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Network Advantages in a Market Entry Context

A study of the Swedish fashion business

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Preface

We would initially like to seize the opportunity and thank all parties that have helped us in making this thesis become reality.

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Biancastella and Malin

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Abstract

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Key words: networks, market entry, collaboration, export, Swedish fashion, agent

Purpose: The purpose of this paper is to research and analyze how the establishment in new markets of small and medium Swedish fashion companies can be made more efficient from a network perspective.

Methodology: The researchers have decided to take a phenomenological standpoint and undertake an exploratory study in order to gain understanding of the phenomenon of market entry and the use of networks. The researchers have chosen to undertake a qualitative study and to adopt an abductive approach. Two “case companies” have been chosen which are Filippa K and House of Dagmar. Also, in order to gain even more understanding of the network dynamics, the perspective of major support organizations such as the Swedish Trade Council and the Swedish Association of Agents has been brought in.

Theoretical perspectives: The theoretical framework is constituted by concepts and models related to the field of theory of networks and market entry, that the researchers have considered as relevant. The focus lies on direct export practices through agents and on the advantages that arise through interaction in business networks.

Empirical foundation: The empirical data has been gathered in order to understand how labels cooperate on the sales front. Some major causes to the ineffective sales have been put in evidence by the authors. The three major threats analyzed are the immaturity of the fashion sector, the lack of business competence at the management level of Swedish small and medium fashion enterprises, as well as the need of choosing the appropriate agent.

Conclusions: Enhanced collaboration is needed in different areas. The conclusion chapter presents a guideline that Swedish small and medium fashion companies could follow to make their market entry more efficient. The suggestions derive from a network perspective. Labels should enhance the interaction among themselves; also,

their business competence should be enhanced. Collaborating with the right type of agent is a further criterion to be successful abroad.

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1 Background

Today we see a growing interest for Scandinavian fashion labels in Europe. International fashion magazines are keeping the European “fashion freaks” updated on the latest from the north. The Modefabriek fashion fair in Amsterdam has even dedicated a whole area to the Scandinavian style of fashion and Bread&Butter in Berlin/Barcelona is planning to do the same. This golden opportunity should definitely be seized as it is offered.

Apparently the Scandinavian fashion labels, irrespective of their size, have no problem with marketing themselves. Swedish fashion is no exception. Big, as well as small, labels are represented in major fashion magazines all over Europe. The researches have developed an interest in analyzing the question why the interest, attention and intense publicity that Swedish fashion labels are enjoying abroad is not related to the amount of labels actually facing a successful new market entry. Filippa K, Acne and WE are to be found all over Europe today. But where are all the small labels that the fashion magazines cherish about?

The intention of this study is hereby not only to get an overall understanding of this new market entry problem, but also to present practical solutions.

1.1 The Case – The Swedish Fashion Business

Music, design and fashion are areas that can be considered growth sectors in Sweden at the moment. According to the Swedish Knowledge Foundation, KK-Stiftelsen, the entertainment sector¹ stands for 5% of the Swedish BNP, and it has been growing steadily over the past years. The Swedish Knowledge Foundation writes in its report “Att leva på sin talang”, (“To live from your talent”) that new consumption patterns have made the area more lucrative, and it seems that the positive trend will hold for a while. Organizations like the Swedish Trade Council have started to focus more intensively on entertainment areas such as music, design and fashion design. Also, in the year 2002 the Swedish Fashion Council started a project called “Rookie” with the main goal to support the Swedish fashion sector.

According to the Swedish Knowledge Foundation, companies acting in the Swedish entertainment sector often have the business structure of small firms; 98,5% of the firms consist of no more than nineteen employees. Being small in size poses different opportunities and threats in the growth process. In the case of fashion firms, it can sometimes be a long and difficult process to move from being a young and small label, where the designer covers simultaneously also the role of the producer, to becoming an internationally represented label. Small

¹ The entertainment sector comprises individuals and organizations dealing with creativity and having a goal to achieve some sort of entertainment.

firms in general need to face challenges in different areas, each reciprocally interrelated, when encountering growth. The company is not stronger than its weakest link. The Swedish Knowledge Foundation points out three major problematic areas for fashion designers in the growth process.

- 1) Production – in order to face a fast growing demand, an appropriate production capacity needs to be in place. For small firms, it can be an issue of costs and time to suddenly produce larger quantities while still needing to keep the same quality.
- 2) Finance – it is often difficult to find investors interested in a certain label before it has gained a certain attention; still, in order to reach that point, major investments are needed, which often have to be undertaken by the owners themselves.
- 3) Sales – small fashion labels need to be more effective when putting the business in place. Reaching out to the right segment by using an appropriate marketing strategy is not enough if it does not result in an efficient sales strategy.

To render those different areas effective, huge time investments have to be made. Since a single individual can be accountable for several areas, time becomes a critical issue. The alternative of employing an assistant can on the other hand become even more costly.

A further issue of critical importance for small firms in the fashion business is that the element of creativity, and the image a brand stands for, is of crucial importance. The target segments are often so niched that it becomes difficult to have intense growth and still be able to represent the same concept. It becomes a choice of image contra size.

