

Entering the Swedish market

Entry mode strategy suggestion for Company X

Markus Maikola

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Author: Markus Maikola

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Supervisor(s): Helena Nordström

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Abstract

It is becoming more common to start internationalizing and move to the international market regardless of the size of the company. However, there are many things to consider before one can start expanding. The purpose of this Bachelor's Thesis is to give an overview on how to proceed when thinking about starting the internationalization process. I chose to write my thesis for a company in order to give more concrete suggestions and to be able to come to more specific ways to help the internationalization process.

My work is divided into three parts, one going through theory, the other one consisting of an analysis and the third one consisting of the results. The theory is about internationalization and other things relevant to the internationalization process such as analyzing different parts of the business. After the theory, the analysis part will go through all the relevant things for the company to analyze in order to give suggestions and a result. In the results I go through the actual conclusions and suggestions that I have for Company X. The results are based on the theory and the analysis. These results will be of help for Company X with their internationalization process.

Language: English Key words: International marketing, Entry mode strategy, Small and medium sized enterprises

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Abstrakt

Det blir allt vanligare att ta sig in på den internationella marknaden oavsett storleken av företaget. Det finns dock mycket som man ska tänka på före man väljer att börja expandera. Syftet med detta examensarbete är att ge en helhetsbild av hur man kan gå till väga när man har i planerna att ta sig ut på den internationella marknaden.

Jag valde att skriva mitt arbete för ett företag för att kunna ge mera konkreta förslag och mer specifika sätt för internationaliseringsprocessen.

Mitt arbete är uppdelat i tre delar, en teoridel, en analys samt en resultatdel. Teoridelen tar upp sådant som är relevant när det kommer till internationalisering samt teorier för diverse analyser. Analysdelen går igenom de mest relevanta delarna som behövs för att kunna komma fram med förslag till företaget jag valt att arbeta med. I resultatdelen går jag sedan igenom konkreta förslag som baserar sig på kombinationen mellan teorin samt analysen vilka sedan ska underlätta internationaliseringsprocessen för Företag X.

Språk: Engelska

Nyckelord: Internationell marknadsföring, Inträde på marknad, Små och medelstora företag

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1 Introduction

Globalization and internationalization are topics that have been discussed and written about a lot. The foundation of internationalization is exchanging products that a specific country, company or individual is best and most capable of producing and by doing this maximizing the efficiency and wellbeing. In order to share the benefits that come out of internationalization evenly, an economic system has to be developed. The best system so far to manage all this is International Marketing. (Engdahl, 2006, p. 17)

Companies have to choose between staying in their domestic market or entering the international/global market. For some companies, it may feel as the natural next step to go out on the international market, while others are content with staying on the domestic market. Some companies may look at their strengths and opportunities, while others only see their weaknesses and threats. It is crucial that a company thinks about all of these things, not only the positive or negative ones, as it is important to know what might happen and this way be prepared. In this thesis, I will go through the steps one can take when thinking about expanding one's business outside the lines of the domestic market.

1.1 Purpose and motivation

The purpose of my Bachelor's thesis is to get a better idea how to expand one's business abroad. I have chosen a case which I will use in order to give suggestions on how to start internationalizing.

The purpose of my case is to help Company X develop a plan to start expanding their business to foreign markets, specifically Sweden. This plan will include a company, market, competitor and customer analysis. I will also go through theories that are relevant when thinking about internationalization. After this, I will with the help of the theory and the analysis present a suggestion on how they could enter the intended market.

I chose this case because I got involved with Company X:s business when doing an internship for them. My internship lasted for 2 months and in this time, I got familiarized with what they do and what improvements they might need. I also got to hear about their plans on expanding a part of their business abroad. After my internship, I decided to contact the company with my suggested Bachelor's thesis topic, which then was approved. Because

the plans on expanding were in a few years, Company X had not yet started to plan this step, which gave me quite free hands on working with this thesis.

1.2 Research questions

I wish to answer the following questions:

Which strategies are suitable for SMEs in a B2B niche market?

- Which entry mode strategies are available?
- How do you decide on an international strategy?
- Which international marketing strategies are available?
- Who are Company X:s competitors and customers?
- What could Company X's international strategy look like?

1.3 Limitations

Company X has a very wide range of products and services, which is why I will limit my work to only focus on a very specific part of their business. The part that I will focus on is the treatment of contaminated runoff and perched water at airports. I will further limit my work to only fit the Swedish market, as this is where Company X wants to start their expansion. Because Company X will be starting their expansion in 2-5 years, I will not go into too much specifics, since things might change over time. I will instead try to give a bit more general suggestions and go through how to enter the market without going in to too much specifics.

2 Case: Company X

Company X is a small (micro) sized enterprise (SME) employing less than 10 people. Company X has a wide range of products and services, which include water-treatment, environmental warning- and control systems and being a retailer within environmental measurements.

Their customers consist exclusively of companies and organizations. They are highly specialized in their products and services, which means they are in the business-to-business

and niche market, which I will present in upcoming chapters. They plan and deliver tailored products that fit the needs of their customers and provide customized solutions and service for them.

The product I will be concentrating exclusively on in this work is their water treatment plant which method was developed to treat contaminated runoff water, eliminate gaseous substances and smells from runoff waste water. The plant itself is small (approximately 3m*8m) and compact. Its process is based mainly on natural biological processes. The water treatment is a scalable and continuous process for flow between zero and 15 m³/h. The plant is ready made with a turnkey principle and can easily be deployed even in a small area near a ditch or creek. The benefits of their water treatment plant:

- Based on a natural biological treatment
- It increases the amount of dissolved oxygen in water and the dissolution of oxygen is very effective and durable
- Significantly reduces the environmental load and emissions into water bodies
- Designed for year-round use, taking into account the conditions of the Nordic countries
- Reduces foul odor by treating the gaseous substances
- Enables the recycling of collected residuals
- Using this method, the pH-value of the water tends to settle on a neutral level

2.1 Market industry

The specific area I will be focusing on is the treatment of the perched groundwater at airports. The reason why this is the specific market industry, is that Company X has developed a process that can treat the contaminated runoff in the groundwater.

The water is polluted because the airplane wings are sprayed with a liquid substance containing chemicals to prevent the wings from freezing at high altitudes. Most of the chemicals are then picked up by a machine to prevent it to flow down into the ground. The liquid which is not picked up, will then flow down into the ground, which then needs to be

treated before it reaches the groundwater, which is the solution that Company X has developed.

As far as Company X is aware, there are not many other companies in this very specific market area, which is a big opportunity, threat and challenge. This is because they are in a completely new market that no one else is currently operating in. This means that they need to do extra work in order to convince companies that they are in need of this service/product, even though they might not ever have heard of the problem that they offer a solution to. On the other hand, if they succeed in their first projects, it is very likely that they will gain a good reputation and be able to get more customers on board, since then they will be known within the market and have references, which helps out a lot. The threat to being the first company on the market is that another company might pick up the importance of this market, and enters it when Company X has already done the groundwork for this new market, which would mean that the competitor would enter it easier than Company X has. And because Company X is a micro sized company with limited resources, a larger company would be able to sweep in and take control of the market. This is why their first projects will be of big importance to build up a trustworthy relationship with their customers and also with their potential customers. In other words, there are a lot of different sides to the matter, which needs to be taken into consideration. I will go through the competition and customer groups more in another chapter later to come.

The market is highly specialized and requires constant research and development for the products and services. Standards and regulations on how companies are allowed to treat the environment are getting stricter and the need to preserve the environment is growing by the day. These things will increase the demand on this market, as the service they are providing is a solution to these problems. Something to point out is that Finland has often been rated among the world's leading countries in different standards regarding environmental protection (Lyytimäki, 2014). This is something that Company X can use as their selling point, since they are a Finnish company and thus getting associated with being green.

An important point to make is that Company X strives to stand out from the crowd. They do this by niching, which in this context means specializing even further in an already small and specialized market, which is presented in a chapter to come.

2.2 Present situation

At the moment, Company X has enough work in the home market to deal with, so they are not able to enter another country's market for the time being. Also, before going to the international markets, they first need to develop their product further, to enable it to be applicable and more easily built and transported to different markets. Their plan for starting to export their products abroad is in between 2-5 years in the future, which means they have time to perfect their strategy. Their vision is to start their internationalization with Sweden, then expanding to Norway and continuing to Germany and Austria. They also currently have partners in all of the countries mentioned above, except Norway. Currently, they are open to suggestions on how they should enter the markets and thinking about different options regarding what they should start with.

Their biggest contract so far which will be a big part of how successful their product/service will become is for the company Finavia. Finavia is the contractor that has hired them to install their plant at one of their locations. Finavia is in charge of the maintenance of all the main airports in Finland, which makes it really important for Company X to gain their trust. If their current project of installing the plant goes as planned, they will most likely get more contracts from Finavia to do the same thing in different locations around Finland. This will also open new doors abroad, since it is a new market and by using Finavia as a reference they will gain credibility and trust.



Figure 1; Company X plant in Vantaa, 2017

The picture shown in Figure 1. shows what the plant looks like. This is a real picture from the plant they are working on for their current customer.

3 Market theory

A simple definition of international marketing is that it is the marketing of goods, services and information across political boundaries. This means that it consists of everything that marketing means in the domestic market such as planning, distribution and pricing, but instead of having one specific market to market to, you have many different markets that may differ from each other in many different ways. (Albaum, et al., 2005, p. 5)

Important for companies with plans on going out on the international market is to remember that each market is different from the other. These differences can be for example language, culture, distribution or laws. Because of the differences, it is crucial to choose your markets carefully, make a plan for how to get into the market and find out things that need to be taken into account. (Engdahl, 2006, pp. 20-21). The process of international marketing is therefore often a more demanding and difficult task than the domestic market is, since you have to take into account several more factors that affect the company's sales than you would have to do in the domestic market. (Albaum, et al., 2005, p. 5)

An important trait for companies that want to become successful on the international market is to have an open mind and have an unbiased attitude towards changes that another country's market sets for the company. (Albaum, et al., 2005, pp. 4-5)

3.1 Worldwide market strategies

There are a lot of companies on the international market, which makes it important to know what kind of companies they are. There are a few market strategies that work on a worldwide point of view that are good to know when starting out on the international markets.

