

Saimaa University of Applied Sciences  
Faculty of Business Administration, Lappeenranta  
Degree Programme in International Business

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**Competitive Strategies of Multinational Enterprises**  
**Case: Foreign Company Entering Taiwanese Market**

Thesis 2018

## **Abstract**

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The purpose of the study is to find out how enterprises expand to overseas market and develop into international business; what strategies those international companies use and what is the factor that affects company when they make strategies. By analysing some competitive international company's strategies, it can be helpful to understand how these firms operated and managed the company, and know the main reason for their success. Furthermore, taking one well-known multinational firm as an example to see how they entered successfully Taiwanese market, and looking at the comparisons of those theoretical strategies and practical examples of international business will clarify the case. Finally, it will be understandable what the primaries or minor points are for companies to expand to international markets.

The thesis will be divided into two main parts, the theoretical part and practical part. The theoretical part will include the strategies for international business, and how multinational enterprises enter emerging markets. The practical part will include real examples of successful companies. The information was gathered from the Internet, online books, and some written scientific sources. The case of the example will be a foreign company which successfully entered Taiwanese market and will include the interview for it.

In the final part of the thesis the two parts will be gathered, making a comparison of the theoretical part and the real example for the company. Moreover, it will include some suggestions for the case company. It will show the final result of how the company expanded to international market.

Keywords: multinational enterprises, expand to overseas market, strategies, Taiwan

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# 1 Introduction

## 1.1 Background

In our everyday life, there are always a lot of well-known enterprises that enter more and more countries. Moreover, nowadays people get to know a lot of information through the internet, and make people, culture, business, and everything from all over the world become globalized. In Taiwan, there are many small-and-medium-sized enterprises that have not transformed into multinational business. However, it is not because the companies do not want to become bigger and bigger, some of them have also tried to enter some new markets but have failed. In contrast, as it can be seen, there are many international companies entered and stationed everywhere in Taiwan. In addition, they did well in this market and even beat some Taiwanese companies and got more market share. Therefore, it makes it interesting to study the strategies of those successful multinational enterprises. Why can they be competitive, what is the reason that makes them win the markets, what kind of difficulties have they faced and how they found the solutions for them are worth for everyone to think about?

There are many reasons that affect a company to become what they are today. As for a multinational enterprise, how they make their strategies and what influences them when making decision are also important. Different countries must have many analyses about the policy, culture, competitors, market saturation and so on. What are the basic theories that are commonly seen as the strategies of an international company will be considered if some small companies want to become competitive in new markets.

The second part of the research will focus on the theoretical research for the strategies of multinational enterprises. It will not only talk about the internal strategies of multinational companies but also the entry strategies when a company enters new markets. It will also discuss the factors that will influence a company making decision for their strategies. Since this study uses Taiwanese market as example, it will also focus more on the culture of Taiwan.

After the strategies, the study will discuss more about the factors that affect the companies when entering new markets. It will include what a company should

consider before entering the markets, what they will face after entering the markets, how they faced and solved those difficulties and what ability of handling the crisis should a successful company have. Also, how can a company become a long-term business after they enter the market successfully is worth to think about.

The third part of the study will focus on the example of the case company which entered Taiwanese market successfully. It will include the introduction of the company, the strategies of the company, how they enter the Taiwanese markets, the difficulties that they have faced before and how they solved it, how they are going to improve more in Taiwan's market in the future, and what their future plan is.

This part of study will also include an interview of this company. The people that this study will interview are the employees in this company's Taiwanese Branch since they will be more clearly understand how this company operate in Taiwanese market. The study will extend more depending on the answers of the interview to make the structure stronger and the practical part more reliable for readers.

The last part will compare the theoretical part and the practical examples, including what theory is useful for company to use and what is not or it will be changed in real business. This part gives a small conclusion and concrete information about the research. Finally, in the end of the study there will be a conclusion for the whole research and the suggestions for the case company.

For personal reason, as there are people from my family working in multinational enterprises in Taiwan since I was little, it makes me become more interested in this type of companies and want to know how they operate to become such a successful business. The expectation of this research is to understand more about the strategies of international business and be willing to know more about the multinational enterprises.

The structure of the study will focus on the strategies of multinational enterprises, including the entry strategies when entering new markets, what is the factor that will influence making decisions, and how will culture affect strategies. And it will continue to practical part which will use a case company for the whole study.

## **1.2 Objectives**

The purpose of the study is to find out how the foreign companies enter Taiwanese market successfully. The idea is to gather the theories and lead to empirical data that we get from the case company. After analysing those strategies, it can also help to realize how a foreign company can enter Taiwanese market successfully, and become a competitive international corporation in Taiwan.

The research question of the study is: How can a foreign company enter Taiwanese market? Furthermore, there are also sub-questions: "What are the factors that will influence a company making decision?" "What are the competitive strategies that a multinational enterprise will have?" In Taiwan, there are many small companies founded in Taiwan, but it is hard for them to become an international enterprise, and also develop the market in foreign countries. Moreover, some of them cannot do well even in Taiwan's market. However, there are many companies from abroad that have come to Taiwan, and they have become large scale corporations in Taiwan while some of them also have failed in Taiwanese market. Therefore, the goal of this study is to know what the strategies that these successful international enterprises have, so that we can get to know how multinational enterprises operate and manage their company.

## **1.3 Delimitations**

For the theoretical part, it will only use some scientific books, articles and information through internet so that it may also have limitations for not getting all the information. This study will include the interview of the case company; however, the interviewing direction of the case company will only base on the situation and environment in Taiwan since the goal of the study is to find out how a foreign company enter Taiwanese market. Therefore, it will not include any situations in other foreign countries.

Moreover, the case company will be quite a big multinational company since the study needs an enterprise that has entered Taiwanese market successfully. Thus, it may have some limitations when doing an interview with this kind of company since they might have some business secret that they do not want to be known by others. Furthermore, the report will interview the Taiwanese branch of the case

company, so there may be some limitations that we cannot have too much information about the headquarters of the case company.

In this study, the company type will be focused more on business to consumer than on business to business company. Therefore, things that are important when a company enters new markets in this study will be limited.

#### **1.4 Initial theoretical framework and literature**

The research question: “How can a foreign company enter Taiwanese market?” is related to not only the strategies for entering a market, but also the strategies in a company and all those factors that make them change the way for different situations. In this study will be used scientific materials to describe and answer all those questions. Following books will be used: James C. Leontiades, *Multinational Corporate Strategy—planning for world markets* (1985), Fang Zhi-Ming, *International Business: Applied Orientation*. As the examples will use online resources, for example the website of the companies, and also contact the company in Taiwan to do an interview. The final part of the paper will compare the theoretical part from scientific books with the practical part from online resources and interview of the case company.

In the theoretical part, since all the multinational enterprises are using different strategies between their headquarters and branch companies, thus will be discussed what are the most common strategies that most companies use. Depends on using different strategies, the branch companies in different countries will present different business and management models. After that, it will be connected to the entry strategies of the enterprise as we can see how many different entry strategies different multinational companies will have due to different strategies from their headquarters. Moreover, it will be interesting to find out what kind of factors influence the decision making for them. In this part, it will be focused more on the culture since the main purpose of the study is to know how foreign enterprises enter Taiwanese market.

The final part of the theoretical part will look back more to the company itself to get to know more about what they will consider before and after entering new markets. How many types of analyses shall they do to make all those decisions?

What kind of difficulties will they commonly face and are there any good solutions for them? Finally, even if a company has a good strategy at the beginning, it does not mean that they can also manage that well in the future since the demand of the markets and the consumer buying behavior are changing very fast nowadays. Therefore, it will include some helpful ways that some companies had to become a long-term business.

## **1.5 Methodology**

The research method for this study will be qualitative in order to collect detailed information about the case company. It will gain an understanding of underlying reasons and motivations after making an interview with the case company; furthermore, to provide insights into the setting of a problem that will be made in the theoretical part and after, uncover prevalent trends in thought and opinion (Snap Surveys Ltd, 2010-2017).

In this study, it will use some scientific books and online resources to complete. For the theoretical part, mostly it will use those materials from the books and articles but gathered in a way fitting the structure of the study. The practical part will use online resources for the introduction or some basic information for the case company, and will also do an interview to someone who works in the case company of Taiwan Branch to get more information and to think more about it. The study will get empirical data by gathering both the information from online resources and the company interview. Moreover, the empirical data will help the study to extend more for this topic.

The goal of the interview is to collect a maximum of qualitative data. Since the data that it will receive from the company is usually more practical to the research, the questions for the company will be more precise so that we can get more useful information from the case company, and be able to do the comparison and discussion after the interview. (Snap Surveys Ltd. 2010-2017.)