The fashion business is extremely “tuff” and it is in general very hard for small labels to grow by exclusively reaching out to the target segment on the home market. There are a few stores in Sweden that are open to small labels, but the market is not large enough to grow successfully. Alternative expansion opportunities therefore have to be searched abroad. Especially for a firm small in size, export is considered the least risky method for entering a new market. (Ghuri & Cateora; 2006) In the case of the analyzed small fashion labels, export is barely a question; it becomes almost a must (Svenska Dagbladet 25/5-05).

Among the different problems young Swedish labels face when going international, the main focus of this thesis will be set on problems related to the area of sales. Issues related to production and finance are of high interest too, and of course strictly related to the question of how to make the sales activity more effective. Nevertheless, in order to gain a thorough understanding, the authors of this paper have decided to focus on only one of the problematic areas. Different sources have stressed the importance of enhancing the effectiveness in sales. For example, according to Annika Sjöstrand from the Swedish Trade Council, a main problem for young Swedish fashion labels is linked to the area of sales. Despite the large attention the media puts on them, this attention is not effectively “materialized” when it comes to getting down to business. As Ms. Sjöstrand chooses to put it: “What does it help if you are in all magazines but in no store?”

1.2 The Network perspective and Market entry

There are several traditional ways for new market establishment, and some are more suited for the fashion business than others. The use of a middleman, an

agent, is a common way. To create an own establishment is considered to be the most effective in the long run. (Young et al 1989) At the same time, Young also points out that it is often a very costly alternative, which made us wonder why not more small companies get together to reach the strengths of bigger organizations. The researchers have through personal experiences gathered in Berlin and Copenhagen seen how small labels work together effectively.

“There is no doubt that the future will see the development of more and more networked organizations. They are an effective response to the many changes taking place in the business environment, particularly because they can create the advantages of large organizations without creating the large organization itself”.

(Galbraith; 1998)

“Trust is stronger than fear. Partners that trust each other generate greater profits, serve costumers better, and are more adaptable”.

(Kumar; 1996)

The term network has become more important as the conditions for corporations have changed. Factors such as globalization, an increase in customer demands, a more rapid pace of change and an increase in access to information have put firms in a situation where it is, more than ever, critical for organizations to acquire certain information fast. (Bruzelius & Skärvad; 2000) Since most information is gathered through business partners, it becomes of critical importance to develop stable relationships with them. In order to assess who these critical business partners are, an assessment of their network should be done a priori. A single organization’s resources do not merely reside in that single company; they are exchanged and therefore influenced via the ties to further critical actors. For this very reason, if the network is not regarded, the potential of a certain partner cannot be understood. (Ford et al; 2003)

Interestingly enough, the claimed benefits deriving from networks are in practice barely acknowledged by smaller firms. The wave of successful Swedish designer labels, having developed since the beginning of the 21st century, together form a business, which is still immature. (Sara Lönnroth, Rookies) Time and experience is lacking; instead of acknowledging the benefits of collaboration, fear of sharing a unique idea with others takes over. (Annika Sjöstrand, Swedish Trade Council) This discrepancy has been a source of inspiration, leading the authors to think about how the beneficial effects of networks can be transported and applied in reality. The academic production regarding networks is immense. It is therefore of critical importance to define which position the authors take about networks, and also, on which particular aspects the focus will lie on.

When experimenting with export activities, the firm is in the beginning strongly bound to its distributors. The commitment of the distributors becomes a key factor for the successful development of the company's internationalization strategy. (Johanson & Vahlne; 1977)

As far as export practices of small Swedish fashion firms are concerned, focus will be set on how relevant distribution channels – by relevant, the authors mean the channels providing the critical network contacts – can be chosen, and which criteria should be regarded when aiming at building a long lasting and trusting relationship. The focus is therefore set on how network resources can be exploited more efficiently in practice, when choosing collaboration instead of competition. The answers to these questions could become applicable to small Swedish fashion companies in particular, and to SME (small and medium enterprises) in the entertainment sector in general. In this context, network

opportunities on the home base, as well as on the foreign market, will be considered.

The authors of this paper believe that a major awareness of network benefits can be a possible solution to the sales problem the target companies are facing. A further assumption is that these companies need concrete advices as to how far these benefits can be reached. The researchers aim at providing them with such guidelines.

The authors recognized a change in the Swedish fashion sector. During the past years several small labels have been established which have formed a sub-sector within the Swedish fashion business. These tendencies are so new that very little research has been conducted in the area. A lot has been written about the well-established Swedish fashion enterprises but very little focus has been set on the small labels. In thesis about the new market establishment of Swedish small and medium sized companies, the Network approach has been suggested as a possible future area of study (Leven 2005). Therefore the researchers find it relevant to analyze this young, rapid growing sector from a network perspective.

1.3 The Cases

The researchers have decided to look at two Swedish fashion firms that are following an interesting expansion strategy. These companies are House of Dagmar and Filippa K. Choosing the target costumer is a strategic variable for a firm. (Porter; 1980) The fashion business is no exception; on the contrary, the choice of finding the right “buyer” becomes even more relevant in this field. The authors of this paper have chosen to analyze companies having a style- and

trend aware target niche. The customer target of these companies is quite narrow, which creates a more urgent need to look beyond national borders than for companies that have chosen a more stable customer group. The products can be classified as being part of the middle price segment in fashion clothing.