There are many different approaches to strategies for international marketing. In the end, it comes down to choosing a suitable strategy for your own company to successfully be able to market your products or services in various markets. An important variable when choosing a strategy is to how big extent you need to standardize or adapt your business, this depends a lot on how big differences the markets that the company wants to penetrate have. With the

help of balancing different parts of the company with standardization and adaption, you get different kinds of strategies you can implement to your business. Next, I will go through a few examples of international strategies with the use of standardization and adaption. (Doole & Lowe, 2004, pp. 188-189)



Figure 2 Worldwide market strategy overview (Kuiper, 2011)

3.1.1 Global strategy

The core to explaining or using a global strategy is to distinguish different markets as little as possible. This means that you try to find and locate as identical markets as possible, so you are able to standardize e.g. your products, marketing and organizational structure. One way of explaining what global strategy is all about, is the use of company resources in choosing and benefitting from global markets in a way that supports the company's short-term strategic objectives. There are different views on how and to what extent the standardization of products and services has on a company. In order to be a significant competitor according to Theodore Levitt, you should change from having local and modified products to having standardized products. This way the product becomes more advanced, functional, durable and can be acquired for a lower price. (Doole & Lowe, 2004, pp. 189-190)

”the global corporation knows everything about one great thing. It knows about the absolute need to be competitive on a worldwide basis as well as nationally and seeks constantly to drive down prices by standardizing what it sells and how it operates. It treats the world as composed of few standardized markets rather than many customized markets. It actively seeks and vigorously works toward global convergence. Its mission is modernity and its mode is price competition, even when it sells top-of-the-line, high-end products. It knows about the one great thing all nations and people have in common: scarcity” (Levitt, 1983)

According to Levitt, multinational companies have a lot of knowledge about many things, but what separates them from global companies is that global companies have all the knowledge about one specific thing, which is scarcity. Levitt puts great emphasis on standardizing the product as far as possible. He also writes that other parts of the business, such as the logistics and the structure of the organization may require a certain amount of adaption. This means that he thinks it is important to standardize the product to get a competitive advantage, while he on the same time acknowledges the need to adapt in some parts that may be harder to standardize. (Levitt, 1983)

In practice, global companies try to acquire a balance between standardization and adaption so that local inhabitants see them as one of their options when buying a product or service. This means that there is no use of standardizing every part of one’s business to get your costs as low as possible, if it means that the consumer’s needs and demands are not fulfilled. (Doole & Lowe, 2004, p. 191)

3.1.2 Multinational strategy

Companies that take on a multinational approach for their marketing want to maximize their efficiency through the use of economies of scale, experience and skills in marketing, production and logistics. A company using this strategy often looks at foreign opportunities as important as their domestic ones. (Doole & Lowe, 2004, p. 193)

A large part of the multinational strategy is to recognize that the various markets differ from each other. This means that the company notices the need for adapting to its markets so that their product meets consumer demands and remains competitive even in local foreign markets. (Doole & Lowe, 2004, pp. 193-194)

There are a number of reasons, why companies choose to use a multinational approach. A large part of the reason is that consumers in different markets have different requirements for their products and often want them made as locally as possible. This is especially important in the food and beverage industry. Another thing that affects this decision is that there are countries/markets known for their specific products. An example for this is Silicon Valley in the US, which is known for its products and services within the IT industry. The meaning with this is then to establish a local producer in this specific area to get credibility and trust from the consumers that your company is a real competitor. (Doole & Lowe, 2004, pp. 191-193)

The standards within the industries in different markets may also differ, this means it is good to be able to be somewhat flexible in what you offer so that you do not get completely closed out by potential markets because of this. One last reason to why a multinational approach can be profitable is that it is a great challenge to take care of a global company. This can be facilitated by decentralizing the company and adapting the company's culture to the market's culture. (Doole & Lowe, 2004, pp. 191-193)

3.1.3 Transnational strategy

In a transnational strategy, you try to integrate the company's assets, resources and people around the world in a way to try to get a flexible managerial structure. This allows the company to get a global strategic advantage in efficiency and competitiveness, as well as flexibility on a national level. (Doole & Lowe, 2004, pp. 194-195)

According to Ghoshal and Bartlett, the goal of having a transnational strategy is to develop the company's global efficiency and competitiveness in its entirety. This means that the company must be able to recognize opportunities and risks in the market between national borders. The ultimate goal is to achieve global competitiveness by having an overall integrated strategy and approach. (Doole & Lowe, 2004, pp. 194-195)

3.1.4 International strategy

This strategy takes advantage of the transfer of skills and products abroad. Companies using this strategy also tend to lack strong competitors. These companies have often begun as domestic, where they developed their products that they then introduced abroad. As an organization, they often tend to have a centralized management that takes most of the company's decisions. (Doole & Lowe, 2004, pp. 188-190) (Engdahl, 2006, pp. 17-25)

The international strategy is the one that takes the least amount of effort of all of the strategies gone through in this chapter so far. This is because there is little need to try to get the prices down, while at the same time not having pressure from customers to change their product to their specific needs. This means that they already have a competitive product in all their target markets and that there is little or no need to modify their product or prices of the product. (Engdahl, 2006, pp. 17-25)

3.2 Market analysis theory

When making a market analysis, it is a good idea to start with coming up with a wide definition of the market, including the industry and geographical boundaries. When defining in what geographical market you are competing in, you need to decide if you are competing in a single global market or in a series of separate national or regional markets. The geographical boundary will also be affected by how easy it is for the customer to switch from buying from one geographical unit to another and how easy it is for the company to offer its products to another geographical unit. Even though a company may be only competing within one national boundary, there might be companies that come from different national boundaries which then also become their competitors. (Doole & Lowe, 2005, p. 61) A good example of this is Ebay, which is an online store that sells almost everything. So even though Ebay is not physically in for example Finland, it should still be considered as a competitor for all kinds of retail stores, which are physically present in Finland.

As the geographical boundaries, the industry market boundaries are also good to define in a broad way. This is defined by the competitor's potential products/services that might work as substitutes for the company's product/service. An industry can be defined as a group of companies supplying any given market. There are two parts to the industry market, the supply and demand side. On the demand side, it is going to be defined by how easy it is for customers to use a substitute product/service provided by another company. On the supply side, it is defined by how easy it is for the company to move in to other market areas. (Doole & Lowe, 2005, p. 61). In this case regarding the treatment of the specific chemicals used at the target market, the substitute to replace their plant could be that the airplanes are sprayed with different chemical to prevent them from freezing, which means that their compound would not be relevant within this specific market anymore.

There are different kind of companies in each market, so it is important to analyze the specific market you are going to compete in. Some companies can be called international

new ventures. A type of international new venture is for example export/import SMEs that begin their business with intentions on going out on the international market. These kind of companies, gain their advantage by spotting and acting on opportunities before other companies bring out a competition in the field. The other way they gain an advantage is by attracting and maintaining strong and loyal relationships with their customers. (Kjellman, et al., 2004, pp. 50-51) This is where I would place Company X, since it is an SME and they are scouting for opportunities to gain advantage on a market which does not have real competitors yet.

3.3 Competitor analysis theory

A company's marketing strategy is affected a great deal by competition. Every company have to find their place on the market and gain a position which is in some way unique in order to remain as a competitor on the market. Competition occurs because companies try to take advantage of their uniqueness by niching their products/services. When successful, the result of niching is that the company gains a differential advantage over other producers of similar products. (Albaum, et al., 2005, p. 141)

According to M.E. Porter, there are five competitive forces that a company needs to think about when carrying out a competitor analysis. These things are the possibility/likelihood of new competitors entering the market, alternative products/services that might replace the company's current ones, how much bargaining power the buyers have, how much bargaining power the supplier has and the amount of competition on the market. In order to come up with a complete market analysis, the company also needs to ask themselves a number of questions to get to know the threats and opportunities. Thinking about the following things will help a company to define their market boundaries.

- Size and value of the industry
- Major competitors within the industry
- Factors within the industry that could be more efficient
- Amount of specialization within the industry
- Growth potential within the industry
- Changes in the technology within the industry

- The number of alternative products or options in the industry
- Power balance between the suppliers, buyers and competitors
- Entry and exit barriers
- Possible products/services in the industry that has not yet been introduced
- Future trends in the industry
- Profitability of the sector

3.3.1 Gaining advantage

Competitive advantage is about doing the “right” things efficiently and not doing the “wrong” things efficiently. This means that the company have to know what the “right” things mean for the customer, which is a crucial part of strategic thinking. Using information the right way can be considered tactical competitive advantage. In order to get a tactical competitive advantage, the company have to be able to develop and manage the information, which also means they need to know in which strategic direction they want to go. This strategy is then used to pull relevant information to the company and then converting the information to something they can use as competitive advantage. (Albaum, et al., 2005, p. 141)

When thinking about export marketing planning, you need knowledge of two main things; the amount and type of competitors in the market and what competitive tools the competition is using. The company also have to keep monitoring and checking up on potential competition because of developments within the area. Markets that this concerns more are usually standardized, which means the products are the same in each market. There is also a market for products that are sufficiently similar in different markets, without being standardized too much that are considered as acceptable substitutes. These products should to some extent be adapted to the market’s needs considering the type of product and the marketing. Often domestic companies are better able to predict and see the boundaries in which they need to stay in order to meet the needs of the local market than foreign companies do. This means that a company selling aspirin, might market their package as different colors, depending on which associations the specific markets have and what they are used to and thus fitting better in to the market. Competition is influenced largely by the following things; general business, cultural, economic, and social conditions, costs and laws and

regulations. A good rule when thinking about a company's future is to start out by competing at the home market, when having been successful there, look for opportunities abroad and after this invest in the international market by for example buying new technology. (Albaum, et al., 2005, pp. 141-142)

3.3.2 Identifying competitors

The primary goal when identifying and analyzing a competitor is to understand and predict the behavior of companies in the same market. Before being able to do this, you first have to be able to identify who your competitors are. It is also important to understand that new competitors may emerge, which is why this area should be analyzed too. This also means that the way the company decides to define the market they are in will be crucial to which way they decide to identify and analyze the competition. (Doole & Lowe, 2005, pp. 62-63)

When identifying competitors, an important part is finding and increasing the company's knowledge of opportunities and threats. It is also important to remember to consider both demand and supply side factors which may affect in new emerging competitors. This means that the analysis has to include products that works as substitutes to the company's product or has the same end result. An example for this is that a dishwasher manufacturer also has to take in to account the fact that washing the dishes by hand with a brush can be thought as a competing product, even though they are different products. The factor combining these two products is the end result, which is clean dishes. (Doole & Lowe, 2005, p. 63)

Having identified the competitors, the next step is to evaluate their capabilities, strengths and weaknesses. To be able to predict which companies will grow and be stronger competitors, it is important to look at how they differ and who has the best products to fit the needs of the customers. According to Bergen and P'eteraf, there are two criteria that competitors should be mapped against. The first one being the market commonality, meaning in what extent the competitors are competing with you. This includes how much your customers' needs are overlapping. This measurement is for seeing if the competitor is a direct or indirect competitor for your business. The other criteria is resource similarity. By this Bergen and P'eteraf mean to which extent the competitor is able to serve the needs of the defined market. By the use of these two criteria's, the following model can be made.