## **2 Strategies of multinational enterprises**

### **2.1 Multinational Enterprise**

A multinational enterprise is a parent company which consists of at least one subsidiary abroad. The subsidiary can be engaged in many kinds of businesses, for example, logistics, marketing and research and development. However, the most important thing is that the operating of the subsidiary has to be controlled by the parent company. Nowadays, there are already a lot of well-known multinational enterprises all over the world, for instance, 7-Eleven from Japan, HTC from Taiwan, Lidl from Germany, and Citibank from America. (Fang 2015, p.166.)

Some of the multinational companies become stronger and stronger while some of the companies only appear for a period of time and then get worse. Becoming a multinational enterprise is important and almost necessary for most of the companies since the phenomenon of globalization is common currently. Therefore, as we are all influenced by this phenomenon in our everyday life, most of the enterprises start to build the global configurations and in the process of internationalization. And the most important thing that all the companies should learn is the strategies, especially the entry strategies. (Leontiades, 1985.)

To become a multinational business, there are definitely some benefits, costs and risks that a company may have to face. The motive and purpose for a company to turn into globalization can be set up in few points, and we can also regard them as the strategies that these kind of companies use. First of all, some of the companies wanted to lower their costs since some of the countries have enormous labour resources and wide area of land to use. Some of the countries even lower the price of renting the land in order to attract foreign enterprises to invest so that they can have more funds. (Leontiades 1985.) For example, the new southbound policy is getting popular in Taiwan recently; more and more Taiwanese companies are interested in setting up their factories in India since they analyse that India is a potential market in the future.

Secondly, some of the companies set up their company abroad because that country has the most powerful industry development; for example, science and

technology industry in America and China, auto industry in Germany, and boutique retail industry in France (International Economy Observer 2016). Sometimes the locational advantages and industrial cluster will attract the correlated industry to set up the industry in that country to get to learn from them and get the advantages. Thirdly, some of the industry's market in their country is saturated. This will make those companies set up their industry at another country which is more suitable and is growth-oriented. For example, some Taiwanese shoe-industry went to Vietnam to set the factory there since the scale of this industry in Taiwan is too small. (Lin 2014.)

## **2.2 Multinational Strategies**

Most of the multinational businesses have to set up some competitive strategies so that they will have a guideline to face those difficulties in their future. There are many different types of corporate strategies, and the most common one that has been used very often is from Porter (1980), *Competitive Strategy*. The strategy has three main parts: Overall cost leadership, Differentiation and Focus. First, the overall cost strategy is to reach the lowest possible cost as the company can, so that they can compete with others. This is the most basic strategy that people can easily think of, and it is related to the principle of return on investment. A company that only pays attention to the growth of the company or the percentage of market share will be quite risky. (Harvard business review 2008.)

Second, the differentiation strategy is to make the company become more unique than others. Once a company owns its distinguishing feature, it can make its own special value. Those products that are not able to be replaced will make the customer's loyalty much higher, and this makes the company become more competitive. If the company has similar products as its competitors, most of the customers will choose the one which has lower price or the more famous brand. Third, the focus strategy is to make the position of the company itself clear. The company should make the decision of what their target customer is, so that they can put all effort to reach the main goal. (Harvard business review 2008.)

In addition, there is another strategy theory from researchers Bartlett and Ghoshal (2000). Their theory based on external environment since they think that

all the business strategies have to meet the needs of the environment. Therefore, they make a classification of the strategy types depending on the global integration and local responsiveness. The global integration means the level of internal integration, which is mostly dominated by the parent company so that they can share the resources and have consistency. The local responsiveness means that the parent company wishes that the branch company can consider more about the environmental differences and satisfy the customer's needs of that market. According to the two main ideas, Bartlett and Ghoshal make the multinational business strategies to four types: Global strategy, international strategy, transnational strategy, and Multi-domestic strategy. (Fang 2015, p.167.)

Global strategy means that a company is more centralized, and mostly concentrates on few areas to reach the economy of scale. Multi-domestic strategy means that the company presents a higher local responsiveness and lower global integration. It is quite decentralized and the degree of integration between the branch companies is low, but each of them has sufficient resources and abilities. International strategy is the one that will be focused more on in this study. This kind of strategy centralized the important decision making in the parent company, and other reason that appears due to different areas will let the branch company make the decision by themselves. This strategy pays attention to both the local responsiveness and global integration. (Rugman & Verbeke 2014.) The last one is also being called by Bartlett and Ghoshal as an ideal type since no one has reached this one until today. This strategy is to learn from different areas and transfer this kind of differentiation to the other entire branch to become their resources and abilities. Therefore, the parent company is not the only one that is powerful enough to compete with others since the branch company can also become strong. Below is the chart for these four types of strategies. (Fang 2015, p.168-p.170.)

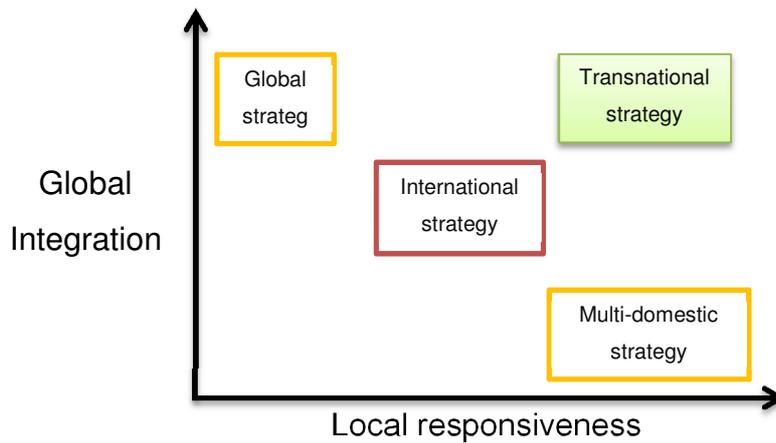


Figure 1: Four types of strategies consisting of two main factors (Fang 2015)

### 2.3 Globalization

Nowadays, we are being influenced by everything in the whole world no matter where we are, including the food, drinks, culture, clothes, and economy and so on. Globalization means that all the countries across the national frontier interact the material life and ideas with each other. It makes the world become a whole. (InvestingAnswers 2017.) In business environment, it can be regarded as the whole world gradually becoming one big market. Thus, all the company's target is to provide their products and service to the whole world. In other words, the markets in the entire world are being served by those most efficient companies. (Fang 2015, p.16.) For example, we can see a lot of cars, clothes, and shoes from plenty of different brands in Taiwan.

The phenomenon of industrial globalization can be seen everywhere, and it makes the customers able to buy everything they want no matter where they are. The companies want to build the global value chain so that they can get the benefit or resources from who has the advantage. Because of globalization, all the markets are related to each other and will be influenced even if they were far away. (Harvard Business Review 1983, pp.92-102.) For example, due to the Tohoku earthquake in Japan, 2011, the northeast tsunami made a lot of supply chains shut down and thus auto parts could not be delivered to the car depot. It influenced a lot of car companies abroad not being able to sell the cars to the customers on time. Below is the form that shows the supply shock's transfer effect

for different industries from Japan (Figure 2). From the percentage can be seen that it affected lots of industrial machinery & equipment and computer electronic equipment in Taiwan, Thailand and Malaysia. Thus, a lot of companies in these countries were affected by this issue. This shows that, although the disaster happened in Japan and affected the industry and companies in Japan, however, all the other companies in the whole world were influenced. (Li, Jhu, Huang & Chen 2011.)