The analyzed companies have a successful and preferably a relatively structured development, which can be difficult to find in companies in which the role of the designer overlaps with the one of the owner. There are many good designers in Sweden with what the authors consider a great potential, but the companies have not been chosen on behalf of their strength in design. The question whether one will become a long-lasting strong label is rather based on the ability to think business and still stay creative (www.n24.se 8/4-06).

The labels on which the researchers base the empirical study already have a well functioning production strategy together with a more or less clear sales plan. They could be used as a source of inspiration for smaller labels. Therefore, this thesis is mainly written *for* the small young upcoming fashion labels.

1.4 Aim of the thesis

The aim of the present thesis therefore becomes:

To research and analyze how the establishment in new markets of small and medium Swedish fashion companies can be made more efficient from a network perspective.

Part aims of this thesis are first of all to describe which network advantages can be reached in a market entry context. Furthermore the researchers would like to analyze how the network possibilities and advantages can be built in practice, and to formulate a concrete guideline about how market entry can be supported by network related concepts.

2 Methodology

It is of critical importance to present the research procedure in a clear and well-motivated way to the reader, in order to catch his attention, persuade him and convince him of the credibility of the study. (Bryman & Bell; 2003) In this section, the authors of the paper will present the methodology used when conducting the research. First the nature of the study will be discussed; further, an in depth description of the actual steps undertaken will be described from a chronological perspective. The aim of an academic research is to serve as an example for future learning. (Dubois and Gadde; 2002) By proving the work's relevance, as well as sharing the difficulties encountered during the research process, the authors aim to be supporting this kind of process.

2.1 Choice of research approach and research strategy

The main research question of this paper is to analyze how the establishment in new markets of small and medium Swedish fashion companies can be made more efficient from a network perspective.

First, the phenomenon of market entry and the use of networks are described in theory as well as in practice. At the same time, the ambition of the authors is to go beyond description by questioning the reality and to gain new insight from it. The study can therefore be described as having an exploratory character. (Saunders et al; 1997) Emory and Cooper (1991) talk of three ways when conducting an exploratory research:

- Searching the relevant literature
- Talking to experts in the studied field
- Conducting focus groups interviews

The authors of the present study have followed the first two steps. The alternative of a focus group interview could have been valuable for this study. Unfortunately, due to time constraints of the respondents, this last alternative could not be implemented.

2.1.1 Choice of research approach

According to Saunders et al (1997) researchers can follow either a *positivist* or a *phenomenological* approach. The researchers have decided to take a phenomenological, which is described by Saunders et al (1997) as being based on the understanding of social phenomena. To reach such an understanding, the researchers have focused on the interpretations given by the chosen respondents about the importance of networks in a market entry context

2.1.2 Choice of research strategy

The character of the study can be described as a sort of “multiple case study” or as defined by Jacobsen (2002), a small N (umbers)-study. The small N-study stands for a type of research in which a little number of respondents, between

five and ten, is chosen. Instead of setting a focus on a particular case, the authors have chosen few respondents from different organizations. Those have responded on questions that the authors considered to be relevant for understanding the *phenomenon* of networking in small and medium Swedish fashion companies in a market entry context.

In an ideal research context, it is desirable both to gain a deep understanding of the research area and to get the perspective from a broad arena of respondents. (Jacobsen, 2002) Still, the researchers of this thesis have had to evaluate and compromise between depth and breadth, mainly because of time constraints. In order to study the phenomenon of interest in ten weeks, the researchers have made various delimitations, both theoretically and empirically. Those delimitations will be presented in detail in the upcoming sections.

2.1.3 From a deductive to an abductive approach

During the course of this study, a change in the researchers approach from deductive to abductive has occurred. How and why this shift has been undertaken is explained below.

In the beginning of the study, the authors were interested in learning about how particular concepts related to the theoretical field of network theory work for small fashion companies deciding to internationalize. The approach could by then be defined as a deductive one; having a starting point in the written theory, and going further on to observe the happenings in reality. (Bryman & Bell; 2003) The authors expected to find positive response from practice, as far as the usage of networks in the internationalization process of small fashion enterprises was concerned. Looking back, it becomes evident that if the study

had been carried out in that way, the objectivity of the work would have been strongly compromised.

However, the pure deductive approach quickly proved to be inappropriate for the present research. A clear discrepancy was found between the network dynamics that were described in theory and the actual usage of networks in practice. Firms are assumed to network much more in theory than in reality, which brought a new interesting perspective into this work. The expectations one has a priori are considered to narrow down the view of the researcher, leading him or her to find only information supporting those same expectations. This is one major critique to the deductive approach. (Jacobsen, D.I; 2002) The researchers have nevertheless experienced quite the opposite phenomenon. Concepts of network theory, considered by the authors to be of high value, are often overseen in practice.

The strong influence gained by the empirical findings has definitely tuned down the deductive character of the study; theory and data from reality have influenced each other in a reciprocal way. The study can therefore be defined as having an abductive character.

2.1.4 Qualitative study

In order to overcome the threat of extreme subjectivity, the authors have tried to keep a high degree of openness, within the theoretical and empirical limitations set for the research. The authors of this paper have prepared a mind map in the beginning of the study, in order to put into evidence the principal areas of interest. Still, the delimitations of the study have been set with a certain flexibility in order to leave the opportunity to undertake smaller changes when needed and therefore safeguard a larger degree of openness. Openness and

flexibility are characteristics provided by a qualitative research strategy. Also, a qualitative approach often leads to generating new theories. (Bryman & Bell; 2003) Although this work does not aim to generate new theories, a set of criteria for a “best practice” for the small and medium Swedish fashion firms will be set up. Further discussions regarding the generability of such guidelines follow below.

