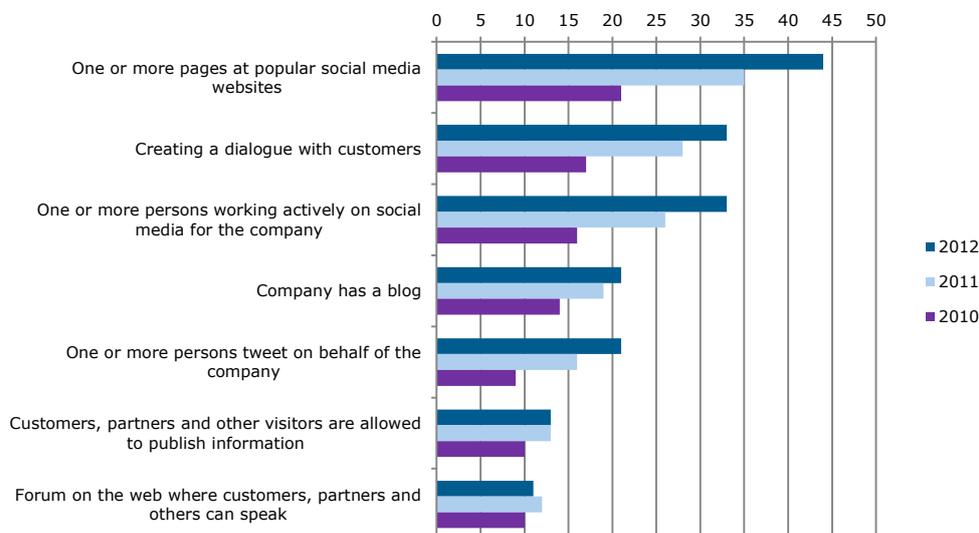
- Know the social media platforms that are most important in Sweden and build up experience in these social media platforms.
- Look at what is being posted on the Facebook pages and YouTube channels of Swedish companies/organisations in your target segment and note the reaction on these posts in order to get an idea how Swedish consumers and companies/organisations make use of social media platforms. Also, search for relevant Swedish Linked-In groups and look at how interaction within these groups takes place.
- Consider offering services on Pinterest, especially if you want to target the Swedish retail sector, for example, by creating Pinterest company accounts or adding a company's products/services on Pin boards. Another example is to follow potential customers of a company on Pinterest in order to increase the company's awareness. Offering Pinterest-related services might give you a competitive advantage, as services related to Pinterest are not yet being offered widely.

which want to promote their business through Pinterest. Pinterest users are said to spend twice as much online than Facebook and Twitter users. The user group is comfortable with online shopping and has higher incomes according to research by Interactive Intelligence. Pinterest is, therefore, expected to become an important platform for Swedish companies, especially companies that offer online shopping possibilities.

- **Social media use in Swedish companies on the rise.** Approximately 45% of Swedish companies had one or more company pages on popular social media platforms in 2012, according to research by TNS Sifo - an increase of 10% compared to 2011 (Figure 5). However, only 32% of Swedish companies have one or more employees actively working on social media for their company. This means that at least 10% of companies in Sweden do have one or more pages on social media but do not yet actively use them. These companies are an interesting target group for social media service providers.

- Try to find 'sleeping' Swedish companies on social media. These are companies that have pages at one or more social media platforms, but do not actively use them. Contact these companies and offer them your services. Show them what you can do for them and provide case studies and references to prove your expertise and experience.

Figure 5: Use of social media within Swedish companies, 2010, 2011 and 2012, in %