<i>From Japan export to:</i>	<i>China</i>	<i>Indonesia</i>	<i>South Korea</i>	<i>Malaysia</i>	<i>Philippine</i>	<i>Taiwan</i>	<i>Thailand</i>	<i>USA</i>	<i>Average export conflict</i>
<i>Chemical Products</i>	0.7	0.3	2.2	2.1	1.0	3.2	1.0	0.3	1.4
<i>Petroleum Products</i>	0.1	0.0	0.0	0.7	0.3	0.1	0.0	0.1	0.3
<i>Rubber Products</i>	0.6	0.6	1.7	1.1	1.2	2.6	1.3	0.4	1.3
<i>Non-metallic mineral Products</i>	0.5	0.4	0.8	1.3	0.7	1.2	1.2	0.2	0.9
<i>Metal &amp; metal Products</i>	1.0	1.4	2.8	4.5	2.2	3.6	2.7	0.4	2.4
<u><i>Industrial machinery &amp; equipment</i></u>	1.4	4.9	2.9	<b>3.1</b>	2.3	<b>5.0</b>	<b>7.5</b>	0.6	3.5
<u><i>Computer &amp; electronic equipment</i></u>	3.6	1.5	3.0	<b>4.3</b>	7.4	<b>5.6</b>	<b>5.7</b>	0.8	3.9
<i>Other electronic equipment</i>	2.3	1.4	3.0	4.3	1.9	5.2	6.3	0.6	3.2
<i>Transportation equipment</i>	1.4	1.6	2.9	3.8	2.1	3.4	5.8	1.0	2.8
<i>Other manufactured goods</i>	0.9	1.0	2.7	2.4	1.2	4.2	1.7	0.4	1.8
<i>Average import conflict</i>	1.2	1.3	2.2	2.8	2.0	3.4	3.3	0.5	2.2

Unit: %

Figure 2: Supply shock's transfer effect for different industries from Japan (Li, Jhu, Huang, Chen 2011)

## 2.4 Entry strategies

### 2.4.1 Entry location

Most of the multinational businesses will consider the entry strategies before entering new markets or countries. The entry location should be analyzed, how attractive is it and how many advantages does it have? Is it worth it for the

company to make the decision to enter this new market? What is this location's potential of development in the future? What kind of entry mode should they use to enter? Therefore, after a company analysis the entry location and think there are benefits, they will choose the entry mode to find the most suitable way. (Fang 2015, pp.182-190)

There are few points about the advantages and attractive reasons. First of all, the attractiveness of a market means how big the consumption or the consuming ability is there. It can use the "population of market consumer\*average national disposable income per person" to compare the market size. The reason for using the formula is that some of the products will only have demand in those places which have the average national disposable income to a certain extent. Thus, to determine the market size, it is not correct to only consider the population of market consumer. (Kim and Hwang 1992, pp.29-53.)

Secondly, the potential of the market's development in the future should be considered. It can be determined by the "growth rate of expected average national disposable income per person", "unsatisfied market demand" and "level of hyper-competitiveness". The growth rate of the national disposable income is related to the consumption of the market. Unsatisfied market demand may be due to not having enough companies selling the products or the quality is bad. This can be analysed by comparing with some advanced company of how they provide the service and how is the quality of their product. The level of hyper-competitiveness can be used to see if there are potential benefits to get in this market. (Kim and Hwang 1992, pp.29-53)

Thirdly, the cluster advantage of host country's industries is one of the main reasons that companies will consider before entering new markets. Cluster advantage means that the industry in that market or area gathers high level suppliers, complementary industries, beneficial related resources and high level consumer demand together. It is an attractive reason for international business since it can gain more benefits if the company produces or enters in this market, and the reason is due to this market owning sufficient supply for various resources and talents, also promotion of innovation. Therefore, more and more international businesses regard this as an important point. (Kim and Hwang 1992,

pp.29-53) For example, there are a lot of science-based industrial parks in Taiwan, so in that area are all those technology industries, and this creates cluster advantages for those companies. (Fang 2015, pp.182-190)

Fourthly, the quality of human resources in the market is important. Nowadays, brain and mind ability are already much more important than any land or funds. For example, it is obvious that the location of research and development in Taiwan has already attracted a lot of famous industries to set up their research and development centers due to professional human resources here. (Kim and Hwang 1992, pp.29-53.)

Lastly, the companies will also consider the economical and political issues in that area. Sometimes the political issues are not stable in that area, or the area might cause serious risk to be attacked by terrorist. Mostly, the international companies will analyze the economical risk and political issues of each country regularly, to lower the risk and consider their strategies. (Kim and Hwang 1992, pp.29-53.)

Moreover, there are some other reasons for choosing the entry location, one of them is the relative competitive advantage of companies, especially comparing to those company's competitive advantages in the host country, including local businesses and foreign businesses. If a company wants to develop in the host country, and they have some advantages, for example, better quality, lower price, lower costs and good brand image, then it will bring high potential for the company to get benefits in the host country. (Fang 2015, pp.182-190.) Another reason is due to the reward from the country's policy. Some of the countries want to attract foreign investment to their country, and they will provide some encouragement and rewards, for example, tax break or allowance, to let those companies choose them as their entry location. In addition, some of the companies choose the entry location due to their upstream suppliers and downstream customers. (Kim and Hwang 1992, pp.29-53) For example, a famous company called Pou-Chen, set up their factories in China to lower the costs and develop Chinese market because of NIKE, the famous sports brand which is Pou-Chen's upstream customer. The other is the global arrangement of other competitors. (Reference for business 2017) One famous researcher Yip,

said that the companies must enter some important area, including the competitor's home country market and those markets which are important for their competitors. By entering these markets, it will be much easier to keep their competitors under observation. Moreover, they can also observe how their competitors did to enter the market and what kind of strategies they used. (Calegario, Houston & Campos 2015, pp.47-61.)

#### **2.4.2 Entry mode**

There are four main entry modes, export, licencing and franchising, international joint venture and wholly owned subsidiary.

Firstly, export is a way that is more commonly used in a company which starts being internationalized since this can help them solve the problems of not being familiar with foreign markets, for example, the policy and consumer buying behavior. The company can export by themselves or find agents in our country or the host country, but they should make sure the host country has the demand for their products or if there are some companies already producing there. In this can help the company to lower the risk and cost, however, there might be also possibilities that the agents do not understand clearly the company's products, and the company cannot control the agent. Take Taiwan's mango industry as an example, they sell their mango gift boxes to Sogo demartment store since the price of Taiwan's mango can be up to 23 euros in Japan. (Fang 2015, pp.191-196.)

Secondly, licensing is more oftenly being used in manufacturing while franchising is more often being used in servive industry. The enterprises in the host country, which is called licensee, buy the licence of the company's technique skill, knowledge, brand or trademark, so that licensee can produce and sell the products from licensor in their country. The franchisor will give the operation knowledge, especially management, to the franchisee. Licensing and franchising are commonly used in multinational businesses, and also especially in those companies which start being internationalized. If the company can find a good business partner to authorize, this can help them to develop foreign markets without operating by themselves. Moreover, the company can start to learn the

knowledge and information from foreign markets. The disadvantage is that it is hard to control the product and service's quality, and maybe it will bring up competitors. (Fang 2015, pp.191-196.)

Thirdly, international joint venture is the mode in which the company will invest funds and resources with the other company, especially those companies in the host country, and do business in the host country's market together. The advantage for the company is to lower the risk, share the costs with their partner and have resource complementation. However, joint venture can also have the risk to bring up competitors in the future since their joint venture partner might break off the relations and operate independently. For example, the Japanese convenience store, Family Mart, succeeded to enter markets abroad by international joint venture. At the beginning, they used the same way to operate as they did in Japan, including the products, design of the store and the decoration style. However, this did not work for the consumers in Taiwan. Finally, they built international joint venture with a Taiwanese company, Ting Hisin International group, which is a franchise of instant noodles. This made them succeed to have more stores in Chinese market, and even more than the best convenient store in Japan at that time. (Fang 2015, pp.191-196)

Fourthly, a wholly owned subsidiary means the company establishes a new subsidiary company in foreign markets by themselves. This means that the company will have to afford all kinds of risks and invest funds and resources by themselves. In contrast, the company can have full authority on the profit. Besides, the company can also control their subsidiary company completely, so the core ability of the company can hundred percent move to their subsidiaries. (Fang 2015, pp.191-196.) However, this mode should better be used when the company is familiar to foreign markets and have great experience to do multinational management. Sometimes the company chooses this mode because the company cannot find suitable cooperate partner. For example, McDonald's uses this mode to operate and manage their subsidiary company in Taiwan now, while before they use international joint venture. This can make them gain more profit and lower the risks since they are familiar with Taiwan's market now. (Lin 2015)

	Export	License & Franchise	Joint Venture	Wholly owned subsidiary
<b>Degree to take risks</b>	Low	Low	Middle	High
<b>Degree to invest resources</b>	Low	Low	Middle	High
<b>Degree to control</b>	Low	Low	Middle	High
<b>Needed time</b>	Fast	Fast	Middle	Slow

Figure 3: Comparison of four entry modes (Fang 2015)

### 3 Factors affecting strategies

#### 3.1 Before entering new markets

##### 3.1.1 Brand strategies

Besides the entry strategies, the company also has to decide the brand strategy since it is related to the appearance of the brand type and the way to build the brand. The brand type can be chosen between single brand and multi-brand, global brand and local brand, and its own brand and channel brand. First will be discussed single brand and multi-brand. Single brand means that the company has only one brand even when they enter other markets. This can make the company have the congruence of brand image, and also lower the cost of advertisement promotion. For example, the German car brand BMW, uses single brand strategy, so they do not need to advertise too much since this brand already has good reputation, and gains a lot of benefits for selling their products. (Chen 2017, p.152.) Multi-brand means that the company creates more than one brand and gives each brand different position and value. This will make the company do the market segmentation for each brand. However, the company will also need to spend more marketing costs for different brands. For example, the well-known cosmetic group, L'Oreal owns a lot of brands including Shu-Uemura, Lancôme, and Maybelline. Thus, L'Oreal group needs to set up different market segmentation for each brand, and also make promotions and advertising for each brand.