Solving of problematic aspects in qualitative studies

In this brief section, the major problems with qualitative analysis are discussed; also, the applied solutions are presented. According to Bryman & Bell (2003), the major problems encountered in a qualitative study are that it is *too subjective, difficult to replicate, presents problems of generalization and a lack of transparency.*

Those problems are mainly connected to the fact that the gathering and interpretation of data, in qualitative research, tends to become very subjective. It is therefore often difficult to perform the same study and achieve the same conclusions. Also, the data derives mostly from single individuals, which makes objectivity even more questionable.

Nevertheless, the authors of this thesis find the qualitative method to be appropriate for the current study, and want to explain how they have faced the above described problems. To create a higher level of transparency, the choices of respondents as well as the process followed during the qualitative data analysis will be explained in detail further on in the chapter.

Subjectivity is a delicate question in this regard. It cannot be neglected that the authors had a certain understanding of the studied area prior to their research,

due to own experiences gathered in the German and Danish market. Still, by questioning the findings, by reviewing and evaluating the sources, the researchers have tried to keep an open view and be sensitive to new insights.

Also, some comments about the level of generability of the study are needed. As explained above, after having described the empirical findings and the problems faced by small fashion enterprises when going abroad, the data will be analyzed via the theoretical framework. The last step will then be to summarize the findings, and to synthesize them in a sort of “code of best practice”. Therefore, the study will be descriptive in the beginning, and normative in the end.

The “best practice” is intended mainly for firms acting in the Swedish fashion sector, in which small and medium designer labels are involved. At a broader level, the authors believe that some of the criteria developed in the “best practice” could be applicable more generally to SME acting in similar contexts. At the same time, the researchers are aware of the fact that a series of constraints have to be regarded. As the results of the study will be based solely on the analysis of Swedish small fashion firms, they will also be strictly context specific.

2.2 Motivation of the theoretical framework

The researchers have started by making a literature review of the relevant theoretical fields, i.e. gain knowledge about what has been written in network theory and market entry strategies. As both areas are very broad, an overview was necessary in order to understand in which aspects connections were to be

found. The more these interconnections became visible, the more the delimitations of the theory became understandable. The aim with the theory chapter has been to integrate the fields of network theory and market entry, herewith creating a suitable analysis tool.

The chapter is introduced by a discussion describing the subject of internationalization. In a globalized world, internationalization has become a natural step to take. Firms are embedded in a complex and ever-changing context. Even companies that are trying to stay local cannot avoid being influenced by foreign forces. (Oxelheim & Wihlborg; 2005)

The focus of the researchers is to study how firms internationalize through export. Export is usually the first strategy a firm undertakes when entering a foreign market, and is a less risky one, above all for companies that are small in size. (Ghauri & Cateora; 2006). As the interest of this study is mainly focused on Swedish small and medium fashion firms, export is a relevant field of inquiry.

SMEs face different challenges when growing international. Financial problems have to be solved, production capacity has to be made available, staff has to be in place. Also, one major issue is to have the access to the right distribution channels; (Young et al; 1989) the authors of this paper believe that an accurate assessment of a middlemen's network can be an effective way to choose the right channel of distribution.

Important inputs into the research fields of networks and internationalization have been gained through different works of the IMP (Industrial Marketing and

Purchasing) group. The IMP group is formed by researchers from five European countries, among them David Ford, Håkan Håkansson and Ivan Snehota. They stress the importance for managers, as well for researchers, to understand the interactions between active buyers and sellers and the potential of relationships in business networks. (Ford et al; 2003)

In this work, the authors will try to apply concepts of network theory to small fashion enterprises, to see in how far the process of internationalization, with regard to foreign market entry, can be supported by firms having a major awareness of network advantages. An interesting perspective regarding export is the analysis of how agent relationships are handled; which problems have to be thought of, and how can those be overcome when thinking in network terms? Concepts of agency theory as well as game theory will be discussed in this regard.

The main sources for the literature study have been the Lund's University Library, Lovisa, through which relevant books of interest have been found. The research is been completed via the University's database, through which more specific articles have been found.

2.3 Motivation of the empirical study

The main aim of the empirical study is to explore in how far Swedish fashion labels are networking on the home market and which strategies they have followed to establish themselves abroad. An interesting result brought by the empirical data is that tendencies to network are uncommon in the analyzed fashion business.

Both secondary as well primary data has been collected for gathering the empirical material. Before meeting the different companies as well as the “sector” organizations, secondary data is been searched through the companies’ homepages, as well as through articles in magazines such as DI; ego, Svenska Dagbladet, Dagens Industri, Dagens Nyheter, Habit and fashion magazines. Sources have also been collected via the internet. Moreover, an interview with David Hedman, conducted by one of the authors in 2003 has been used. Since Filippa K has been a player since 1993, the researchers have been able to collect more background information about the company, mainly through a bachelor thesis from Lund University and one thesis from a German fashion marketing school. Still, in order to gather more precise information, the researchers found it necessary to conduct interviews with representatives from the “case companies”. Problems as well as choices connected to the interviews will be explained in the section below.