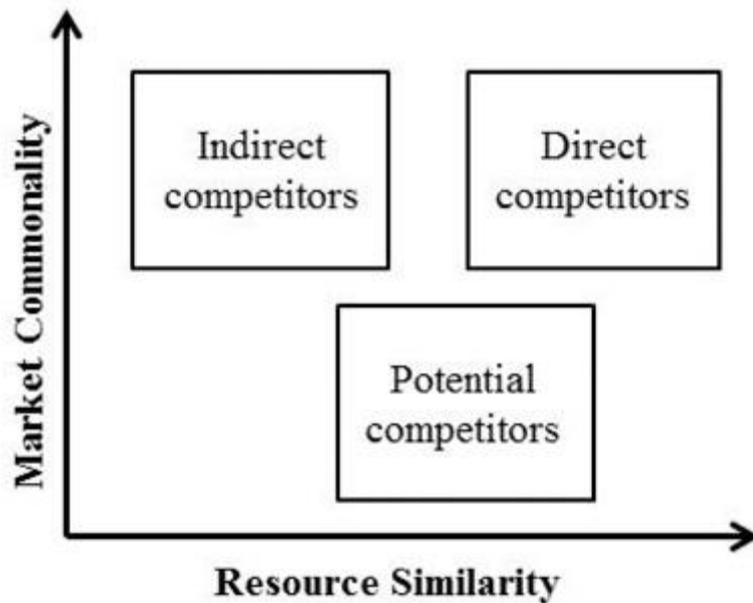


Figure 3 Identifying a competitor (Anon., u.d.)

Using this model, a company that scores high on both of these criteria's, is considered to be a direct competitor, whilst a company with the same amount of strategic capabilities but not in the exact same market, will be classified as potential competitors. According to Bergen and P'eteraf, the most important group to be aware of are the indirect competitors. This is because they are the hardest to identify and they have a lot of knowledge of the market. This means that with a slight development in for example the company's technology could mean they become a direct competitor and maybe even gaining a competitive advantage.

More useful questions to answer when analyzing competitors are the following:

- In what way is the company competing with you?
- In what way does the competitor view the market and itself?
- What goals does the competitor currently have and are they likely to change?
- What drives competition?
- Which are the main dimensions of competition?
- How intense is the competition?
- Which are the key strengths and weaknesses of the competitor?

- How should the company try and get a competitive advantage over their competitors?

(Doole & Lowe, 2005, p. 64)

3.4 Customer analysis theory

Thinking about the survival of a company, it is crucial to know about the competition on the market, as mentioned in the previous chapter. An equally important part is to supply a product/service to the customers that has superior value. This means that the company needs to know who the customers are and also what they need in order to be successful. Another important part is to have a good relationship with the customers. If the company wants to be consumer oriented, the understanding and analysis of its customer is the most important part. It is the most important part because meeting the needs of your customers more effectively than your competitors means that you will then gain an advantage on the market, which is essential to survive on any market. (Doole & Lowe, 2005, p. 65)

To be able to meet the needs of your customers, you need to know who your current and potential customers are and also what their current and emergent needs are. In theory, there are two different types of customers, Business-to-Consumer (B2C) and Business-to-Business (B2B) customers. In my theory I will only focus on the B2B customers. (Doole & Lowe, 2005, p. 65)

Behind every single purchase by a consumer in a modern economy, there is a long network of transactions between different businesses, called business-to-business (B2B). What distinguishes a B2B market is that instead of selling products or services to an individual consumer, you sell and buy things from different organizations. One definition of B2B marketing, according to Ross Brennan, is marketing of goods and services to organizations. (Brennan, et al., 2007, pp. 1-3)

The difference between the two markets is not so much about the product, but instead who your costumers are. The behavior of the two different types of customers makes the difference, for example an individual consumer often buy things to satisfy their individual needs, while an organization on the other hand purchase things to be able to manufacture their goods and services. B2B do not have the luxury to stop buying something like individual consumers, since if they do, they will not be able to produce their products anymore. This also means that B2B have less possibility to be sensitive to price changes than individual consumers has. (Brennan, et al., 2007, pp. 13-14)

Marketing strategies for companies in B2B can focus on different things depending on what they want to specialize in. Things that are especially important in a B2B setting is sustaining strong and long lasting customer relationships and trying to add value to the company's products and services (Brennan, et al., 2007, pp. 88-98). Depending on the situation, both a relationship marketing that focuses on long-term customer relationships and transaction marketing, which often refers to a one-time or short-term customer relationship, might be the right option for a company in the industrial marketing. (Gummesson, 2004, p. 136)

4 Small and medium-sized enterprises – SMEs

In the European Union, 99% of all businesses consist of small and medium-sized enterprises (SMEs). EU has defined a company that has under 250 employees or a turnover of EUR 50 million or below to belong to the group SMEs. (European Commission, 2017)

SMEs have always been a relevant and important part of the welfare and source of employment in the domestic market. However, when it comes to the international market, the SMEs are less influential and are a smaller part of the market, largely because they lack the resources of large international companies. One of the reasons that most small businesses never try to enter the international market, even though they would have a product with demand in the intended market, is that they lack resources. Lack of resources may include money, employees, time etc. Out of the SMEs that go out on the international market, the ones that do business in exporting goods have the best prerequisite to grow substantially. (Doole & Lowe, 2004, pp. 141-143).

To seize the opportunities the international market provides the SMEs, there are different approaches that you can choose among to find the one that suits your company the best. These approaches might be the following:

- Exporting a domestically produced product.
- Marketing of a niche product aimed at a specific target group using market entry and marketing mixes.
- Marketing products or services delivered to the company's home country to potential visitors coming from abroad.
- Direct marketing through the internet, meaning marketing domestic products or services abroad using electronic commerce.

- Taking advantage of a major international company's supply chain by for example placing your foreign facility nearby the major company's facility.

(Doole & Lowe, 2004, pp. 142-143)

For many companies the most natural approach is exporting its goods abroad. Exporting is often a good first step, as it opens a larger market to the companies without committing too much into it and with limited risk. For many companies this is the first and also the last step they do for their international marketing. This is because they feel satisfied with only exporting their goods/services without the need to develop their business, as this would mean more commitment and a larger risk for the company. (Doole & Lowe, 2004, pp. 142-143)

4.1 Driving forces to internationalization - SMEs

For SMEs, the most crucial part for the company according to Kjellman when going out on the international market is the commitment of the Managing Director. This means that even though the rest of the company and the product would be ready to go international, it all depends on the Managing Director's willingness and commitment on doing it. It is also crucial that the management is determined to going on the international market in order to be successful. There usually also exists some sort of pull and push factors in the internationalization. The pull factor is usually a demand for the product your company offers and the push factor being for example a weak domestic market. (Kjellman, et al., 2004, p. 54)

There are different kinds of stimuli for why SMEs want to go out on the international market. These can be called reactive and proactive stimuli. (Doole & Lowe, 2004, p. 143) According to Constantine Katsikeas, the reactive driving forces are those in which the company responds to changes in the market. Katsikeas lists the following reactive stimuli:

- Poor conditions in the domestic market.
- Opportunity to reduce inventory.
- Ability to increase the production because of the production capacity.
- Currency movement effects
- Opportunity to increase the country markets while reducing the market-related risk.

- Unwanted/unexpected orders from foreign customers
- The closeness to customers
- Pressure from the competitors

(Czinkota & Ronkainen, 2007, pp. 283-284) (Doole & Lowe, 2004, p. 144)

The proactive forces are driven by maximizing the profit, these can be the following according to Katsikeas:

- Profit and growth opportunities
- Easily modifiable products for exporting
- Public programs promoting export
- Country regulations
- Unique products
- Technological advantage
- The market size
- Economies of scale

(Czinkota & Ronkainen, 2007, pp. 283-284) (Doole & Lowe, 2004, p. 144)

4.2 Barriers to internationalization - SMEs

SMEs often lack different kind of resources. This can easily lead to uncertainty in going out on the international market. This is due to the fact that the company has to make some sort of commitment and/or investment in order to go out on the international market. Studies have shown it is easier to convince companies that already export to expand their business than it is to convince a company to start their export business (Doole & Lowe, 2004, p. 144).