Secondly, global brand and local brand will be explained. A company which chooses global brand will have the same brand all over the world, for example Starbucks, which has opened many stores in many countries and they have the same name as well. Local brand means the company uses another name due to some special situation in that market, some of them also because the name is already being used by others. Thirdly, its own brand and channel brand will be discussed. Its own brand means the brand that the company established by themselves while channel brand means the contrary. Because the channel brand is not established by the brand itself, so if the brand can get the right to use the brand, they can expand their production scale and get to lower the costs. Moreover, if the company has the right to use the channel brand, they can get more chance to hit the store shelves of the channel points. (Fang 2015, p.315.)

### **3.1.2 Brand value**

A brand which has valuable brand value can help the company gain more benefits and profit. However, it will also cost a lot of time and resources to build the brand value. A valuable brand should accumulate their brand equity, which can be evaluated by using the structure, including brand awareness, brand association, brand loyalty and perceived quality. (Aaker 1991.) Thus, there are four important factors that should reflect on brand value, the good quality of the products, the unique traits of the brand, the reputation of the brand and the loyalty of the customers. When an international market is very competitive, those factors will be even more important. (Fang 2015, p.316)

First is the good quality of the products. We can see from a lot of famous brand that they are always emphasizing superior quality of their products to the customers. For example, the slogan of ASUS, a Taiwanese company, is “the quality of ASUS is solid as a rock.” (Lin 2006) A Japanese camera company, Nikon, also well known for its great quality attracts a lot of professional photographers. These two examples can tell that the brand which does not have good quality will not be able to have good brand value. Second is the unique traits of the brand. The brand value stands out to be good due to their differentiation from others since this shows their particular. Take automobile companies as examples, BMW’s trait is prominent performance, Mercedes-Benz’s trait is luxury and comfort, Volvo’s

trait is strength and safety and Jaguar's trait is classical style of the design. These are all from the association of the brand and can tell the traits of them all. (Yan 2014.)

Third is the reputation of the brand. All the brands should be known by the customers first then the customers will buy the products of the brand. All the companies should do a lot of marketing and promoting strategies to make the brand become well known. For example, the bicycle brand, Giant, is always very active to sponsor many competitions, like Tour De France. The famous luggage brand, Diplomat, sets up more than 50 stores in many airports to be well known by the customers. (Xiong 2011.) Lastly is the loyalty of the customers. If a brand can success in this part, it means that the brand has positive image in customers' mind and will have word of mouth marketing automatically. This will increase the market share of the brand and become more competitive. This is why CRM, customer relationship management, is very important for a brand. For example, the Japanese company Shiseido opened Shiseido Beauty Studio in China to provide hair design, hair care and professional classes to pass on the sincere services. (Jiang 2010.) This won the customers' trust and also made a big differentiation from their competitors. The purpose to have good brand value is to keep the customers, make the customers satisfied with their products, and have good image to the brand, so that the customers will want to come back and buy again. (Fang 2015, p.318.)

### **3.1.3 International pricing**

For multinational businesses, the pricing strategy for their products abroad is much harder than in their home country. This is due to many factors including different competitors' pricing strategies, differentiation of the law and channel and the expenditure habits of consumers in different countries.

There are two types of pricing strategies, global flat price and regional price discrimination. If a company uses global flat price, it means the price of its products all over the world are the same. This can let the company manage their business easier, and also maintain the brand's congruence of image. Nevertheless, those companies or consumers who want to earn money from the spread due to price

differentiation in different region will not happen. (Fang 2015, p.322.) Mostly, the high-end products will choose to use global flat price, for example, boutiques. There is one coffee shop, called Starbucks that also uses global flat strategy to maintain their brand image to customers.

Regional price discrimination means that the company sets up different prices for different markets. The benefits of this kind of strategy is that the company can make suitable price depending on consumer buying behaviour, costs of producing and selling and market competitive situation. Take McDonald as an example, same hamburger in different countries has different prices. Below is the chart of the top five countries with the highest and the lowest price of McDonald’s Big Mac hamburger in the world. The highest price is in Switzerland and the lowest price is in the Ukraine, and the differentiation of the price is 5.04 US dollar. (The Economist 2017.)

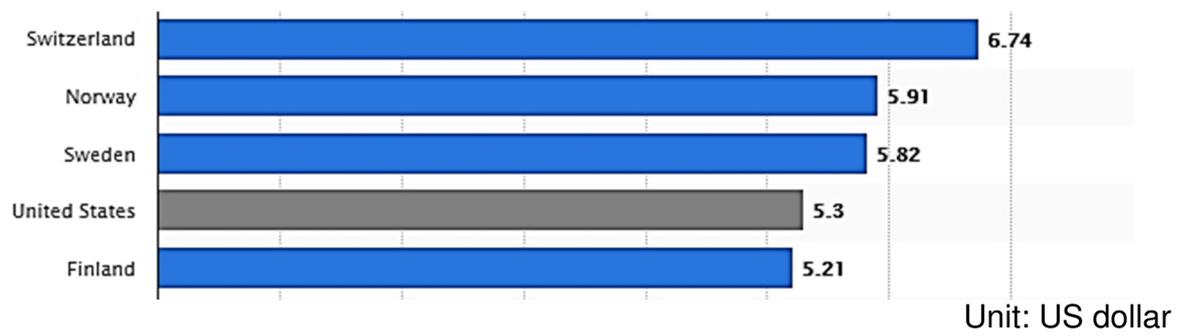


Figure 4: Top five countries with the highest price for a Big Mac in the world (The Economist 2017.)

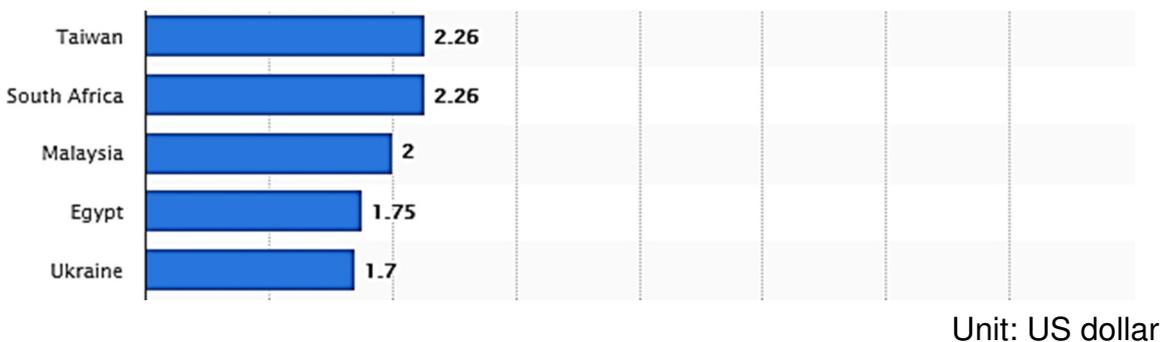


Figure 5: Top five countries with the lowest price for a Big Mac in the world (The Economist 2017)

## **3.2 After entering new markets**

### **3.2.1 Promotion strategies**

After the company succeeds to enter new markets, they need to think about how to catch more customers. The promotion strategy means that the company uses marketing communication mix to pass on the information of the trait of products, advantages, price, buying method and so on to the customers. The promotion strategies that are more commonly used are sales by employee, sales promotion, commercial exhibition, direct marketing and public relation. The company should make integrated marketing communication (IMC) to integrate and coordinate all the promotion strategies so that they can have consistent product and brand information.