The empirical material is not presented in an own chapter, but will instead be integrated into the analysis. The structure of the empirical-analytical chapter will be motivated in depth further on.

2.3.1 Case Companies

The two companies studied are Filippa K and House of Dagmar.

When talking about small fashion labels, the researchers refer to very small labels. In some cases, this means that only the designer is standing behind the label, and he or she is running every aspect of the business: from design to

production and from PR to sales. In order to really understand their situation, with regard to problems and opportunities, the researchers have decided to look at a successful enterprise with longer experience: Filippa K. The researchers have also looked closer into a younger enterprise that they find has a great potential to become a strong player on the international market. Reasons for this expected success are the great design of the products as well as the broad management competence residing within the company.

Filippa K is a well established company, and has been chosen as an example of Swedish fashion companies that are exporting and seem to have found a good export strategy. The aim has been to find out the awareness of network thinking in the used strategy. Also, questions were posed to find out which processes have been followed in internationalization and which of those have been critical to success.

House of Dagmar has been on the market since 2005 and is therefore a relatively new brand. Despite of its short history, the brand has moved abroad very quickly. Our major interest has been to understand to which degree the internationalization process has been supported by a planned strategy. Also, the researchers have wondered if such a young company has time to care about building stable network relationships.

To summarize, the major aim of the company study has been to understand how companies in the Scandinavian fashion business actually act when expanding abroad. It would have been interesting to extend the study to further fashion companies. Unfortunately the researchers have encountered

problems in interviewing other companies, due to time constraints of the respondents.

As the understanding of social processes becomes of large importance, the context in which those processes are embedded needs to be understood first. (Saunders et al; 1997) To gain even more understanding of the network dynamics and get a “business perspective” on the issues of internationalization for SME and the networking activity, the perspective of major support organizations such as the Swedish Trade Council and the Agenturföretagen have been brought in. In the interviews we also got tips and ideas about further respondents.

Swedish Trade Council Is an organization that do tailor-made consultancy for enterprises on how to grow internationally and provides companies with free country- and sometimes sector-specific information regarding new market entries. It is represented in 40 countries and due to its large network, covering over 100 countries, it was felt as a relevant to include the organization’s perspective in the present study.

Agenturföretagen, or Swedish Association of Agents in English, is an organization representing mainly agents and retailers in the fashion sector. It supports agents in matters related to networking, mainly providing legal expertise. Agenturföretagen has been chosen, in order to understand the power relation between agents and Swedish small and medium sized fashion companies.

Rookies is a non-profit project established by the Swedish Fashion Council with a primary goal to nourish smaller fashion- and design companies in their establishment on the Swedish and the international market. The researchers have been interested in understanding the organization's network thinking.

Showroom Stockholm is a non-profit network organization for fashion designers. The network exists of a group of 15 designers from various design disciplines. Showroom Stockholm focuses on creating opportunities to exhibit the designers' collections and to enlarge their contacts with agents, retailers and production companies within their country of origin as well as abroad.

The authors have in this way tried to overcome the time constraints and bring in as many relevant perspectives as possible.

2.3.2 Interviewing in qualitative research and qualitative data analysis

Primary data has been gathered with the use of qualitative face to face interviews. Qualitative interviews differ from quantitative ones because of a set of characteristics. The degree of structure is lower and a major interest exists for the researcher's concern. Also, in order to gain information that the interviewees had not been thinking about, new questions and new perspectives are called for. (Bryman & Bell; 2003) Face to face interviews are more resource demanding than telephone interviews, as they include travel costs and are more time consuming. Still, as the researchers wanted to have an open discussion about the various areas of inquiry, they felt that a face to face interview would

make it easier for the interview subjects to open up. This characteristic is also described by Jacobsen (2002).

A constraint that the researchers have had to face during the interviews is related to time; in almost all the cases, the interviews were set for a duration of one hour. This factor has surely had some effect on the degree of openness of the discussions. Even if the authors of this paper wanted to let the interview subjects feel at ease and let them speak freely, they also wanted to make sure that the relevant questions would be discussed. Broader questions were therefore prepared in advance, regarding the issues of internationalization and networking. A sample of general interview questions is presented in Appendix 1. More specific questions were also prepared depending on the interview subject, as a support in case the relevant areas would not have been discussed by the interviewee him- or herself. The interview technique could therefore be defined as a semi-structured one. The critique could be that such a kind of structure creates a closure in the data gathering process. However, the authors of this paper find themselves in accordance with Jacobsen (2002), in so far that a totally open and unstructured interview could create such a complex amount of information that it could become impossible to analyze. Also, a certain structure does not necessarily mean that the data gathering process is a closed one; one can still have an open perspective while putting focus on particular areas.

In most of the cases, the interviews have been performed only once with the different actors. In a qualitative study there is often an interest in gaining an in-depth understanding of the examined subject. If the interviews with a single subject are undertaken only once, it will be difficult to gain an in-depth understanding, as it will be difficult to build up a real relationship of trust with that particular person (Jacobsen; 2002). Nevertheless, since the aim of this research is to gain different actors' perspectives rather than to understand the

opinion of one individual, developing a relationship was not considered important. Also, because of the researchers' resource constraints and the interviewees' time constraints, several interviews would have been difficult to put into effect.

