7 Skåne Erik: cold-cuts for hot Swedes
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7.1 Highlight

With 120 employees Skåne Erik is a fairly small sized meat processing company just south of Malmö in Southern Sweden. Skåne Erik distributes its products nationwide and is growing steadily, trying to increase its sales by adding value to traditional products, introducing new products and entering new markets in other countries. The company has invested a lot of money and time in order to achieve these goals.

What makes the case especially interesting is that there are different strategies for company growth in different markets; i.e. a focus on tradition as far as exports are concerned and on new products in the domestic market. Skåne Erik is trying to adjust its innovative behaviour so that it serves both strategies as much as possible. Being a small but growing company, there is a need to improve and extend the capabilities of being innovative. Especially for a small company this is a very demanding task.

7.2 The market for sausages in Sweden

The level of consumption of sausages in Sweden is still rather low. Total consumption amounts to approximately 16 kgs per person per year; 13.3 kgs are consumed at home and 20% ‘other’ consumption (e.g. restaurants). In comparison the corresponding figure in Germany for consumption of sausages is almost twice as high (Heimig, 1996).

There are eight types of sausage that account for roughly 60% of the market for sausages in Sweden. To name two: ‘Falukorv’ is a slightly smoked and boiled sausage; ‘Grillkorv’ a thin and long sausage which is only used for barbecueing. There are also hot dogs and Wiener sausages, but the first two types dominate the market with a share of 43%. ‘Cold-cuts’ make up the remaining 40% of Swedish consumption. Basically, Swedes refer to all kinds of sliced sausages, which are mostly used as sandwich toppings, as cold-cuts (Lendstrand, 1996).

Whereas the consumption of sausages and other processed meat products in other European countries is stagnating or declining, there is a steady growth in Sweden. The growth is said to originate mainly from older people.

1 Our thanks to Bertil Nilsson, Managing Director of Skåne Erik, for his contribution by being interviewed and then giving valuable comments on the text. Responsibility for the final context remains with the authors.
7.3 Skåne Erik – a short company profile

Skåne Erik operates at just one site in southern Sweden, 10 km south of Malmö. As far as the export markets go, the aim is to preserve a traditional image by providing a ‘unique feeling for good, old-fashioned Swedish cuisine’. Therefore the business aim, stated in a company leaflet, does not indicate innovative behaviour, nor does it show orientation towards special market segments: ‘Skåne Erik aims to provide processed-meat products that are worth their price and taste good, with the emphasis on open-sandwich toppings. We want to be our customers’ most reliable supplier.’

The company was founded 80 years ago as a small-scale butcher’s operation. Since then, the production of sausage has grown and has become increasingly important. The big turning-point was in the 1960s, when the company started to specialize in sliced, packaged open-sandwich toppings called cold-cuts. Meanwhile production has become more and more specialized, rationalized and industrial. Due to expansions in 1987 and 1988 the turnover of Skåne Erik doubled. Table 7.1 shows that turnover and gross income have fluctuated over the past few years. This is due to the buying and selling of parts of the company.

There are now 120 employees, including a sales staff of 12 people in the various sales areas plus one marketing manager who is rather sales-oriented and