It is not uncommon to find that the international standards are stricter than the domestic ones. This means that there might be more procedures and it is harder to get permits to sell your product/service abroad, which will affect how easy it is to get in to the market and also which exporting strategy you will choose. (Engdahl, 2006, pp. 20-21)

When an SME begins exporting, they usually tend to start with only one foreign market and then shortly afterwards pull out of it, even though the costs of getting into the foreign market have been substantial. However, many of the companies that dare to stay on the foreign market will soon either experience a growth in their orders or further expansion to new markets. (Albornoz, et al., 2010, pp. 1-40)

Companies that have not begun exporting have the following reasons to why they have not gone out to the international markets:

- High initial costs
- Too much bureaucracy
- Trade barriers
- Difficulties in transportation
- Lack of experienced employees
- Lack of funding
- Lack of foreign contacts
- Bad foreign conditions
- Customers slow payment
- Products not competitive enough
- Language differences

(Barker & Kaynak, 1992, p. 32)

Experienced export companies seldom mention the bureaucracy as a problem in trade between markets. This suggests that they have managed to overcome the bureaucratic differences without having any substantial issues. Problems with bureaucracy can be avoided by training your staff to take care of it or by hiring professional help from the target market. (Barker & Kaynak, 1992, pp. 30-33)

4.3 Successful SME internationalization

There are a lot of things to focus on and think about to becoming a successful international business as an SME. As already mentioned, the most important factor is to have a Managing Director who is motivated and committed to going abroad and being successful on the international market. (Kjellman, et al., 2004, p. 54)

In order to get a competitive advantage on the market, it is also crucial to understand the customers' needs and having a way of satisfying their needs. This involves offering the customers the right things, but also managing to do effective after-sales activity for the customers. It is also important for the employees to be able to improve the business, meaning the company needs to allow its employees to be free which will have a positive impact on the development of the products, services and relations. All of the SMEs managers also need to understand how they are able to create value for its customers and the company itself. (Kjellman, et al., 2004, pp. 62-76)

An important factor to take in to consideration is that there needs to exist a push and pull factor. Without these, it will be hard to get in to a market as a serious actor. For SMEs a key sales technique is personal selling, since this is a part of the business that SMEs can do that multinational companies might lack in. (Kjellman, et al., 2004, pp. 62-86)

5 Marketing strategies

There are many marketing strategies and theories that companies can use and implement. Businesses and countries can benefit a great deal from trade, which is why it is a good idea to understand the trade theories in order to be successful and able to exploit this source of income. No general theory has yet to be proven to be applicable to every business, market or product at all times, which means that companies have to choose and adapt the theories and strategies to suit their goals and needs to be successful in this area. (Albaum, et al., 2005, p. 55)

There are a number of characteristics that are used by successful companies when thinking about which strategy or theory they are going to use going out on the international market. Having a clear policy on which directions you want your firm to go in and having a control on possible competition is amongst the most important things. Having a strict financial control of your foreign business but also enabling a flexible view on change on facing challenges when they arrive. The company should also have a mindset where a risk is a

problem that need solving instead of viewing it as an impossible barrier to overcome. A company going out to another market should always have sufficient and thorough knowledge of the market they are entering, enabling them to exploit their advantages. The last crucial characteristic is having a well thought out communication strategy, which helps building customer relationships as well as relationships with the company's supply chain and overseas partners. (Doole & Lowe, 2004, p. 169)

5.1 Relationship and value-adding strategies

Marketing targeting industries (business-to-business) have gone from the traditional marketing models to a different kind of model, relationship marketing. This kind of marketing, as the name already says, focuses on building relationships with the customers. In traditional marketing, the seller is the active part in a transaction, while the buyer stays as a passive part. In relationship marketing on the other hand, both the seller and buyer are active parts. This means that by the use of relationship marketing, the buyer and seller get a more personal relationship where both counterparts can make up the rules and be part of the deciding part of the transaction. (Grönroos, 1994, p. 9)

"Marketing is to establish, maintain, and enhance relationships with customers and other partners, at a profit, so that the objectives of the parties involved are met. This is achieved by a mutual exchange and fulfillment of promises" (Grönroos, 1994, p. 9)

There are three main stages in getting new customers when using relationship marketing; establishing new customers, maintaining customer relationships and improving the customer relationships. The aim of relationship marketing is that all counterparts in a transaction meet their set goals and get something out of the relationship. This is achieved by keeping the promises given when the relationship is established. The promise given to your customer is a big deal in relationship marketing. It is not enough to only give a promise, the company also have to come through on the promise to be able to build a long lasting relationship with the customer. It is not a sustainable strategy to give promises that the company cannot keep. Promising something the company cannot keep, only covers one third of the three main stages in relationship marketing (establishing new customers), while neglecting the two other ones (maintaining and improving the customer relationship). To keep promises thereby

helps customer satisfaction, retention of the customer base and long-term profitability. Another important element is the trust between the parties. There has to exist a trust in the other parties expertise, trustworthiness and intentions to be able to do business with each other without any worries. (Grönroos, 1994, p. 9)

You cannot build a loyal customer base as an addition. To get a working relationship marketing strategy, you have to get the right mindset integrated into the company's strategy, which is not always a fast process. Even the process of getting new customers can be prolonged thanks to the strategy. Usually in relationship marketing, you have a long-term view on your customers, which means it can take a long time to get customers who brings in money to the company. At first, it may even result in more costs to try building up the relationship than it has income. Therefore, it is important to maintain the customer relationships so that the company in the end profits more from the relationship than it cost (Reichheld, 1993). Although the price sensitivity decreases the longer the relationship continues, the price still matters when thinking about alternative offers. Customers generally appreciate a reduction in the price higher than they do from an increase in benefits (Ravald & Grönroos, 1996, p. 20).



Figure 4 Relationship marketing chart (Anon., u.d.)

An important thing to realize is that you should not try to increase customer satisfaction only by increasing the quality of your product. Before increasing the quality of the product, the

company should ensure that their current customers are interested in a higher quality and also willing to pay a higher price for it. This means that you should not only take into account what you give the customers, but also what the customer ends up sacrificing. A normal way to add value to a product by adding technical features or services to the actual product in a way that adds to the overall price of the product. Like with every strategy, there are wrong ways of using it. A number of companies tend to add technical features and services to the product, without knowing what their customers actually want and need. This will result in the customers paying a higher price for extra things they actually do not need, which in the end might be crucial to the continuance of the relationship. Constantly adding extras to the company's products in order to get a higher valued product without checking what your customers actually need is therefore a short-term solution, new customers may occur while long-term relationships are hard to keep. It may also be that companies practicing this kind of business end up in a circle, where they keep adding value and are thus expected to keep coming up with new developments, which are usually costly. In conclusion, for the value adding to be profitable, the reasoning behind the value adding have to be customer oriented. (Ravald & Grönroos, 1996, p. 21)

The value of a product can be defined in different ways depending on what kind of strategy you apply. An appropriate explanation on the value of a relationship-based approach is quoted below.

”perceived value is the consumer's overall assessment of the utility of a product based on perceptions of what is received and what is given” (Zeithaml, 1988, p. 14)

This explanation of how value is defined is very similar to Kent B. Monroe's explanation, which is that the value is defined according to the relationship between the perceived benefits and perceived sacrifices. The difference between Zeithaml and Monroe's explanation is that Zeithaml takes into account potential differences between customers, which Monroe does not. Things that affect the individual depending on the customer can be personal values, needs, preferences, the company's financial resources amongst other things. (Ravald & Grönroos, 1996, pp. 21-22)

Satisfying the customers should be one of the most important criteria for maintaining customer loyalty (Ravald & Grönroos, 1996, p. 20). A study showed that customer

satisfaction is a better indicator than the quality of the product when it comes to the customer's intentions to re-buy something (Liljander & Strandvik, 1997). A satisfied customer is thus expected to remain loyal to the company for a long period and purchase more and more often than non-loyal customers are (Ravald & Grönroos, 1996, p. 20).

A company that has developed a relationship with their customers have a greater value than they would with simply their product. The company has then built something else around the product that others lack, which means the competitors with similar products are not as great of a threat anymore. This relationship can contain different things such as advice, technology, knowledge related things or information of various kinds. (Grönroos, 1994, pp. 11-12)

Another important thing to make use of is networking. This does not always only include the interaction between the company and its customers. Networking can be the relationship to your customers, potential customers, distributors or even your competitors. This is important to realize, since there might be benefits in co-operating with your competitors, which can be called co-opetition. Networking can be split in to two different types, vertical and horizontal networking. The vertical networking includes networking with suppliers, producers and buyers. This type of networking focuses on the marketing and market accessibility aspects. Horizontal networking on the other hand aims at getting competitors to work together. The aim of the horizontal network is to enlarge their resources, improve their marketing and increase the production efficiency. (Kjellman, et al., 2004, pp. 111-112).

When starting to internationalize a SME, the networks are most likely to change by time, new ones can emerge and old ones dissolve. Networks are generally more important in international business than it is in domestic ones, which is why they are more likely to change course over time. The reason why networks are more important in international business, at least for SMEs, is that they usually need help with their resources and entering a new market. SMEs usually do not have that large resources, which is why connecting to other businesses in the target market will benefit the company. When the company is able to take care of itself without the use of the other company, they have the possibility to dissolve the relationship and start all over again in a new market if they like. To be able to form a network with another company, there are some requirements to be filled. First of all, there need to be a common problem or opportunity between the two actors. The companies should also prefer to respond jointly, and the content of the co-operation should be important for both of the companies overall income. It is also a big benefit if there is a possibility to form a strong

relationship with the network before entering the new market. Some critical variables for a successful network are trust, learning, personal relationship and a communication going both ways. (Kjellman, et al., 2004, pp. 118-119).

5.2 Niche marketing

In order to explain what is meant by niche marketing, you need to know what a niche is. A niche is a small market that contains a small group of customers with similar characteristics or/and needs. Thus, what is meant by niche marketing, is the marketing targeting this specific group of customers. One can imagine there being two different views on niche marketing. The first one is when you think of niche marketing as a creative process where you cut out a small portion of a market whose needs are not satisfied, which will then become the company's customer base. The other way of looking at niche marketing is as seeing it as the last step of segmentation, which means that the process looks as following; segmentation, targeting, positioning and niching. (Dalgic & Leeuw, 1994, pp. 40-41)

In niche marketing, strong and long relationships with customers are important. To be able to get strong relationships, you need expertise in relationship marketing, which was covered in the previous chapter. Another important thing is the company's reputation. The reputation is important because it is not only to promote their product, it is also about promoting their business. Niche marketing also somewhat depend on word of mouth marketing, which aim is to spread the company's reputation. The customer then works as a marketing channel if they talk about what your company has provided them. (Dalgic & Leeuw, 1994, p. 43)

"getting bigger by acting smaller" (Dalgic & Leeuw, 1994, p. 50)

Niche marketing is all about focusing on the customer and the profit. It is often SMEs that take on the niche markets, as they have limited resources and thus limits one's chances to penetrate a larger market. Even though SMEs do not have a monopoly on niches, it is natural that they take on this market. They tend to have a more specific target group and a larger amount of flexibility within its organization and products, which means they will acquire a significant advantage to those who do not. Reasons to use this kind of marketing can then be to avoid competition with larger companies, seize an opportunity, a company's survival or

to try to get a competitive advantage on the market. According to Peter Leeflang, you can choose niche marketing if the following two conditions are fulfilled:

- If the company is able to approach a niche, in a way that is different and better than others operating in the same area.
- If the company manage to build a sufficiently large and loyal customer base in a relatively short period, in a way that prevents potential competitors to enter the market.