The material was almost always audio recorded; this way, the researchers had the opportunity to re-listen to it, transcribe the information and go back to unclear passages. The only case in which the interview was not recorded was at the Swedish Trade Council, upon request of the interviewed person.

2.3.2 Choice of respondents

1. Karin Söderlind, CoFounder of House of Dagmar 2/5-06
2. Anna Wigardt Duhs, CEO Swedish Association of Agents 2/5-06
3. Annika Sjöstrand, Swedish Trade Council 3/5-06
4. Anders Ardehed, Sales Manager Filippa K 9/5-06
5. Britta Rossander, Showroom Stockholm 9/5-06
6. Sara Lönnroth, Rookies 9/5-06
7. Camilla Norrback, Fashion Designer 15/5-06

A detailed motivation of the choice of respondents can be found in Appendix 2.

2.4 Strategies for the analysis

The researchers have chosen an approach that combines the presentation of the empirical findings with a direct application of the analysis.

The problems for the Swedish fashion business have briefly been presented in chapter one. In chapter four they will be put in a deeper context. The researchers have shown the empirical findings by presenting the respondents' opinions about the areas discussed in the interviews. Those opinions have then been analyzed and interpreted by the researchers, by using the theoretical framework developed in the theory chapter.

The empirical analysis chapter is introduced by background information regarding three areas:

- The Swedish fashion Sector
- The Fashion Company
- The Case

As discussed in the introduction of chapter one, there is a golden opportunity for Swedish fashion companies today that could be exploited to a much greater extent. From this point of departure the analysis starts. There are several threats towards successful new market establishments in the fashion business presented by our sources.

The sales complications are strongly related to, and sometimes even an effect of, problems with finance and production, and therefore it has been necessary to bring up these problems. The sales problems presented in the interviews often have their source in the lack of knowledge among small labels. The lack of information leads to insecurity, and not seldom does it make the labels afraid of cooperation. Due to the positive effects network thinking can bring to small

organizations, as presented in the theoretical chapter, this individualistic behavior is seen as a problem in our thesis.

The Swedish Knowledge Foundation presents (www.kks.se) in the report “To live from ones talent” four major areas for the entertainment sector that have to be enhanced. Through the interviews the researcher have given an own interpretation to these areas when applied to the Swedish fashion business. These interpretations follow below.

1. Understanding the Environment – Immature market
2. Business Knowledge - Management competences
3. Sector Knowledge – Analyze of the problems related to agents
4. Change of Attitude – Network thinking

In our empirical analysis the first three areas, and the empirical finding to it, are discussed and analyzed from a network perspective. The fourth area, Change of Attitude from a network perspective, is what the researchers believe can be both the cause and the effect of enhanced knowledge in the first three areas.

As a conclusion, the main results of the analysis are shown. The aim of the thesis is to analyze how the establishment of small and medium Swedish fashion companies in new markets can be made more efficient from a network

perspective. To make our results even more clear to the reader, a normative checklist will be presented at the end of the conclusion.



(Fig. 1, Empirical Analysis Structure)

3 Theoretical Framework

In the following chapter, the theoretical framework of the thesis is presented. Before entering the domains of network theory and market entry strategy, the researchers feel the need to put the topic of internationalization into context. The chapter is therefore introduced by explaining the evolution that internationalization has undergone over the last years. After this introduction, relevant concepts and models in the area of network theory as well as market entry strategies are presented. The authors have chosen some of the most relevant models, and tried to integrate them in order to create a suitable tool for the achievement of thesis' aim. The theoretical framework is summarized at the end of the chapter in a graphic representation that was drawn up in order to create a clear and structured overview for the reader.

3.1 Tendencies in internationalization

Why and how firms enter foreign markets has been the major question in international business and marketing. (Ghauri & Cateora; 2006) New business dynamics, changed technologies and globalization in both marketing and production pose new challenges to the issue of internationalization. (Young et

al; 1989) The view of internationalization has undergone some serious changes during the years; traditional literature suggests strategies and concepts far away from today's practice. In order to put the subject of internationalization into context, the researchers will introduce a historical perspective on the issue, underlining those major changes between past and present internationalization strategies.

3.1.1 The Stage of Development Approach

Earlier studies picture internationalization as a gradual process, consisting of small cumulative steps, starting from agency operations and leading eventually to the establishment of own sales subsidiaries. (Young et al; 1989) Common patterns were observed when firms were extending their business above national borders. The model includes the following internationalization stages (Johanson & Wiedersheim-Paul; 1975):

1. Experimental Involvement Stage

Irregular and indirect export activities, often addressed to “psychologically” close countries.

2. Active Involvement Stage

Export via independent representatives – agents. Export becomes an important activity for the company, and opportunities in different countries are systematically explored.

3. Committed involvement Stage

Sales subsidiary. The company has a long run commitment in the foreign market.

4. Global involvement Stage

Production/manufacturing. The company's international activities are broadly spread and need coordination; several strategies are implemented.