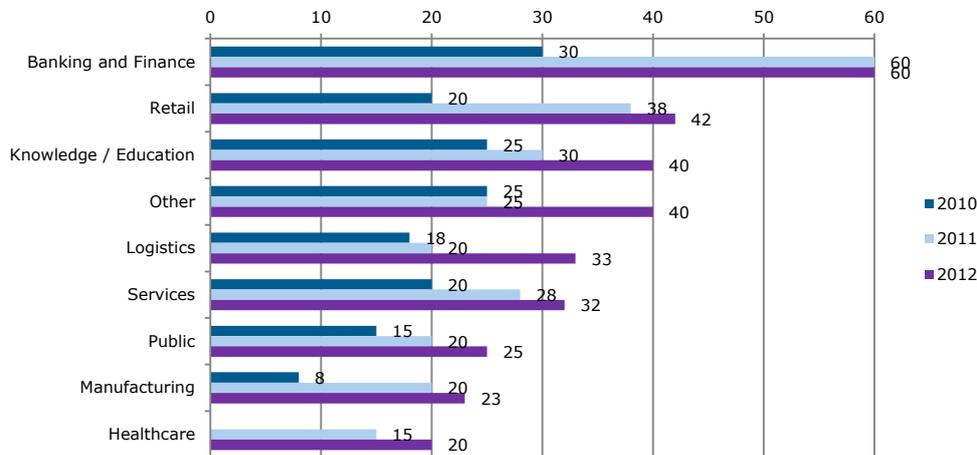
Source: TNS Sifo, Smarta företag, 2013

- **Finance and banking sector most active user of social media.** Swedish companies in the finance and banking sector are by far the most frequent users of social media (60%). The retail sector is coming second at some distance (42%), followed by knowledge and education (40%). This is because these verticals are very B2C oriented and the usage of social media tends to be higher in B2C markets than in B2B markets. All sectors show significant growth, but the logistic sector has seen the strongest

- Become a social media expert for a specific vertical market in order to reduce your competition.
- Start from your existing expertise: target Swedish companies that are active in sectors in which you already have experience.
- In case of a new sector, first try to build up experience in this sector in your own country before approaching companies in that sector in Sweden.
- Consider targeting companies in sectors that are consumer oriented.

growth from 20% to 33% between 2011 and 2012 (Figure 6).

Figure 6: Social media use in Swedish companies by size and sector, 2010, 2011 and 2012, in %



Source: TNS Sifo, Smarta företag, 2013

Social media outsourcing

- Outsourcing of social media services still in its infancy.** The Swedish market for outsourcing social media services is still small. When social media services are outsourced, in most cases it is to Swedish service providers. As social media services require good market knowledge and increasingly include interactive services, onshore providers with good Swedish written skills will remain preferred providers. Industry experts indicate that monitoring and analysis services offer the best potential for nearshoring/offshoring. Contact management services offer possibilities for service providers with Swedish language skills. It is generally medium to large Swedish end users of social media services that nearshore/offshore social media services. When the outsourcing market for social media services matures, industry experts forecast that nearshoring/offshoring of social media services will also increase.
- Nearshoring more popular than offshoring.** The Baltic States (especially Lithuania) are the most popular nearshore destinations. This is because of proximity, limited time difference (only one hour), and because of the availability of good Swedish language skills. India is the most popular offshore destination. Increased interest has been observed in the BPO industry of the Philippines, especially among Swedish smaller and medium sized companies. This is because the Philippines is actively investing in a country branding campaign as a service-

Considerations for action

- Explore the possibilities of partnering with Swedish social media service providers. They have insight into the requirements of Swedish end user companies of social media services and already have a network of existing customers.
- Focus on offering social media monitoring and analysis services, as these services are indicated as offering the best potential for nearshoring/offshoring, mainly because they are less language dependent.
- If you consider a direct approach to end user companies, focus on medium to large companies as they tend to nearshore/offshore more than smaller companies do.
- Emphasise your competitive advantage compared to onshore or nearshore service providers, for example, lower costs, access to qualified social media professionals, flexibility or innovative services.
- Work together with trade associations, export promotional organisations and other relevant stakeholders to develop a country branding campaign to create an image as a BPO destination.

oriented outsourcing destination, whereas its counterparts India, China and Thailand are more industry-oriented. However, the share of the Philippines remains low compared to India.

Labour costs

- **Labour costs lower in developing countries (DCs).** Labour forms a large share of the cost of social media services, as social media services are very labour intensive. The monthly salary of a communication specialist (which includes social media) in Sweden ranges from €2,900 in a starting position to €3,800 for someone with more than 10 years' experience. Salary levels of social media specialists in DCs can be significantly lower. Besides salaries, companies also have to pay for social contributions and for secondary working conditions for their employees, which makes employee costs even higher. Outsourcing social media services to DCs can, therefore, achieve substantial cost savings for Swedish companies.