(Dalgic & Leeuw, 1994, pp. 44-49)

International niche marketing occurs when a company has a strong position in a limited market, focusing on one or a few different segments and conducts its business in a number of countries' markets. The segments must therefore be specialized enough to prevent major competitors to have an opportunity to enter the market. For example, if a SME is trying to enter a market where multinational enterprises (MNEs) already have their standardized product that is very similar to their own, it will be very hard or impossible for the SME to enter the market. Therefore, in order to succeed in niche marketing, one's product or service have to be distinctive and recognizable by its customers. (Doole & Lowe, 2004, pp. 145-146)

There are therefore a number of different prerequisites for a company to think about before being able to succeed in their niche marketing. One should have good information about ones segment's needs and be clear about the criteria that must be met for a customer to be counted in to that segment. The company should also have a good idea of what your product is worth for their clients. It also requires a high quality and a personalized customer service. Because the resources are often thin in SMEs, it is important to cut costs where it is possible without cutting down on the quality of the product. A way of cutting down costs without endangering the product quality could be by reducing the transportation costs. Finally, yet importantly, one should evaluate implement appropriate strategies to get into different markets by using various mixtures of strategies to make it fit one's own business. (Doole & Lowe, 2004, pp. 146-147)

6 Entry modes

For many companies, the biggest decision they will make is what kind of strategy they choose to get out on the international market. The decision they make here will most likely affect their business in many ways for many years ahead. This decision will also signal to other companies within the same area about what their intentions on the market will be and how big of a threat you are. (Doole & Lowe, 2004, p. 217)

Export is a significant and vital part of many markets and businesses. Export improve profitability, optimize the use of capacities and reduce the reliance on a single market. It also creates new jobs, improve the hardship with trade differences and raise the standard of living in the exporting countries. (Barker & Kaynak, 1992, p. 27)

6.1 Entry mode strategies

Depending on how much you want to invest in the international markets, there are a number of different strategies to choose from. A critical part when thinking about internationalization is having a resource-based view. This is important because ownership, control and a good use of your resources is the foundation of a functioning and successful expansion, at least in terms of value creation. (Verbeke, et al., 2014)

When choosing the right strategy for your company it pays to think about the following things:

- Goals and expectations
- Company size and available resources
- Current engagement to foreign markets
- The employee's competence and attitude towards internationalization
- Competition on the market
- Trade barriers
- The products competitiveness
- The timing of the market entry

A decisive factor when choosing strategy is how much control you want to have and how big of a risk you are willing to take. A theory developed to decide which strategy to choose from is The Eclectic Theory Model. In this theory, there are three different variables to consider which will then provide the company with the appropriate export strategy. These three things are; the resources they are willing to put in to the internationalization, how much control over their business they want and to which location they are planning to expand. (Woodcock, et al., 1994, pp. 257-259) It is also good to think of three other variables that can help one choose the right strategy. These are global strategic variables, environmental variables and transaction-specific variables. (Kim & Hwang, 1992, pp. 31-33)

Even though there are a lot of different strategies, they all have their pros and cons, next I will go through different entry strategies to use from when going out on the international market. I will not go through them all, instead I will focus on ones that might be of help to the case company, Company X. (Doole & Lowe, 2004, pp. 217-218)

6.1.1 Uppsala model

The Uppsala model of internationalization is a model developed in Sweden that I find is especially suitable for companies from the Nordic countries. It is based on observations made on Swedish companies, these observations were that they tend to internationalize gradually, rather than in a sudden and early investment in foreign operations. Many companies follow a scheme when using the Uppsala model of internationalization. It starts with exporting through an agent, then establishing a sales subsidiary and after this proceed to think about starting to produce the product in the host country. This way, the company is able to pull out of the operation without too large investments and thus not having to jump head first in to a new market. (Verbeke, et al., 2014).

This model focuses on two base components, the first one being the position the company is in when they begin internationalizing. The second component is the way to act when the internationalization continues. The second component is a big one, since it indicates that when the internationalization process is continued, it is accompanied by an increase in for example relations and market involvement. Important things to focus on when using the Uppsala model is firstly to increase the knowledge in your target market. When you have gained enough information about your target market, you can go to the second part, which is to increase their efforts abroad, which includes gradually starting to set up more and more things so that in the end, you have operations on the foreign market. (Mura, et al., 2011).

Something to note about the Uppsala model, is that it has been criticized about not being a convincing model for international new ventures. This is because in order to follow the Uppsala model, you need a lot of prior knowledge about the market, it is not a model you can just start using as a new company on the market (Verbeke, et al., 2014).

International new ventures (INVs) use a quite similar process when internationalizing as the Uppsala model. There are a few things to put extra thought in to when thinking about what strategy to use. If you want to have a fast and successful growth, there are a few key elements that are required:

- Selling niched products to a wide international market.
- The requirements for international marketing mix adaption is low.
- Low costs from communication and delivery
- Small home-market.

6.1.2 Management contract

Management contracts put big emphasize on the growing importance of services, business and labor skills as a commodity on the market. Management contracts usually involve installing operating- and control systems and training local staff to be able to operate the sold product. This could for example mean that the company in question builds a plant for a customer, when the plant is finished, they train the customer's local employees to be able to operate all the systems without your assistance. (Doole & Lowe, 2004, p. 229)

6.1.3 Licensing

Licensing requires a relatively low level of investment. This is a kind of management contract, which involves the licensor giving permission to another company to use the licensors various things. These things can be patent rights, copyrights, products, technology or anything else related to the licensors business. (Doole & Lowe, 2004, pp. 233-234)

There are a number of reasons why licensing is a beneficial strategy. The company's financial and administrative obligations are kept low, costs related to establishing new locations are minimized and the barriers and risks of bringing a product over political borders are lower. This means that the strategy is especially useful when trying to penetrate markets that are hard to penetrate or when the market is too small for it to be profitable to

penetrate by itself. The licensor often gets a percentage of the profits gained by the sold products/services, which means that when sales increase, so does the income to the licensor. There is also an arbitrary amount of control from the licensors point of view, since they are the ones that give the right to use their knowledge as long as it is within the rules of the contract. (Doole & Lowe, 2004, p. 234)

Problems may arise if the licensor is not fast enough to react to changes in the market they are in. This means that it is the licensors responsibility to keep their product/service modern and up to date, since this is how you keep the product or service competitive. To avoid problems, it is worth considering a few things. Make a contract with a clear policy and plan, carefully decide the different parties' responsibilities, provide the licensee with crucial components and remain an important part of the other's business. (Doole & Lowe, 2004, pp. 234-235)

6.1.4 Acquisitions and mergers

A merger involves two or more companies and means that they combine their resources, expertise and employees so that they become part of the same company. The company can either be the one who is taking over the other company or be the one who is taken over.

There is a number of pros to acquisitions and mergers:

- Trained labor force
- Existing customer base
- Existing supply chain
- Existing distribution network
- Immediate source of revenue

(Doole & Lowe, 2004, p. 238)

A merger strategy should be used when you assume that there are companies that are potential candidates for this merger on the market. If there is a small amount of companies on the market who are willing to do a merger, the choice will be based on self-interest/convenience instead of the appropriateness of the company. (Doole & Lowe, 2004, pp. 238-239) The belief that it is easy and time-saving to do a merger can often be proven

wrong. It requires a lot of time to go through potential targets and deciding who would be a good option to merge with. It can also take a long time for the companies merging to agree and get their managements on the same page and both strive for a common goal. Another weakness of a merger is if a company is taking over a demotivated labor force or bad reputation. It may also be a bad idea to do a merger if the company you are merging with is much behind in technology. Then the company have to adapt its technology to the other company, which can be time consuming and expensive. On the other hand, for the less developed company, this is seen as an advantage, since they then get the newer technology without having to develop it themselves. (Barkema & Vermeulen, 1998)

6.1.5 Joint venture

This strategy is based on two or more companies deciding that the best way to get out on the international market is to form a new shared company, which will be used to market and/or produce their products and services. The general idea behind this strategy is that two or more companies can contribute with their knowledge and resources to the shared company and this way acquire a competitive position on the market. Joint ventures are recommended to expand one's opportunities, not just seizing existing advantages it has. It is not recommended to form a joint venture with a company where there might emerge conflicts of interests. (Doole & Lowe, 2004, pp. 239-241)

The major difference between this strategy and for example licensing, is that everyone involved in the joint venture gets a share of the equity. The benefits of a joint venture is that this way, you have direct contact with the local market you enter and therefore get a better understanding of the market. The joint venture also gives the companies control, because you own a piece of the company and have a place in the management of the company. A third advantage is that it is easier to get your business financed and thus have a faster source of income. (Doole & Lowe, 2004, p. 240)

There are however some disadvantages to having a joint venture. Companies forming joint venture can often have some different ideas and opinions about their business, which can cause differences in what kind of strategy they will adapt. If the equity is equally distributed, these differences can lead to delays in doing business and an unclear strategy. Another disadvantage of a joint venture is the large investment and commitment that you have to do when forming the joint venture. It is not necessarily time-saving to do a joint venture either,

as it may take longer time handling the management getting things implemented when every part of the joint venture has to agree on the decisions. (Doole & Lowe, 2004, p. 241)