Firstly, let us discuss sales by employee. The advantage of this promotion strategy is that the salesman can directly pass on complete information to customers, and also understand the customers' needs by interacting with them. If the company wants success on this strategy, they have to hire salesmen and also train them well. They can choose to hire salesmen and manager from the host country or use expatriates from their home country. The most important thing after hiring those employees and managers, the company has to give professional training so that they can understand their product's trait, the environment of the host country, the company's target and the consumer buying behaviour more completely. Secondly is the sales promotion. This means the company attracts customers to buy their products through some short-term activities. For example, giving coupons, having discounts, creating lottery event, giving out some demos, tester or small gifts. These events can increase the purchase intension of customers and make the company have more sale volume. Thirdly is the commercial exhibition. A lot of companies like to promote their brand and products by attending many famous commercial exhibitions around the world. For example, electronic entertainment exposition (E3) in the USA, Toy festival in Taiwan and CeBIT computer exposition in Germany. These are very great stage for companies to promote their products and be well known.

Fourthly is direct marketing. This can make it more convenient for the customers to buy the products they want without going to distributors and sales location. For example, sending memos to customers, TV shopping channel, online shopping and marketing by calling. Lastly is public relation. Some companies will let people know them more and establish good image through press release, press conference, big events, media interviews and business visits. For example, Chartered bank has gathered charitable event with Marathon since 2013 to support the visually disabled people to get a job. (Zheng 2017.) They sponsor a lot and get good company image, moreover, they increase the exposure on international stage and save money to do advertisement.

### **3.2.2 Advertising strategies**

Advertising is the closest promotion strategy with customers because customers can directly get the information from the companies through media, television, magazines and internet. A successful advertisement can impress customers deeply and thus increase the good brand image and sales volume. However, when a company wants to make advertisements in the host country, they have to consider the policy, environment, religion and culture differences. There are two types of advertising strategies in a foreign market, advocacy advertising and revision advertising. The advocacy advertising means a company uses the advertisement the same in all markets and only add translations on it. This can make the company build up the same image for their company, for example, lots of automobile companies, like BMW and Mercedes-Benz, want to show customers that they have same good quality and value all over the world, so they mostly use the advocacy strategy to use same advertisement. The revision advertising is use to meet the market's needs due to the government's policy, culture and so on. They will do some revisions but still ensure that the advertisements meet the same image and position for their products. For example, Starbucks changed their brand logo from a normal woman's face to a woman wearing the veil in the Middle East area due to the religion factor. (Fang 2015, p.326.)

### **3.2.3 Adaptation strategies**

Adaptation strategy is to help a company propose their international marketing strategies, and this can be classified by two certain points of view, “modify products or not” and “modify marketing communication mix or not”. It can get four types of strategies, dual extension, communication adaptation, product adaptation and dual adaptation. (Fang 2015.)

Firstly is dual extension. This means a company does not modify both the products and marketing communication mix, and they use everything in the same way as they use in their home country and extend to foreign markets directly. When the customers’ demand for a product is consistent around the world, and their needs will not be influenced by marketing communication mix, then the company can consider to use dual extension strategy. For example, some industrial products like CPU and LCD components in the world are mostly the same, thus they can use dual extension strategy. But mostly, some consumer products are not suitable to use this strategy. Secondly is the communication adaptation. It means that the company can continue to use the trait of the products to the host country, however, the marketing communication mix like the type of advertisement and the way to do promotion should change. For example, when Pepsi was going to enter ethnic Chinese markets, they found some famous celebrities from Taiwan to endorse their products though Pepsi was already well known at that time. (Fang 2015.)

Thirdly is the product adaptation. This means the company can continue to use the same marketing communication mix to the host country but has to modify the products due to the weather, geographic location, government’s policy and many other factors to meet the market’s needs. For example, some luxury automobile company used the same advertisements as in their home country when they entered Taiwanese market. However, they adjusted the air conditioner system and suspension system to meet the environment in Taiwan. Fourthly is dual adaptation. This strategy is used for a company which has to modify both the products and the marketing communication mix. This is actually quite commonly used in lots of companies since the weather, culture and environment are all distin-

guished in different markets and countries. For example, McDonald's has different flavours of the same product in different countries due to the taste difference. Moreover, the price and combo combination is also different for satisfying the customers all over the world. (Fang 2015.)

		Modify the marketing communication mix or not	
Modify the products or not	<b>Same</b>		<b>Modify</b>
	<b>Same</b>	Dual Extension	Communication Adaptation
	<b>Modify</b>	Product Adaptation	Dual Adaptation

Figure 6: Four types of international marketing strategies (Fang 2015)

### 3.2.4 Channel strategies

Channel means the transfer process from manufacturer to customers. During this transfer process, there are a lot of intermediaries like local agents, distributors and all types of channel to support transferring and selling the products. For multinational business, international marketing channel is one of the key factors for a business to operate overseas since the familiarity and accessibility of the foreign markets is not as high as in domestic markets. This makes some multinational businesses have the strategy to understand more about the business environment, consumer buying behaviour and the market condition through intermediaries and agencies. (Fang 2015.)

If the retailer that the business cooperates with can transfer all the information correctly and efficiently, it can build a win-win situation for the whole industry. Besides, a retailer can play a role to adjust and coordinate, and help the customers to plan safe stock volume, provide correct market demand to make the industry have the supply and demand balance. While entering new foreign markets, the company should be aware of the channel differentiation. For instance, FICCI (Federation of Indian Chambers of Commerce and Industry) set up a rule that all

international retailers cannot use franchising and merger or acquisition of the existing retailers. The store must be a totally new store and cannot operate online shopping. Moreover, the local government can add more rules for international retailers to follow based on their law which can gain more difficulties and obstacles for international business to invest. (Fang 2015.)

There are five types of channel strategies to choose from while entering foreign markets, distributors from home country, distributors from host country, global distributors, build distributors by the company itself and merger with and acquisition of foreign distributors. Firstly, distributors from home country can help the company to transport their products to foreign markets to sell, including export agent, trading companies and export merchant. Export agent gets benefits from export service, like customs clearance procedure and product transport. Export merchant buys a lot of products from manufacturers and exports with their own marketing strategies. Secondly, distributors from host country can lower the costs compared with setting up channels by the company itself. Moreover, the local distributors will have the advantage of knowing the market environment and consumer buying behaviour in the host country, so that they can give the company some suggestions for marketing strategies. This includes local wholesalers or local agents, and the differences between them is the ownership of the products. The former one has the ownership of the products since they are sellers and buyers between manufacturers in home country and the local wholesalers. On the contrary, the latter one does not have the ownership of the products since their purpose is to earn the service commission.

Thirdly, global distributors can help the company enter the market rapidly, however, the slotting fee is also expensive. Many famous companies choose this way, including Walmart, Costco, B&Q and Carrefour. Fourthly is building distributors by the company itself. Though there are three external path already, some companies still think that it is important to build their own distributors if they have resources and capabilities. Some of the companies build their own distributors when entering the markets in the middle of nowhere and there are not many strong external distributors. Furthermore, some companies are afraid of the counterfeit and want to maintain their marketing quality and corporate image, so that

they prefer to have their own distributors. However, this way will cost the company more and the location may be not suitable. Lastly, merger with and acquisition of foreign distributors is almost the same as having their own distributors. However, considering the costs, time and suitability, if there are some other channels already with advantages there, merger with and acquisition of foreign distributors can be a good choice for the company. (Fang 2015.)

The factors that a company will consider for the decision of channel strategies can be the amount of resources that a company has, how deeply the company understands the market environment, the brand and quality control, the establishment of the strategies and the ability of the distributors.

### **3.3 Long-term business**

Every company should have long term plan to continue operate the business since this is the key point for an enterprise to develop steadily. Most of the company's long-term strategies will include several parts: environmental analysis, predicting corporate vision, comparing their goal to their current situation, and setting up the company's strategies and making actual implement plan. First, the environmental analysis is to predict the basic sight of how the company will develop after few years. This analysis can include the export market, purchasing market, exchange fluctuations, product technology, information technology and the demand from customers in the future. All kinds of factors should be used to make more detailed analysis in order to depict the operating environment after few years. Second, to predict corporate vision means to base on the vision and set up developing goal which is full of challenges. This is for leading the company to a long-term operating direction, and the company can plan the target according to the direction and environment. However, the goal should not be just a challenge, it has to be reachable. (Technology industry information office 2015.)

Third, comparing their goal to their current situation. It is necessary to find out the difference between now and the target, so that the company can set up the strategies for the gap between; setting up the goal and looking back to the company to know the gap, and using SWOT analysis to analyze the company's strengths, weaknesses, opportunities and threats. One should make efforts to the strengths,

avoid the weaknesses, take advantage of opportunities, and face the threats in a positive way. Last, one should set up the company's strategies and make actual implement plan, and revise the strategies because of the changeable environment. After setting up the strategies, the company has to implement them properly. To implement means the organization should invest resources, labors, and set up the timeline. All the departments should cooperate with the company's strategies by thinking how to change the organization structure. To sum up by an example, when a company starts a three year plan, the first step that they will have to do is to keep on the observation to the company itself and do some analysis about their business. Second step is to make sure what they would like to achieve within these three years, and look back to their company to find out the gap between now and the future. The last step is to analyze what the company should do or implement to reach their goal. (Technology industry information office 2015.)