Considerations for action

- Calculate the cost savings a Swedish company can achieve when they outsource their social media services to you and emphasise this in your marketing message.

For more information on statistics and macro-economic indicators in the EU+ EFTA BPO market in general, refer to CBI Trade watch for BPO.

Market Trends

Social market drivers

- **Lack of social media skills.** Many Swedish companies lack social media skills among their employees, but do recognise the importance of social media for their companies. This could stimulate outsourcing of social media services.

Considerations for action

- Emphasise the availability of qualified social media professionals within your company.
- Keep social media skills up-to-date. Monitor the emergence of new platforms and learn how to use them.

Technology market drivers

- **New technology leads to more customer interaction.** The availability of new technology makes it easier for customers to contact companies. This results in an increasing number of customer contacts which provides opportunities for social media service providers, especially if they can collaborate with contact centres.
- **Mobile devices stimulate social media use.** The increased use of mobile devices like Smartphones results in an increased use of social media. Sweden has an excellent mobile broadband coverage, high smartphone penetration and widespread mobile data plans. 72% of Swedish Smartphone owners use Smartphones to access social networks. This indicates the accessibility and

Considerations for action

- Explore the possibilities of partnering with Swedish contact centres that offer social media services as they might be interested in subcontracting some of their social media activities in order to reduce costs.
- Include social media customer service in your social media service offering. Bear in mind that thorough brand and industry knowledge and Swedish language skills are important requirements for customer service.

importance of social media in Sweden.

Economic market drivers

- **Social media data can be a source of growth.** Consumers create a new and continuously growing information stream ('Big Data') on different social platforms. Through analysis of this external data, organisations can generate valuable market information. This segment offers interesting opportunities for DC social media service providers, especially because these services are labour intensive and less language dependent.

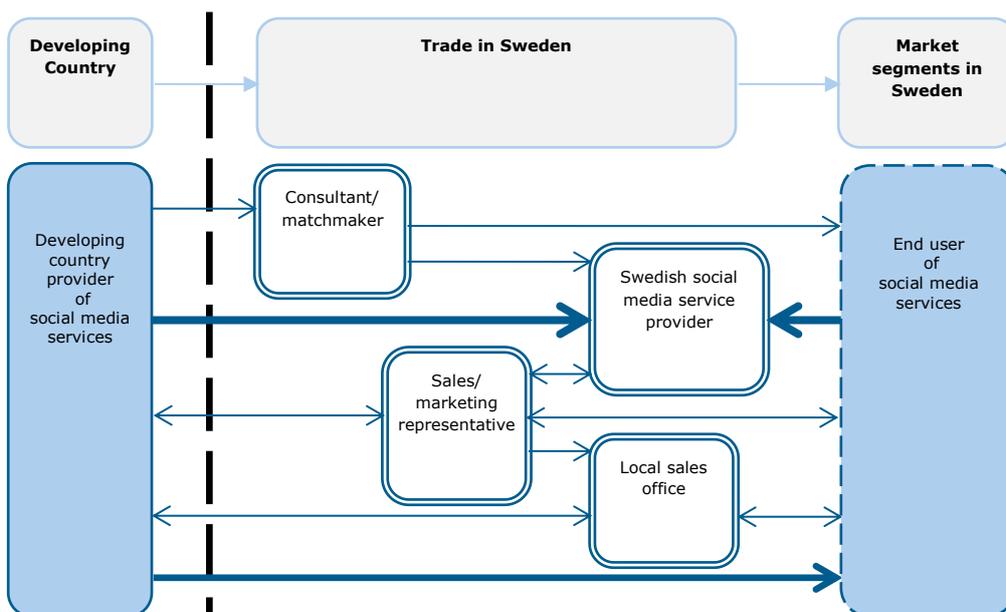
Considerations for action

- Explore the possibilities of including social media analysis services in your offering. Provide examples of how companies have generated more or new business by making use of social media analysis.

For more information on market trends on the EU+EFTA BPO market in general, refer to CBI Trend Mapping for BPO.

Market Channels and Segments

Figure 7: Trade structure for social media services outsourcing in the Swedish market



Source: Peer group BPO and interviews with industry experts

The most relevant channels for entering the Swedish social media services market are illustrated in Figure 7 and described below.