6.1.6 Strategic alliance

A strategic alliance is something between licensing and joint ventures. It can be defined as at least two companies combining their value chains to be able to together get a competitive advantage on the market. This may include the sharing of corporate technology, research, development, distribution, marketing contacts and producers. One difference between this and other strategies is that companies getting involved with each other in strategic alliances would otherwise be likely to be competitors in the same market. (Doole & Lowe, 2004, pp. 242-243)

There are a number of incentives for companies to enter a strategic alliance. The first is insufficient resources, meaning that companies rarely have sufficient resources to be able to satisfy the entire global market, which then attracts competitors to join the market and enables them to grow bigger. Another incentive is the life cycle of products, meaning that companies constantly have to develop new additions to their product in order to remain competitive, which can be facilitated with the help of a partner. It also requires a greater investment in research and development of products, which often becomes a barrier for SMEs to cope with. Countries governments may also be willing to accept business proposals when it comes to expensive investments if they do not want to take on such big responsibilities themselves. Strategic alliances can also help when you want to protect yourself from outside competition. (Doole & Lowe, 2004, p. 243)

Before starting a strategic alliance, you should do thorough research on available alliances. This includes analysis of the current market situation, identifying opportunities and evaluating the shareholders contributions. There must also be a clear understanding if the strategic alliance is formed as a short-term or long-term solution to a problem. This means that companies that form the alliance should be aware of each other's goals and motivators in the alliance. Strategic alliances are often done to last a long period, but you always have to prepared of something going wrong and the alliance is broken up. (Doole & Lowe, 2004, pp. 243-244)

6.2 Organization structure

When an organization moves its operations abroad, it will also most likely need to change its organizational structure. If you want to be able to effectively and efficiently control, support and direct your organization, you will need to set up a structure that enables the leadership and management to do this. (Doole & Lowe, 2004, p. 164)

A simple way of understanding the problem with choosing an organizational structure is by knowing three crucial points. The first one is how you define the organization's different dimensions. The second point is if you are using a centralized or decentralized style for tasks and functions. As the last crucial decisive factor, there is the amount of reporting and what kind of control system the organization will be using. By specifying these three factors, your main structure of the organization is decided (Albaum, et al., 2005, p. 620). The factors which according to Terpstra and Sarathy are the decisive variables that might influence a company making the decision of what kind of structure they will adapt are the following:

- Size of the business
- How many markets they operate in
- How big involvement they have in each market
- Company goals
- International experience
- What kind of products/services they offer
- Product/service diversity
- Nature of marketing task

A company starting out in the export business have a relatively easy choice to make. They can either have the international business as the same part as the domestic business, or then they can separate the two. An advantage of separating the domestic and international market is that neither market this way gets forgotten or left as a less important priority. Another advantage is that the different departments then can focus on their market better, which means that the international market can exclusively put their time and effort in their area without having to worry about the domestic market. The cons of having separate departments

is that the company might end up doing unnecessary work if both departments do the same thing, which is a waste of resources. Also, the differences between the two departments might create conflicts if they feel like they are treated different by the management. (Doole & Lowe, 2004, pp. 164-166)

Having a centralized or decentralized management style is a common topic when talking about international marketing. To be able to efficiently delegate tasks and make decisions on different levels, the company needs to have a clear vision on how they operate. There needs to be a good balance on who can make decisions, since if all the decisions are made in the upper management, the decision-making will be slower than if less important questions could be taken in lower management. The same goes the opposite way, if lower management can make all decisions, the company goals, values and efficiency will be affected. Managers arguing that centralization is the better option usually brings up that decentralizing the management have potential for wasteful duplication, resulting in a bad use of resources. While on the other hand, as mentioned earlier, managers preferring decentralized organizations think that centralizing the control makes the decisions slower, creating delays and inflexibility in the company. (Albaum, et al., 2005, pp. 621-623)

An important part to point out is that SMEs have an advantage when it comes to innovation capability, responsiveness, adaptability and flexibility because of the restricted management and hierarchy. The values that the company has have to come from the management, based on a strategic planning and has to be encouraged throughout the company. The work force in SMEs usually have a close bond to the management and/or owner of the company, because of this, it is not uncommon that the personal values of the owner becomes the shared values of the organization. (Doole & Lowe, 2004, p. 174)

7 Analysis of the current situation

In this part, I will start analyzing the parts that are needed for making an export plan for Company X. I will go through all the relevant parts of the theory and relate it to Company X:s situation in order to make relevant strategies/suggestions.

7.1 Company analysis

Company X is currently doing as much work as their resources permit. They only have few employees (less than 10), which have different tasks within their operations, meaning that

they can only have a certain number of customers at one time. Company X:s structure is at the moment quite good for the purpose it serves. Their structure will most likely not be as effective when the company decides to expand or go out on the international markets. This means that they will have to develop a better structure for their company that would take in to consideration more factors than it currently does.

One of Company X:s main issues at the moment is the lack of resources (funding and professional staff), which means that if they would like to expand their business abroad, they are going to need a solution to the resource problem.

Company X has a fairly flat organizational structure, meaning that the gap between the owners and the employee is not that big. They have a policy that all slightly bigger decisions should be discussed and decided on with the management while less important decisions can be taken individually. Since the company is an SME, the decision making should be faster and more flexible, which is not always the truth for Company X because of their lack of professionals. At the moment, the owners are part of every operation the company has and is also a very big part of all the decisions and how things are done. This is good for the overall quality and control of the business, but it is also consuming a lot of the resources they have, especially the time. Another crucial part of this is that if the owners are away for example on a business trip or sick leave, some parts will stand still or go slower in the company.

As mentioned in the theory, the most crucial part when a company is thinking about going out on the international market is that the Managing Director is committed to the decision and wants this to happen. For Company X, the thought of going out on the international has been coming from the Managing Director, which is a good thing. It is also from the owners I first heard about it, which also led me to writing about this topic.

There are a few driving forces for the company to enter a new market, some of them being the normal ones gone through in the theory part. Company X;s driving forces are first of all profit and growth opportunity. Other than this, they also believe they have a unique product that can solve a growing problem, also including that they have a technological advantage of other companies in the water treatment market as they are the only one with this specification. Then regarding the exporting business, there are a lot of programs promoting export by for example the EU and national funding organizations like Tekes. Other than these driving forces the closeness to Sweden can also be considered as one, since it makes the exporting easier as they do not have to transport things over too long distances.

7.2 Market analysis

The market I have decided to focus on is highly specialized. To be able to analyze the market, I first need to specify which part of the market I will be concentrating on. I will be looking at the market in two different ways, the first one being the big picture, including looking at companies that are in the water treatment business within Sweden. The second way I will analyze the market is by going in to the specific niche market, which is water treatment for contaminated runoff or perched water at airports. Another criteria for the market I will be looking in to is the geographical area, which is Sweden.

There are not that many companies on the market and with the specialization that Company X has it is even less of a competition on the exact same products/services. The service they offer is a tailor-made and compact water treatment plant. The developed technology by Company X is a globally new and unique concept for treating low contaminated runoff and perched groundwater.

To compare Company X:s plant to other methods like on-site vegetated soil treatment, constructed wetlands and to storm water treatment plants etc. there are many advantages on its side. Being one of the only ones on the market, they have good prerequisites of being successful.

The market is very big when thinking about the customer base, since it could be every company with contaminated runoff waste water in its surroundings. That said, this thesis focuses on the market where they will only market themselves to airports, which will limit their customer base a lot.

Sweden as the geographical market is also a good market to start expanding to for many different reasons. First of all, it is close to Finland, meaning they will need to export their product a shorter way. Second, Finland and Sweden have a similar culture and there exists trust between the countries. Then there is the environmental factor regarding Sweden (and the rest of the Nordic countries) being very pro-environment. This means that they are interested in new solutions on how to make things more environmentally friendly. Last but not least, Sweden as a country is rich and growing all the time, meaning they want to improve and come up with new solutions for problems. It is also commonly known that environmental matters, such as preserving the earth and its resources are growing by the day, which will increase the demand on these products and services. Another benefit of starting the

internationalization with Sweden is that the laws and regulations will be very similar when it comes to procedures and what kind of standards are to be expected.

An important factor to realize is that Finland (and the rest of the Nordic countries) is a country that has progressed above the majority of countries when it comes to preserving the environment in many different aspects. Taking this in to consideration, the competition in other countries might not be on the same level as Finland, which will benefit Company X:s internationalization. The increasing and stricter standards and regulations within the EU will also most definitely increase the demand on such products and services.

To analyze the market even further I also decided to take in to consideration what might be the entry and exit barriers for entering the Swedish market. These both depend on what kind of approach they decide to make when entering the market. If they decide to do everything themselves, their only entry barrier is to be able to reach their customers and able to build a relation with them. As far as I have detected, there is no certificates or standards that would differ from Finland to Sweden in this matter. If Company X then on the other hand chooses to co-operate with another company, that would be considered an entry barrier since they would need to find a company that would fit their needs. The only exit barrier I can think of is when they are finished with their project and want to move on to the next market. This is when they need to either train the customer's staff how to control and maintain the plant teach to be able to control and maintain the plant or have another company within the water treatment business handle that for them. Any other direct exit barriers are not present, since they would not in any case move their company or open a subsidiary or make any other kind of commitment towards this market than what is already explained.

The growth potential within this market is big, since after having built up a reputation in Finland and Sweden, they can then move to other markets in this same particular market, but also expand their other business to these countries. They have water treatment plants that can treat all kinds of different markets which means they would be able to move on to other markets within the water treatment business. Something to remember is that they have restricted resources, that expanding in a fast pace should not be an option or goal, but instead grow more slowly with the main intention to focus on quality and doing their projects with care until they are able to grow in to a bigger company.

Regarding the global market theories, they are very good to understand and take in to consideration, but in Company X:s case they are less relevant in my opinion. This is because there are no real current competitors on the market, only potential competitors. In other

words, it is good to know the different kind of competitors that might turn up on the market, but currently there is no real threat because of the very specific niche market they are in. The cost pressure and local responsiveness is also in this case less relevant, since there are no competitors that would bring the prices down as for now. The local responsiveness in this case can be translated to the specific needs of the customer, which Company X is specialized in, since they build plants on the specific needs of the customer.