## **4 Case company – Electrolux**

### **4.1 Introduction**

Electrolux is a Swedish multinational business that produce household appliances, and the company's headquarter is in Stockholm. It was established in 1919, and it is a listed company. The sales volume of their household industry products in the global market is at the second ranked, right behind the first ranked, Whirlpool. However, the sales volume of laundry equipment for commercial use in the global market is at the first ranked. The Electrolux group's brand included Electrolux, AEG, Frigidaire, Husqvarna, Eureka and Zanussi. In this case study, it will only talk about the original brand, Electrolux. Although the Electrolux group is selling different kinds of products by the different brands in their group, the major consumption market is vacuum cleaners and white goods, and they also produce professional electrical appliances. In the household appliances industry, they separate different products to white goods, black goods and brown goods depending on the collective colour of the products, and the white goods are the most popular products in Electrolux. (Electrolux official 2018.)

Electrolux thinks that when the customer buys products from them, it not only means that they choose the product's physical function for better and more convenient life, but also means that they trust and agree with the culture of Electrolux. Therefore, the best way to maintain this kind of trust from the customers is to provide customized service for them. That is the reason why the design of the products from Electrolux is always combining with humanity and realistic. It shows the human orientation of this brand, and make all the Electrolux customers be satisfied with the best quality of both the products and the service. There is a saying that, "as long as you win the customer's mind, you win the markets." This spirit reflects in Electrolux very obvious and it can be said to be the secret behind this brand. (Fu 2017.)

The way how Electrolux designs their products is not staying in the laboratory for a long time but more focused on observing the needs of people. Electrolux expects their customers to not use the instructions to operate their products but use them naturally and easily understanding how to use them. Their purpose is for human's life become more comfortable and make imagination become real. (Fu 2017.) The enterprise culture is "Thinking of you", it emphasizes that the key point for Electrolux is to satisfy the demand from customers.

## 4.2 Competitor analysis

Electrolux has many kinds of household appliances products, and different products have different competitors. Take vacuum cleaner as example, Electrolux's competitors are Dyson from England, and Hitachi and Panasonic from Japan. However, if we take small kitchen appliances as example, Electrolux's competitors are Philips from Netherland and Hitachi and Panasonic from Japan. In this paper, we will pick up one competitor as an example, and do more detailed competitor analysis between Electrolux and the company. Below is a basic comparison between these companies.

Brand	Country	Brand image	Feature of the product & brand
Electrolux	Sweden	Always think of people	Minimalist design style from Nordic

<b>Dyson</b>	England	Technological sense	Fashion and out of ordinary
<b>Hitachi</b>	Japan	High class and fancy	Reasonable price, close interaction with customers
<b>Panasonic</b>	Japan	Reliable and advanced	Robust design and innovation
<b>Philips</b>	Netherland	Lifestyles of health and sustainability(LOHAS)	Take human beings as essential

In this paper, we will take Dyson as example to do the competitor analysis as it is also a non-Asian brand. Dyson was established in 1983 and its headquarters are in England. They actually do not define themselves as a household compliance company since their investment in technology is 40% of their profit in a year. Thus, they regard themselves more as a technology company. The main products they have are vacuum cleaners, hand dryers and electric fans, and 90% of their retail sales is not from England. The target group for Dyson is the same as Electrolux, the high-end market. They are very successful in product differentiation and it makes their customers do not have too many choice to do price comparison since there is lack of similar types of products in the market. This makes them have low bargaining power. Dyson also invests a lot to do advertising for their brand image, for example, they design their official website very cool and fashionable to attract young and rich consumers' buying behaviour. (Dyson official 2018.) Their strategy for their products is disruptive innovation, and they choose those kinds of products which are general and popular in the market already to modify and optimize the weakness part of the design. The advantage of this kind of strategy is that the products already exist and are being accepted by consumers in the market. Once if they can overcome the weakness of the current products and provide better ones, their products will be accepted by the consumers very quickly. (Leqing think tank 2017.)

Comparing Electrolux and Dyson, they are both from European country and both focus on high-end target group in the market. The vacuum cleaner market share of Electrolux and Dyson in Taiwan is very competitive. Electrolux's brand image is to care about customer's life and health while Dyson's brand image is to make

their products become the best in the market. The product design of Electrolux is simple and elegant, and for Dyson there is more stiffness and maneuverability. The target group for them both is the same, however, Electrolux's products are more attractive to female and Dysons' more attractive to male due to the product design. Both of them are popular and being well liked in household appliances market, and they both attract and have their own target customer group. (Leqing think tank 2017.)

## **5 Interview with case company—Electrolux**

### **5.1 Factors which Electrolux considers before entering new markets**

The consideration includes population and consuming ability of the market, whether the usage method of the products is suitable for the consumer or not, the living habit of the consumers, the acceptability of the product in this market and the potential of the market. The company will do some analysis to see if their products have niche market or mass market there, for example, a company selling sandals might have niche market in Finland compare to tropical countries since in Finland it is mostly snowing.

The company will have to consider the costs before entering, including man powers, investment, rent and several other cost. All the costs must equal or be less than their profit of selling their products, in the other words, the company needs enough profit to support their company. The company has to analyze and estimate how many years they need to reach positive value of profit, and this is related to how much capital they are willing to invest for this new market with negative profit at the beginning. Take shoe industry as example, before Taiwanese shoe industry planned to enter Vietnam market, they needed to calculate how much capital they can invest, including labor costs, building warehouse and factories, the rental of land, and some tax fees from the Vietnam government. Moreover, they needed to consider the unstable inflation of the currency, the unstable labor and political situation and lots of strikes and demonstration and even have serious Chinese exclusion. All these risks will affect the operating of a company and thus influence the profit.

There are no factors that will affect them the most since all the factors are influential and need to be analysed completely. As for Electrolux, before they entered Taiwanese market, they made a feasibility study to analyse all the concerns and factors. Since Electrolux is a household appliance company from Sweden, the voltage is 220V with frequency 50Hz in Europe while Taiwan's voltage is 110V with frequency 60Hz, and this is what Electrolux needs to analyse when they enter different countries. For a household appliance company from Europe, Taiwan is actually a niche market for them since there are not many countries using the same voltage and frequency as Taiwan. Electrolux has to redesign the mother board, motor and element which is suitable for the voltage and frequency in Taiwan. This is also a cost for Electrolux and they will have to sort out which product is suitable for Taiwan's market.

To conclude, before entering new markets, they will do the 4P analysis, which is product, price, promotion and place, and make feasibility study. The price for Taiwan also needs to set up different compared with the price in Europe, the company will analyze the competitors in this market and also the consumer buying behavior.

## **5.2 Electrolux's method for analysis before choosing new markets**

Before entering new markets, the company will do feasibility analysis, in order to see if they can have positive profit in this market. Take Electrolux Taiwan branch as example, before they entered Taiwan market, the head who manages Asia part of Electrolux made an expansion plan and proposed it to their headquarter. In this kind of expansion plan, they need to consider if their factory can produce the products that meet the demand of Taiwan's consumers or if there are any possibilities to do original equipment manufacturer (OEM) since it is not for sure that they can have enough resources. Moreover, they will do feasibility analysis to consider the sales volume, profit, risks, initial study which includes basic information like population, government policy and tax fee, and go through deeper for the strategies like marketing development expansion and 4P (Product, price, promotion, place) analysis.

The company will look for a Taiwanese or someone who knows Taiwanese market very well to make this kind of feasibility analysis. The person can be an employee who already works in the company or they will hire another suitable person to be this project manager, and the project manager will become general manager of the new branch if they succeed to implement this expansion plan. The first general manager of Electrolux Taiwan branch was the project manager before entered into Taiwan. If it is the first Asia country that the company is going to enter, the manager from headquarter will consider and evaluate which Asia country will be their first step to enter.

After the new market expansion plan is finished by the project manager, it will be proposed to the managers in headquarter, and they will need to investigate the plan. The managers will make decision on how much capital they can invest for this market, how long they can wait until the new branch becomes profitable, and what kind of risk they will face. If the decision can support the expansion plan, they will start to implement this project, however, if the decision cannot support the expansion plan, the project manager will have to consider if there is another way to enter, for example, use another entry strategy like agent, and after they have successfully entered, they can revoke the agent and operate by themselves. It is not possible to say how long it will take to make the decision since this kind of decision is very important and it will influence the whole Electrolux group.