- **Subcontracting by Swedish social media service providers.** According to industry experts subcontracting by Swedish social media service providers is the most realistic market entry channel for DC social media service providers. This is because most Swedish companies that outsource social media services prefer to work with Swedish providers. Furthermore, the advantage of working with a Swedish social media service provider is that he already

Considerations for action

- Analyse your company and your target market in order to choose the most suitable entry channel.
- Approach Swedish social media service providers that are in line with your company size and segment.
- Attend trade or industry events to meet potential customers in person. It will probably not generate business directly, but it is likely to generate new contacts and maybe even business leads. Furthermore, it will give you the opportunity to learn more about Swedish business culture.

knows the market, has experience in approaching potential customers, and up-front capital investment is low.

- **Direct partnership with an end user of social media services.** A direct partnership with an end user of social media services might also prove to be successful as the threshold to direct outsourcing is generally lower for Internet related services than for classical outsourcing. This is because the Internet does not really know national borders. It is generally medium to large Swedish end users of social media services that nearshore/offshore social media services directly. Smaller companies prefer outsourcing their work to local providers. Swedish companies are quite open to international partnerships which enhance the opportunity of a direct partnership. However, you need to have good knowledge of the Swedish market.
 - **Local intermediaries.** Swedish social media service providers and end users can either be approached directly or through an intermediary. Although Swedish companies are in general quite open towards nearshoring/ offshoring, local representation is always an advantage. Intermediaries generally have a clear understanding of local markets, insights into buyer requirements and a large network.
- If you are considering approaching end user companies of social media services directly, target companies in a vertical market in which you already have experience.
 - Demonstrate your track record and collect testimonials to prove your experience and expertise.
 - Research how social media pioneer end users such as H&M, IKEA, Volvo or Absolut Vodka use social media and learn from that.
 - Study the Swedish business culture. Go to [Kwintessential](#) for more information on how to do business in Sweden.
- If you choose to work with an intermediary, look at:
 - The expertise of the intermediary. It should be in line with your services.
 - The size and value of the intermediary's network.

Trade associations, trade events and databases can be good sources to help you find potential customers in Sweden. Examples of such sources are:

- Komm - <http://www.komm.se> - Swedish association of communication agencies. Go to 'Medlemsföretag' for a list of associated companies. Also look at their website for industry information and news about the sector.
- Nordic IT Outsourcing & Software Development Association - <http://itosda.org> - industry association that focusses on enhancing the IT/BPO and software development business climate in the Nordic region. Go to 'Members directory' for an overview of members. They also organise several industry events where you could meet potential Nordic buyers/trade partners in person.
- Nordic Shared Services and Outsourcing Forum - <http://www.nordicsharedservices.com> - industry event for Nordic shared services professionals and organisations who which are looking to develop their network in the Nordic region. Go to 'Sponsors & Exhibitors' for an overview. The 2013 Forum will be held in Sweden.
- Media Evolution - <http://mediaevolution.se> - media cluster and member organisation for the media industry in South-Sweden. They organise conferences and the next conference will be held in August 2014 in Malmö. For a list of members, go to 'Medlemmar'.
- SIME - <http://www.sime.nu> - conference about the Internet and digital opportunities, held annually in different countries, and which will be in Stockholm in November.

Market Competitiveness

Refer to CBI Market Competitiveness for BPO as competitiveness in the Swedish social media services market does not differ significantly from the BPO market in general.

Useful Sources

- Internetstatistik - <http://www.internetstatistik.se> - regularly publishes data on Internet use in Sweden.

- IIS - <http://www.iis.se> - foundation for internet infrastructure. Responsible for the Swedish domain names and promotes the development of the Internet. They organise events, have blogs and do research on various aspects of the Internet.
- Nordicom - <http://www.nordicom.gu.se> - Nordic information centre for media and communication research.
- Social Business - <http://www.socialbusiness.se> - a Swedish company that develops digital business development and strategy for social media. Their website gives you a good insight into the trends and solutions that are currently present on the Swedish market.

This survey was compiled for CBI by Facts Figures Future
in collaboration with CBI sector expert Harry van Geijn.

Disclaimer CBI market information tools: <http://www.cbi.eu/disclaimer>