7.3 Competitor analysis

By searching for potential competitors on the internet I found some Swedish and some international (non-Swedish) companies that are within the same area of business. There are a lot of companies and brands that sell water treatment filters and plants that are for home-use and smaller projects. Though the crucial part which separates these ones from Company X is that they make tailor made solutions that can treat a larger amount of water at a time containing very specific contaminations. When I looked for companies making larger plants, it was a lot harder to find companies within the field. The only companies that I found which make larger plants for companies depending on their needs were Callidus, BWT Water, Eurowater, Geoserve and Emotron.

I will now shortly go through the similarities of the companies mentioned above. Geoserve was the company that had the most similarities with Company X. They also seem to be SME that specializes in water treatment. They offer their customers a tailor-made solution with a plant that is built in the same way as Company X's plant, which is a compact plant built in the shape of a container so that it is easily transported and put in to place.



Figure 5 Example of Geoserve's plant (Geoserve, 2017)

In the picture above you can see the similarities in the looks of Geoserve's and Company X's plant. They do not mention anything about treating contaminated perched or runoff water, I drew the conclusion that they have not made this in the past and are thus not capable of manufacturing one at the moment. That said, there is a chance they could start trying to figure out how to build one if they see the market potential. This would be a significant investment in R&D by Geoserve, who might not be able to afford it being a SME and thus probably having quite limited resources. I see Geoserve as an indirect competitor that could evolve to a direct competitor in the future.

Callidus is a bit bigger than Company X, that said I would still categorize it as a SME according to the EU's definition. Callidus also offer a tailor-made solution for water problems. Though they seem to be better specialized with homes and in smaller plants. With this said, I do not think they are a direct competitor to Company X, but instead they are indirect competitors.

The rest of the competitors I found, being BWT water, Eurowater and Emotron are all larger companies that exist in many countries. I came to the same conclusion as with the other competitors, that since I could not find anything related to treating contaminated perched or

runoff water, they are not yet able to build a plant treating this kind of water. This on the other hand means that these companies are also indirect competitors.

There is always a potential of new competitors entering the market. That said, I think this very specialized niche market requires a lot of R&D before being able to join the market. This is why I do not believe that a new competitor would appear all of a sudden. A more likely scenario would be one of the potential competitors (which is mentioned previously in this chapter) developing their product further or expand their market to include the treatment of contaminated perched or runoff water in larger amounts. That said, big and successful companies can more easily enter a market than an SME, since their resources are so much bigger, which is why you should always think about the possibility that some other company might enter the market.

I cannot think of other products that could replace Company X:s plant which would serve as the same thing, though with developments there might emerge some other way to handle this problem. Products/services that could make Company X:s plant irrelevant within this specific market, could be a machine that picks up all of the contaminated perched or runoff water before it reaches the ground. Another thing that would replace Company X:s plant is if they change the chemical they use to spray the airplanes wings at the moment to another liquid with the same purpose that would not be harmful to the environment. Other than these products/services, I cannot think of any that would make Company X:s plant irrelevant.

Prices regarding the plant/solution is hard to determine, since there are no other companies in the business. This means that if the customer is convinced that they need or want to purchase a treatment plant, they also pretty much need to accept the prices. There is a lot to discuss about regarding the price, since there are a lot of extra services that can be included depending on what the customer wants/needs.

7.4 Customer analysis

Company X already knows the customer base which they will market themselves to when it comes to the Swedish market. One of the customers they are interested in is Swedavia, which is a similar company as Finavia. Swedavia has their own website ([www. swedavia.se](http://www.swedavia.se)) that I will use in order to get more information about them. (Swedavia Airports, 2017)

Swedavia is a state-owned company in its entirety and was founded in 2010. Because they are a state-owned company, they need to act like role models to other companies regarding

sustainable development. They currently have 10 airports around Sweden. Safety, customer orientation and sustainable development are the most important things for Swedavia. They tend to try and constantly reduce the company's environmental footprint and to be a precursor when it comes to being sustainable. All of Swedavia's airports have gotten an environmental certification of the highest level within Airport Carbon Accreditation (ACA). Thanks to all of their work within sustainable development amongst other things, they are world leaders in the development of airports with a minimal impact on the environment. (Swedavia Airports, 2017)

When it comes to making things happen around any of Swedavias airports and also other airports in Sweden, it is Swedavia Konsult that is responsible. They work with everything from inquiries, analysis and studies to actually implementing projects on Swedavias and other customers airports. Swedavia Konsult is thus probably the one that Company X should be in contact with regarding starting a business relationship with. (Swedavia Airports, 2017)

7.5 Marketing analysis

All of the mentioned marketing areas I have gone through in this thesis have been relevant to Company X:s case. Since Company X has limited resources and cannot focus on everything to the fullest, they will need to make some compromises and cuts when it comes to how specialized their marketing will be.

Currently, their marketing consists mostly of mouth to mouth marketing and going on fairs relevant to their business. Company X also uses relationship, value adding and B2B marketing to some extent in their business. The relationship and B2B marketing parts are quite natural to have as they are aware of their own situation and thus comes naturally as an addition. Since their business is to provide companies with water treatment plants, it is also quite obvious that the company will be needing additional services that complement this. These services can be the reparation of a broken part of this plant, the training of the customers employees so they are able to handle the plant themselves, the service of maintaining the plant and giving test results to the customer amongst other things.

Because Company X's target group is so specified, their marketing requirements will be quite limited. This will be good for Company X, since they have limited resources to use for it. The marketing aspect they need to focus the most on in my opinion is the relationship marketing, since this will be the way for them to get in to the Swedish market. Another part of the marketing will be to maintain a good and professional image of themselves. This is

done by having a clear and clean website where you can find all relevant information with a nice layout and by having well-structured flyers of the plant that gives a professional image of the company all the way from the first glance. The relationship marketing is important to be able to keep up an open discussion and this way gain the customers trust, which I will go through in an upcoming chapter.

7.6 Export potential analysis

At the moment, Company X is unable to export their product efficiently because of the complicated process automation. This means that as of the current situation, they are not able to export their product, which is why their plans on starting their internationalization is within 2-5 years in the future. That being said, they are doing research and development in to their product in order to be able to export it in the future. It will also be easier for them to build a plant when they have done a few, since then they have experience and are able to do it more efficiently.

The potential of this export is in my opinion high, since you can either export the knowledge of building the plant or build the it in Finland and export the actual product. The potential is also high because of the increasing concern of environmental matters around the world. This is why I see a good potential concerning the export and a lot of growth potential within this market.

8 Results

In this part of the chapter, I will go through what would be my plan for Company X regarding the internationalization process. For some problems/decisions I will only give one solution that I would suggest while other things might have different options that I will leave open for Company X to choose from. I base my findings/suggestions on the theory I have gone through and I am taking in to consideration the fact that they have limited resources. My results/conclusions are more of guidelines to follow which will make it easier for Company X to be able remember the crucial parts of internationalization.

8.1 Internal development

The crucial decisions that Company X need to make regarding the organizational structure are the following:

- Defining the different dimensions of the business
- Centralized or decentralized structure
- Amount of control and reporting

The way I would do this is dividing the business in two parts; water treatment and selling of measurement equipment where the focus is on the water treatment. The water treatment should be in focus because this is the part where I see bigger growth and profit possibilities. This is also where Company X is more specialized and able to have a chance of competing with other companies no matter their size.

I would keep the structure as centralized, since this way they will also be able to control that everything is going the way they want it to. If Company X grows a lot after the first projects they have and the workload increases to an amount where a centralized structure is not working anymore, then they can change it. I would also keep as much control and reporting as possible because it is the owners that know the most about their product and its processes. A way to decrease the owner's workload would be to make a manual/guide that the employees could follow when assembling and upkeeping the plant. This way it would not be necessary to bother the owners with every issue.

If the workload turns out to be too big for Company X to handle, it is a good idea to make a co-operation with another company in Sweden. Looking at Company X:s competitors in Sweden, I would say one of them stands out as being the most suitable for a co-operation, this being Geoserve. Geoserve is also a SME that is specialized in water treatment, and it also seems like they have similar products, which means that they would most likely be capable of setting up a co-operation without too much hassle. They are also the company that already build plants in the same way as Company X (in containers that can be built in one place and then transported to the right location to set it up) which would definitely be beneficial since then they do not have to teach another company from scratch.

Things to keep in mind to be able to achieve a high customer satisfaction are to be flexible and have fast responses in customer's questions without sacrificing the high quality of the product. This means they will in one way or another need to get more employees to be able to have time with everything. At this point it is needed to decide if the company will have different parts working for the foreign market and the domestic or combine the two. At this

stage though, I would keep the foreign market and domestic market in the same group since this way there is more control (as long as the workload is on a tolerable level).

Another internal thing that needs development before being able to expand is the assembling process. By this I mean the process and time it takes to build a plant for a customer. This process will get better and better each time they build a plant, which means that by the time they are going to expand to Sweden, their assembling process should be perfected. At some point it might even be a good idea to make such a specific guide to building a plant that a company that has not built one before can do it. This would be in case their business really starts booming and in different countries, then they would have no chance of doing everything themselves. At that stage a lot more would also be needed to change, which would be a topic for a whole other thesis.

8.2 Market development

As mentioned earlier already, this market area is anticipated to grow because of the growing need of environmental services. Company X being the first company to actually join this very specific market will need to do extra groundwork in order to start/develop the market. This means that they need to convince people that this is something the customer needs without having too much to back up on. One way to tackle this problem is to simply invite the potential company to see their ongoing projects, show them the impact their products does and open up a discussion with them to try and start a relationship in an early stage. The way to take the biggest advantage on the still developing market is to get strong and long-lasting relationships with companies. When having discussions with relevant people and companies, you will start to be known within the area and the need for the market will also be acknowledged. To be able to develop a market that people do not know is needed yet can be hard, though not impossible. The way to do this would be to make the right people aware of what kind of troubles they might get if they do not take their solution seriously. I will go through this specific thing more in the next part of this chapter, Marketing development.