The model shows that when increasing their level of international involvement, companies automatically change their modes of servicing the new market too. (Welch & Luostarinen; 1988) An assumption made is that firms start the internationalization process when still small in size. (Johanson & Wiedersheim-Paul; 1975) Companies therefore often lack the relevant knowledge that is necessary in order to fully commit resources to the foreign market, and need to gain experience first. Issues like *psychic distance*, i.e. differences in language, culture and geography, strongly affect the choice of new markets to expand to. (Hedlund & Kverneland; 1983) One advantage with the stepwise approach is that it minimizes risk. Taking the wrong steps in a closer market can prove less painful to react to than mistakes that are committed far away. (Johanson & Vahlne; 1977)

The establishment chain model has been largely criticized for being too descriptive rather than explanatory, and as not being suitable for companies that have to react in a flexible way to dynamic market conditions.

3.1.2 New Tendencies and Trends in Internationalization

In the light of the new business environment, the establishment chain model has been strongly criticized. The slow learning approach of firms when going international is one of the major factors to be contested. Today, internationalization happens much quicker. Market conditions have become more similar among industrialized countries, and learning is supported by

faster information technology. International networks have developed, and firms have thus gained more experience in dealing with environmental differences. A slow approach to internationalization is therefore no longer appropriate. (Hedlund and Kverneland; 1983)

The stage of development approach is among others criticized by Turnbull (1987). According to him, it does not exist a clear link between the export practice and the level of commitment of the company as explained in the stage approach. As an example, agents are not merely used in the first stage of internationalization; they are instead often kept even in more advanced stages of internationalization. Also, different studies have shown that the degree of internationalization of a company is strongly influenced by its environment, the industry structure and the company's own strategy. Therefore, to understand the internationalization of a certain company, the environment in which it is embedded has to be understood first. Actors, resources, activities, and particularly the interaction between them, become important factors when a firm is positioning itself on a foreign market. (Ford et al; 1998) Elg, Ghauri, och Sinkovics (2004/3) talk about market oriented matching as a successful method of approaching market entry. According to the idea of matching, successful networks can be facilitated when relationships to the right type of actors and appropriate adaptation of objectives in dissimilar markets are established. Effective relationships can be established on the company level, but also on a macro government level or on a global level. A final critique to the stage of development approach is that it is rather a sort of framework of classification than a real explanation of the phenomenon of internationalization.

3.2 Market entry and the network perspective

Industrial networks become of major importance when looking at international markets, as those foreign networks might differ as far as relations, roles of actors, power structure, stability and interdependence. (Johanson & Mattsson, 1988) When describing a company's market entry strategy, its particular network position should therefore be regarded. It becomes important to take account of who the critical actors, resources and activities in the network are. A company's position is defined by the role within the network as well as by the strength of its relationship to other actors. (Ghauri & Holstius; 1996) In a market entry context, relationships become an invaluable and immaterial resource to cope with the environmental disparities that need to be faced. (Hallén et al; 1991)

3.2.1 Network definition

Networks consist of dynamic, social and complex relationships, and create complex surroundings. (Sanchez; 1997) A network is a structure where several nodes are related to each other by specific threads.

“A Business market can be seen as a part of a network, where the nodes are business units, such as producers, customers, service companies and suppliers of finance, knowledge and influence. The threads are the relationships between the companies. Both the threads and nodes have their own particular content in a business network. Both threads and the nodes are heavy with tangible and intangible resources: physical; financial and intellectual, in many different forms. [...] Each relationship is a “quasi-organization” that arises from the

investment of physical and human resources by both companies. The network is not a world of individual and isolated transactions. It is the result of complex interactions within and between companies in relationships over time.” (Ford et al; 2003. p.18)

3.2.2 The interaction approach

In the business world of today, no company can stand by itself. Individuals are connected to each other by a complex system of relationships. Like individuals, enterprises are embedded in an interconnected environment. A company is influenced by various actors, such as people and institutions, which are, at the same time, reciprocally dependent on each other. Today, managing the network is crucial for the success, or the fall, of a company. Still, network analysis is a complex task, as the network itself is influenced by present and past actions of its members. (Ford et al 2003) Also, the bounded rationality of the human mind imposes limits to the processing of such complex information. (Schwenk; 1984)

The network frames the company’s operations, creating opportunities as well as constraints for the firm. Networks are unbounded; boundaries are introduced by the specific actors and their interpretation of the network in order to make it analyzable. Networks thus become a result of intentions, interpretations and perspectives. Also, networks are not predetermined by a master plan a priori; they arise through the interaction of interrelated and simultaneous actors. Those same interactions become both source to stability and change for the network. Networks are flexible, in so far as single actors and relationships among them can disappear without really compromising the network itself. It should also be noted that the firm has a particular strategic identity, related to the position occupied in the network. The strategic identity is influenced by the

relations and the interactions outside the firm, and it simultaneously guides and shapes the firm's choices regarding the question which interaction partners are best to choose. (Håkansson & Johanson;1987)

3.2.3 Networks and Small & Medium Enterprises

The idea of networks is often related to small enterprises. Networks offer the advantages of large corporations to smaller firms, without having to deal with the disadvantages. (Gustavsen & Hofmaier; 1997) By building a solid portfolio of relationships, a company can, over time, maximize its long-term value. (Kaas; 1995) Also, when having a long term strategy for its export activities, various opportunities can arise by enhancing relationships to different channels. (Young et al; 1989)