### **5.3 Factors that influence Electrolux when choosing the entry location**

The key point to choose the entry location is to find the most potential market, which means the place that is closest to their target market. First, the company will consider the labor quality of each location and see if it is easy to hire employees there. Second, the company will consider the accessibility to find channels and find the fastest and the most convenient location. Once the company can choose the location which is the closest to the market, they can reduce costs.

Take Electrolux Taiwan branch as example, they choose Taipei, which is the capital city in Taiwan as their entry location since their target is to sell their products to the consumers in this city. Take Pingtung as an example, it is located

in the south of Taiwan and the people there are mostly working on agriculture. Therefore, it may be harder to find employees who are professional in sales, marketing and business, and have good English skills compared to Taipei city.

#### **5.4 Electrolux's entry mode when entering Taiwanese market**

Electrolux choose to use wholly end subsidiary mode to enter Taiwanese market. The reason why they choose this mode is that they do not want to use joint venture mode as they did in Chinese market. Electrolux have their own strategy direction, so they dislike to have a joint venture partner because they are afraid that their partner will influence their decision and strategies. Moreover, Electrolux had enough capital investment for this market, so they can definitely operate by themselves. Electrolux do not choose licensing since that means they let others use their brand and only earn money from licensing fee. The people who use the brand will not know how to sell their products and may make the brand image become bad in this market.

Therefore, the criteria that was chosen when entering Taiwanese market, how they are going to operate. Are they going to operate the brand or not, is the capital investment from the headquarters enough, can they afford the risks or not and what is their long term business plan.

#### **5.5 Electrolux's strategies after entering the markets**

The strategies are not separated to before and after because they set up their strategies at the very beginning. Therefore, they implemented the strategies that they had, and made adjustments depending on the real situation. Take Electrolux Taiwan branch as example, the strategy was unsuccessful at the beginning, and the headquarters were even planning to withdraw from this market since the profit was negative and the headquarters could not afford to invest anymore.

From the former general manager's description, the brand image and the channel strategy at that time did not meet their expectation. The brand image for Taiwanese was unfamiliar, and the products were not sold out from the channels. The plan was to have positive profit within three to four years, and they failed. After the former general manager started to manage, he made some important

adjustments on their previous strategies. Firstly, he adjusted the channels. All the product's contents needed to be chosen, and they also made analysis for all the channels because some of the channels costs were very high but they could not sell out their products. They started to choose some small channels and the main purpose was to at least, sell out all their products. Only when they could sell their products, the company could gain profits, thus, as long as they could balance the costs and sales revenue, they put more effort on that channel.

Secondly is the reputation of the brand. This needed a long term plan to achieve, and the strategy started by letting people know this brand, and get to increase the brand preference from consumers. They increased their brand exposure through those news reports or the events of the channels. Thirdly is choosing suitable products for the market. There are a lot of products in Electrolux which are selling well in European countries, however, not all of the products are suitable for Taiwan, which has different weather, culture, and consumer buying behavior than Europe. They analyze the function of each product and see if they can pass on the benefit of the products to customers and if the customers can accept the feature of the products. After selecting suitable products to sell in Taiwan, they also make a decision on which products are suitable to sell by which channel.

Lastly, the organization chart in the company and also the ability of their employees were re-examined and rectified by the former general manager. This is the most important thing since they need to hire those who have great abilities on marketing and sales, knowing their products well and having good selling skills so that they can implement their strategies efficiently and effectively.

## **5.6 Brand strategies of Electrolux**

There are three brand strategies to analyze, including single and multi-brand, global and local brand, and its own and channel brand. Firstly is single brand and multi-brand. There are two points to talk about since Electrolux group is using multi-brand strategy while they use single brand strategy to enter Taiwan's market. Before when the global information was not well developed and open, Electrolux wanted to have different brand so that they can own different markets.

If they have only one brand, they cannot set up high and low price for the same products, and thus they will not be willing to sell to different target groups. However, they started to change their strategies to a single brand, and this is also how they entered Taiwanese market. It could save a lot of costs for them since they only needed to promote and do marketing for one brand. Once they could succeed to capture the consumer's mind, they could sell any kinds of products easily.

Secondly is global brand and local brand. Electrolux has chosen global brand strategy for their branches all over the world. It is more convenient for them to integrate all the marketing resources and there is no need to create different way or put more investment on it. Thirdly, its own brand and channel brand. Electrolux use its own brand strategy in Taiwan, and they will still sell their products in some channels like Tsannkuen Corporation or E-life Mall Corporation. The only thing they need to be aware of is that if their channel partners are competitors with each other, Electrolux needs to give the channels different products to sell so that it can avoid the channels request Electrolux to invest more or lower the price so that they can compete with their competitors.

### **5.7 Electrolux's achievement on brand value**

The former general manager of Electrolux Taiwan branch said that they achieved all the brand values. For good quality of products, although the decision making in the headquarters is the most important point, however, if the products do have some problems, they will get approval from the headquarters and improve and fix them in Taiwan before they sell out the products to the market. Moreover, Electrolux Taiwan branch, provides after sales service for their customers for ensuring that they provide good quality products to customers. For the unique traits, they build their brand image based on the slogan "Thinking of you", and they have particular selling for their products. For example, Electrolux's vacuum cleaner focuses on its function, design, accessibility and easy using.

The reputation of the brand can be told by the acceptance of the customers and the positive image of the brand. Electrolux also works with a public relationship company, whenever they have some negative news or complaints from the

customers, they will solve them in a perfect and short time period so that the bad image will not spread out. They will also discuss creative marketing direction with the public relationship company and they will implement the project for Electrolux. According to the above information, it is easy to see that Electrolux definitely has won the loyalty of the customers in Taiwan.

### **5.8 Electrolux's brand image in Taiwanese market versus sales volume**

Electrolux expected to build premium brand image in Taiwan market according to their brand image in Europe. Moreover, they also wanted to build the brand image of making people's life better and better. It is very important to build the brand image successfully. Electrolux set up the price of their products, the strategies of doing marketing and building the brand based on their brand image settings. If they can succeed to build premium brand image, then the consumers will be willing to buy their products at higher prices compared to other brands.

At the beginning, the brand image of Electrolux was not good in Taiwan and only a few people knew this brand. After the former general manager took over Electrolux in Taiwan, he started to build the brand image step by step. "Thinking of you" is the slogan of Electrolux, and the brand wants to provide customers simple and comfortable feelings, and always think of their customers' needs. They make the image on their vacuum cleaner as caring of people's health, and let the customer know how good quality their products are. All the design, concept and the using way of their products are close to what customer wants.

Electrolux made their brand image connect with their products, letting the customers know the convenience and good quality of their products, and this can lead to a better living environment and echoes their slogan "Thinking of you". For example, Electrolux has some kitchen products, and how they design and promote these products is "convenient for working women". The advantage of their products can reduce the time for cooking and simplify the process of cooking. Electrolux promotes these products by cooperating with some famous chef, like James Zheng and Andre Chiang, and letting them use their products to cook in some cooking class and TV show. This promotion not only promotes the function of the products but also the concept of the brand management.

Therefore, the brand image will definitely influence the sales volume for Electrolux. Due to the premium brand image, if they cannot succeed in building the brand image, they cannot sell their products to customers when there are a lot of other brands in this market. The products of Electrolux are consumer goods, and if they want to have good performance on sales volume, they will need great amount of customers to support. And the basic concepts that leads the customer's mind is the good brand image.

### **5.9 Electrolux's international pricing strategy**

The pricing strategy of Electrolux Taiwan branch is regional price. They set up the price of their products depending on each market's situation and status. It is also related to the strategy from the general manager of the branch, and if they have the ability to sell out the products. The reason why they use regional pricing strategy is that, each market has different factors that need to consider, and the consumer buying behavior also needs to be considered. They cannot sell the products at the same price as they are sold in European countries.

### **5.10 Electrolux's competitors in Taiwan and the pros and cons they have**

Electrolux has many different kinds of products, and different products will have different competitors. Take vacuum cleaner as example, their top competitor is Dyson, which is a British company. The threats and weaknesses they face are that Dyson is a non stock market listed company, and they are focusing a lot on product development since their general manager has very clear strategy for their company. Dyson's investment on products is way more than Electrolux, and they can invest as much as they want until they succeed in the new market. Furthermore, Dyson can have stronger brand marketing than Electrolux since Electrolux's marketing budget is still managed by the headquarters.