The market will also develop by itself ones it starts to grow a bit. When Company X has built a plant for a company, the same company will then also have to use their services in the future also in regard to maintenance, training and additional services. This means that a project never really ends, since they will work together with the company even after the actual building and installing process is done. A solution to deal with the resources (time) this would take is to cooperate with a company that would take over the maintenance of the

plant for the Swedish customer. Otherwise, it could be really time consuming to travel back and forth from Finland to Sweden all the time. This type of cooperation could be solved by making a Management contract with a competitor or just a company that is within the water treatment business without this specific specialization.

Even though a merger sounds like a good idea on paper, I would not recommend this approach for Company X. The reason for this is that then the companies merging would need to be totally on the same page in regards what they want to do. It also usually creates some indifferences within the company even though it is not meant to. One of the companies usually take the leading control over the business while the other part becomes less important. A merger would also take a lot of time, with the risk of everything being too complicated and mixed within the company that everything starts falling apart. This is why I would say that I think Company X will do a better job growing a bit more slowly by themselves than joining forces with another company. This way, Company X would also keep their strong position and they would have the control over their product so that everything is done correct. That said, I do think a Management contract could work, since it is less of a commitment. This would only mean that they hand over most of the parts of the business that comes after building and installing the plant to another company. This would mostly mean that the other company would be their customers first contact if something goes wrong with the plant or when it needs maintenance.

8.3 Marketing development

Taking in to consideration all of the marketing theories explained in my work (Business-to-Business, Relationship, Value adding and Niche marketing), they all have a crucial role in Company X:s business. They are all a big part of what kind of business they do and affect largely on how successful they will become. All of the theories are also applicable with each other.

I will now go through how all of these theories can be connected and taken advantage of in order to benefit the most out of them. B2B and relationship marketing are closely connected due to the fact that businesses often try to capitalize on long and lasting business relationships. This way they have a stable and secured income, which will then help them predict their profit. Value adding is also closely related to these theories, since when having strong and long relationships with companies, you also need to make a certain amount of research and development in order to keep your product competitive. This means, that your

customer will most likely expect something else from you, which goes beyond just your product or service. This can either be a close and personal customer service or an additional service you provide that gives your product some added value. Niche marketing can also be connected to the other strategies by niching yourself in to a market where your only customers are businesses, which then again will need the B2B and relationship marketing theories.

As far as I have found, the people/organization within Swedavia to be in contact with regarding this project would be Swedavia Konsult. This would be their initial contact to explain what they do and what they have been planning for them, which would then evolve to Company X hopefully getting a phone number to a direct contact person that would be dealing with them.

A good way to open the discussion and spike Swedavia's interest would be to mention the environmental aspect, since Swedavia already market themselves as being a predecessor in environmental topics. Swedavia would in other words, by using Company X:s plant, be one of the first airports in the world to start taking this environmental aspect in to consideration. Something else that would further help Company X sell their idea would be to mention all the disadvantages the pollutants affect water that reaches certain levels. Another selling point in regards to the environmental aspect is that regulations regarding this issue will probably get stricter, which would help them to achieve them even before they rise to attention to the rest of the world. In other words, the added value on this product is quite substantial.

The way I would use these in Company X:s case in a resourceful way would be by making the most out of the most crucial parts of these marketing strategies. In practice, the most important way to market the water treatment plant to Sweden would be to open up a discussion with them and invite them to see the plant in Vantaa. If they reach out to Swedavia in an early stage, Company X will be able to form a relationship with them even before they start doing business together. This would benefit both parts, since both Company X and Swedavia would start getting information about each other that will make the co-operation easier and more effective, they would also start to trust each other. This way, they would also form a stronger bond than if they immediately reach out to Swedavia trying to sell their product. When reaching out to Swedavia, Company X will probably also have statistics to show from the current plant built for Finavia, which will show how and to what extent the plant is working. As for value adding, Company X can by getting more information from Swedavia then offer additional services in regard to the plant. This might not be possible if

Company X does not reach out to Swedavia in an early stage, since then they do not know enough about them and do not know what additional services they would be interested in. If or when Company X gets Swedavia to agree to going through with this pilot project in Sweden, it will open new doors for expanding within Sweden, since then they could get more airports more easily than the first one.

Something to consider when going to Swedavia with their proposition is to have their website translated into English (or even better, Swedish), either by making a separate site for this or by making all of the important texts to a flyer that explains everything as well as the Finnish website. The more professional option out of these two would be to have an option to change the language on the website.

8.4 Export development

The development of the export potential is greatly influenced by how good feedback and references they receive from customers, as they most likely influence Swedavia's choice a great deal.

The export potential will also grow when they have sold a few of their plants for the Finnish market, since they will then have practical examples on how to avoid certain situations, make the assembling process easier and more efficient and also have more knowledge of the information they need to get from the customer in order to make their plant.

The actual transport of the plant should not be a big issue, as it will be completely built in their current location (Raisio, Finland) and then imported in to Sweden. The logistics of this will be similar to the one they made for customers in Finland. The one big different factor is that it will have to be brought over to Sweden by cargo ship, which adds to the logistic planning for some parts, but not in a too difficult way.

8.5 Summary of the results

I will shortly summarize my suggestions for Company X in this following chapter. The first thing for Company X to do is defining the market they are in and start focusing their resources on the most important part of their business, the water treatment. They should also start thinking if they want to start up a cooperation with another company or not, which in my opinion would complicate things and make Company X:s own goals harder to achieve.

A management contract would be a good idea to save some of Company X:s resources so that they would have more time to expand their business.

After this they should already start to make contact with Swedavia, even though their plans are not relevant until a couple of years. The way they should do this is by bringing up the needs for their plant and what kind of benefits they would get by using their product and services. They should also try and get as much information from Swedavia as possible, as this is a way to offer them other things which otherwise not would come up in a short cooperation. When gaining a new customer and the plant is delivered, they should not just leave the customer. Instead they should offer additional services such as maintenance and other relevant things that the customer might need. This way, the project does not really end, and Company X stays as a relevant part of the customers business.

To make it easier for Swedavia to find information and to be convinced that Company X is a good and reliable company, they should also provide them with all the relevant information preferably in Swedish, but English is also an option.

Lastly, the exporting of their plant should not start before they have perfected the assembling process of the plant more. This means that when making projects in Finland, they should do research and come up with solutions to all of the problems that they encounter so that the exporting becomes as easy as possible.

8.6 List of places to seek support from

From Company X:s wishes, I will make a list of organizations that is helping companies and organizations to internationalize, either with financial support or services. This list you can find here below, with the organizations name and a link to their web-page.

Tekes: <https://www.tekes.fi/rahoitus/pk-yrittys/>

Finpro : <http://www.finpro.fi/etusivu>

Formin Finland: <http://formin.finland.fi/public/default.aspx?nodeid=49297&contentlan=1&culture=fi-FI>

EU – Growth: https://ec.europa.eu/growth/smes/cosme_en

EU – Horizon 2020: <https://ec.europa.eu/programmes/horizon2020/en/area/smes>

World Trade Center - <https://www.wtca.org/world-trade-center-helsinki>

Kauppakamari - <https://kauppakamari.fi/kansainvaliset-asiat/kansainvalistyminen-ja-palvelut/>

(Tekes and Finnpro will be a merged and become Business Finland)

9 Summary

Company X should better be able to see what the market looks like and which decisions they need to take in order to go in the direction they want to. If they decide to do the expansion mainly alone, then this thesis will hopefully help them on the way. If Company X decides to use another one of the less explained strategies, such as merging with another company, then they need to go further in to that topic, since this thesis only touched the surface on those strategies. The most important thing for Company X now is to decide what direction they actually want to go, and then really focus and put time and effort in achieving their goals.

9.1 Examining critically

There are a few things to mention when examining my thesis. The first thing are my sources, which a lot of the times are quite old, which might have an impact in the content. Even though the sources are a bit old, I still think the information and theories that they consist of are valid and relevant to my thesis. The things gone through are also things that for the most parts has not changed in the past years, which means that they are still correct.

The second thing is that I do not go in to too much depth in everything. I focused more on the whole picture and what Company X should think about instead of going in to theories in depth. That said, I do think I covered all relevant parts of the internationalization process, and that I gave an explanation of how to proceed when thinking about internationalizing one's business.

Even though I wrote about a lot of different theories, and gave different options of e.g. internationalization strategies, I did not use all of the theory when making suggestions to Company X. I could have taken away some of the theory in regard to what I actually used to draw conclusions out of, but instead I thought that Company X can have some use of the theory. An example where the theory I did not use could be helpful is when thinking about different options than the ones I gave and also as a background information in regard to what other companies might use as a strategy.

The only interview this thesis contains, is the one with one of the owners, which might be seen as narrowminded. Though since I did not find direct competitors with the specific specialization as Company X, I did not see the relevance on interviewing other companies either.

9.2 Reliability and validity

The reliability of my thesis is in my opinion high. I make suggestions based on the theory I have gone through. The theory I used in my thesis is mostly from well-known books or authors which are from the Nordic countries. I think books written specifically by Nordic people, and more specific, Finns, are always more relevant when the case is about a Finnish company.

The validity can be measured as high, since everything I give suggestions of can be backed up by theory in one way or another. Since there is no right or wrong answer when talking about how the best of internationalizing should be done, the validity of the matter is hard to determine specifically.

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Appendix 1

Interview

Questions asked by: Markus Maikola

Questions answered by: CEO of Company X

Which are the companies in Sweden that you are going to contact/pursue?

-Only Swedavia, which is of the same structure as Finavia in Finland

Is it already decided that the plant will be built in Finland and then exported to Sweden?

-Yes, it worked well with the project for Finavia, which was in Helsinki-Espoo airport and we believe it will work for the Swedish project aswell.

What kind of things do you need from your collaboration partners?

-We would need a partner that would help us in the maintenance, because this way we would not have to travel to Sweden every time they have issues. The partner would also be helping with taking samples of the water so we get results.

How well is the building process of the plant?

-The first one took quite a while to build. We believe that the next one will go much faster, and after that we might even be able to build two at the same time. So it was only the first one that took a lot of time and effort.

What kind of competition do you have in this area?

-Currently, there is no competition, because companies have not yet realized this is a problem. This is why no one else is currently competing with us, which makes it hard because we have to do all the groundwork for this market. Meaning for example we need to explain why the airports would need this product if no one else has it and no one else is offering this product.