For Electrolux, they are a stock market listed company, thus, although they have a long term plan, they still need to care about their short term operating profit since this will affect the stock trend. Moreover, the top manager of Electrolux is changing more often than Dyson is, and this will influence the strategy of Electrolux's product development and future plan. This makes Electrolux have

different operating method than Dyson and thus have some weakness compared to them.

The advantages of Electrolux are their brand identity, target consumers and the function of their product. Their brand identity is same as their slogan "Thinking of you", and they always put customers at first place. Comparing the design from northern Europe and England, Electrolux's design is more simple, nature and elegant while Dyson's design is more stiffness and technological sense. According to the different aesthetic feeling of their products, they will attract different target consumers. For their target consumers, Electrolux's target consumer's will have more women than men while Dyson is the opposite. The consumers of Electrolux are mostly attracted by the simple and elegant design, which is also practical and convenient. The product's function of Electrolux emphasizes the filter capacity which can clean the dust mite effectively since their brand identity is to care about their customers' health.

There are a lot of strategies for facing all the difficulties and challenges and it will always adjust and change depending on the market situation. As mentioned above, before the former general manager of Electrolux started to operate the company, they were not earning profit. The main point that they could become successful nowadays is not a short term achievement. All the strategies, marketing and promoting are being set up for long term operating, and they have progressed year by year.

Those partners who play a part with Electrolux are the ones who know how to protrude the features of their products, and Electrolux will find the key opinion leader (KOL) to present the products well. The strategy of success for Electrolux is to make long term goal for everything because they understand that it is impossible to attain the highest level in one step. They earn their customers' recognition on their products rather than cut price for sale. For example, some of Electrolux's kitchen products are four times more expensive compare to their competitors, however, they use their long term strategy for their brand image and product's identity and thus, they succeed in the market.

### **5.11 Electrolux's current marketing and sales strategies in Taiwan**

Electrolux's marketing and sales strategies in Taiwan are their brand exposure of the channel. First is the brand image. All the point of sales material (POSM) need to meet the brand's image, for example, posters, flyers and even the shelves for displaying the products at the counter. Everything needs to have single image and be consistently elegant which reflects the brand image. Secondly is the product feature. Electrolux wants to make people think of their brand when customers need the products, and also when the customers do not need the products, they will be impressed by their products and willing to buy one.

For short term, Electrolux may have promotion or activities, like cooking class for attracting the consumers. For long term, they train their sales employees to have good selling ability, product knowledge, good training and wear Electrolux's uniform. Electrolux' s slogan "Thinking of you" is well-known by bloggers' unboxing and recommendation, media, digital marketing and TV advertisement. They provide a loyalty program for their VIP consumers to reward comprehensive customers.

### **5.12 Electrolux's operating strategies for the north, west, south and east of Taiwan**

Taiwan is not big compared to many other countries, so there is no big difference between north, south, east and west of Taiwan. Moreover, the population flow in Taiwan is big since it is very convenient to go anywhere. As all the competitive channels are nearby each other, Electrolux will adjust according to their marketing strategies, for example, the arrangement of their sales employees.

What is the main consideration when making an operating strategy? Customer, product differentiation or competing with competitors?

The main consideration when Electrolux is making their operating strategies is the returning on investment (ROI). The strategies for short term may have dominant influence while long term strategies may have implicit influence. Electrolux has to consider both since they need to have profit in short term but also make balance to consider long term profit. If the strategy can make the

company gain profit in short term, they need to think more to see if it is also suitable for long term. The main analysis tool for them is 4P(Product, price, promotion and place) strategy. Every strategy is surrounding the 4P analysis, including which product will be sold in which channel, and what is the promotion and marketing method they are going to use. For Electrolux, they think the brand development and sales strategy are closely related. For example, if they often have ultra-low price promotion for inventory closeout, the consumers may think it better to wait until the company has promotion. However, the products in Electrolux are not renewing for every year, and it may affect the consumer buying behavior due to the wrong strategy.

## **6 Theoretical part VS Practical part**

Comparing the theoretical part and the practical part, it is obvious to see that most of the strategies in theory are being perfectly used in a real company. At the very beginning of the paper, to have lowest costs, being unique and having clear position in the market are the main multinational strategies by Porter(1980). This can be seen in Electrolux's strategies as they make the analysis before entering new markets mainly based on the costs and if their headquarters can afford to invest that much. They focus on their brand image is to let customers have unique feelings for them when they see this brand's products. They make the brand focus on high-end market as their market position. From Bartlett and Ghoshal's theory, this paper mentions that international strategy is the most important one since it has both global integration and local responsiveness, and it is related to multinational business the most.

From the entry strategies which include the entry location and entry mode, is mentioned the potential of market development and cluster advantage for choosing the entry location. Looking into the case company Electrolux, we can see that this company gets cluster advantages since they choose the entry location in Taipei, which is the capital city in Taiwan and it has the most qualified human resources, competitive channels and also their target and demand consumer groups there. For the entry modes, Electrolux use one of the entry mode, wholly owned subsidiary, which has the high degree to take risks, invest resources and

control, and the needed time is slow. The reason that they can choose this entry mode is due to the support by their headquarters and they can focus on their position without being influenced by any partners if they choose other entry modes.

For the brand strategies which includes single and multi-brand, global and local brand, its own and channel brand are also used in Electrolux's strategies. They chose single, global and its own brand strategies while entering Taiwan's market. The brand value can gain more benefit and profit although it will cost a lot of time and resources. However, a valuable brand should accumulate their brand equity which can be evaluated by good product quality, unique traits of brand, reputation of brand and loyalty of customers. These are all achieved by Electrolux which can be seen in the case company interview part. Furthermore, the international pricing strategies have two options, global flat price and regional price discrimination. Electrolux chose regional price discrimination which is influenced by different market status and also different general manager's strategy.

After entering the market, there are four strategies to talk about, promotion, and advertising, adaptation and channel strategies. These are all used by Electrolux, for example, they use sales promotion and commercial exhibition for promotion, and they use TV and some activities to do advertising. Moreover, they cooperate with some suitable channels for marketing and sales. Upon all these comparisons, it can be clearly understood that all the strategies in reality of a multinational business can be analysed and have corresponding strategies.

## **7 Conclusion**

The purpose of the study was to find out how foreign companies enter Taiwanese market successfully and what the factors are that influence a company making decision. Moreover, the study also talk about the competitive strategies of a multinational business. In the theoretical part, this paper talks about the introduction of multinational business and the strategies of these kind of enterprises. After introducing the main topic of this paper, it goes through in more detail the entry strategies, factors which influence the decision making, the brand value analysis

and what the international pricing strategies are that the company should consider with. These are all the types of multinational business strategies before entering a new market, however, the strategies cannot only make for the way to enter, but also the way to survive in the new market after entering. Therefore, in the theoretical part, is discussed the strategies after entering, including the method to make promotion, the useful advertising campaign, the adaption strategies which this kind of multinational business will face and channel strategies which are commonly used in many corporations.

The practical part is more focused on the questions and answers for interviewing the case company, Electrolux. At the beginning, this paper briefly introduces the case company which is chosen to be an example of a multinational business, and this company's current performance in Taiwanese market. Moreover, it also discusses the competitors which Electrolux has in Taiwan, and this can make the readers understand the market status and position of this brand more.

The most important part is the interview with the case company's former general manager. This general manager had worked in Electrolux for 15 years and he knows Electrolux very well, not only the current status, but also the long term strategies that this company has. He was not only the general manager in Taiwanese market, but also the general manager in Chinese market for almost two years before he resigned. All the questions mainly concern those strategies and information that are mentioned in theoretical part, so that we can compare the theoretical and practical part clearly. Furthermore, it will be clear to see how and what the differences are between the theoretical and practical part, and get to know the real strategies that a multinational will use for entering new markets.

The structure of this paper leads the readers to understand different kinds of strategies and those proper nouns that will be seen in these business strategies first, and then make an example of a multinational case company which is the main part that runs through the whole paper. By this paper, people can learn deeply the competitive strategies of multinational business, and understand how different types of company choose different kind of strategies based on their advantages and weaknesses. To sum up, there are a lot of different kinds of strategies which are deal with in theory, and when we go through to the real case, it

can be found out that those strategies are commonly used in lots of multinational businesses. Those strategies which are suitable for the company and make the company become successful can be considered as competitive strategies of that multinational business and it is definitely worth being learned from. After reading this study, people can also make more studies on cross-cultural management of multinational businesses, this can help to understand more internal management of a multinational business.

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