3.2.4 International Market Entry Strategies

When the company decides to go international, it has to choose a certain entry strategy. This strategy should reflect the market's potential, the company 's capabilities and the degree of marketing involvement and commitment the management is prepared to make. The major aim with internationalization is to achieve further growth. Three major aims are identified when entering a new market: market seeking, efficiency seeking and resource seeking. By market seeking, it is meant that the company is looking for a new market for its products or services. This can either happen because of a saturated market at home, or because of the company' belief of having a strong brand or product through which new markets can be penetrated. Efficiency seeking looks mainly at new R&D opportunities, and resource seeking at new material and inputs to achieve cost reduction. (Ghauri & Cateora; 2006)

In this thesis, the authors consider the case in which market seeking is the major driver behind a company's market entry strategy. Although there is a wide range of entry strategies to choose from, the focus of this paper will be set on the alternative of export.

3.2.5 Market Entry Via Export

Export is generally considered the least risky method for entering a new market, above all for a company that is small in size. (Ghauri & Cateora, 2006) Still, small firms often fear their size to be a hindrance to successful export operations. Export poses different opportunities and threats that companies should be aware of. Firms should for example not enhance in export practices when having a short term perspective or without having studied the foreign market conditions. Also, especially small firms should have some sort of strategy in place to face the opportunities that export might lead to. The production capacity of a certain firm might for example not match the export opportunity. Therefore, the company might be simply overwhelmed by a demand that it cannot face. Still, even if firms wishing to go international should stay realistic, the various advantages that a small firm can get by exporting should not be overlooked. Small firms are often more alert and quicker to react to new export opportunities. Exports can be more easily coordinated, and long lasting relationships with actors in the foreign country can more easily develop as a consequence of a more stable management. This will favour a more committed attitude over time in dealing with the customers; also, small firms, lacking international experience, can receive the support of various export organisations. (Young et al; 1989) The complexity and the constantly changing character of networks confers them little transparency. Network ties can be understood only to a certain extent; the more a specific actor looks at external relationships, the more vague this understanding will

become. When observing a network structure in a foreign market setting from the outside, only a superficial insight can be gained. (Håkansson & Johanson; 1987) Therefore it becomes important to find the right intermediary, who will give access to the foreign market's network structures. (Young et al; 1989)

Indirect export

Indirect export refers to the fact that the producer distributes his products to a middleman *on the home market*. This middleman can be an export merchant or a trading firm. When the enterprise uses indirect export, it tends to have very little contact with the new market and will therefore achieve very little market knowledge. (Root; 1994) The researchers' assumption is that indirect export poses difficulties for companies aiming at developing and keeping a strong position on the foreign new market. The attention is therefore shifted away from this export alternative.

Direct export

In direct export, the producer undertakes the export task him- or herself via distributing directly to the end customer or using the support of an intermediary, such as an agent or a distributor. The agent subsequently forwards the products to another middleman or to the end-customer. When a company decides to export directly, it shows commitment to the foreign market, and gains the advantages of exercising stronger control, as well as gaining major access to relevant sources of information. (Young et al; 1989) Direct export is the market entry strategy that this research focuses on.

As a part of the study focuses on how effective business-to-business relationships can be established in a market entry setting, the more relevant forms of direct entry appears to be the direct export alternative through agents. This alternative will be presented further on.

3.3 Distribution In Business Networks

3.3.1 The importance of choosing the right distribution channel

The issue of distribution is currently of great importance. Companies are often defined as global today, which implies the need of delivering products even to several continents. Issues of distribution in terms of local vs. global supply need therefore to be solved. Companies are separated from each other by factors like concentration, specialization and geography; a way of connecting them back has thus to be searched for. Specialization is one major cause for the enhanced need for distributors. Suppliers as well as distributors have to adapt to individual and specific customer requirements, which leads to a strong increase in the number of transactions, and a stronger need of coordination. It becomes critical to find the right coordination mechanism. (Ford et al, 2003)

Manufacturer _____ Immediate user



Often an Intermediary needed - Industrial Distribution Company

(Fig.2, The Role of the Industrial Distribution Company - Ford et al; 2003 p.119)

Direct distribution is often preferred in simple and stable markets, especially when the manufacturing firm wishes to keep strong control over factors like pricing or selling. When addressing instead to a market characterized by a large variety and personalized demands, the specialized knowledge and experience of different distributors becomes an invaluable asset. (Ford et al; 2003) It has today become quite uncommon to find one distributor providing everything. Both suppliers and customers feel the advantages of using distributors.

Vertically integrated distribution systems are today being abandoned despite of new arrangements. Unstable environments call for specialists, having valuable local knowledge about specific market niches. (Anderson & Day, 1997)

Distribution can be interpreted as a way of bridging the gap between producer and user, or simply as a tool for physical delivery. The authors of this thesis will instead refer to distribution as a network, consisting of the companies involved in the distribution process and the relationship between them. (Ford et al; 2003)

3.3.2 Distribution “networks”

The usage of the interaction approach implies a revision of the concept of supply chain management. A supply chain is no longer considered a chain of one to one or b-t-b relationships, but becomes instead a network constituted of different businesses and business relationships. (Lambert & Cooper; 2000) The supply chain is therefore represented as an uprooted tree. Suppliers and customers constitute the branches of the tree. (Cooper et al. 1997) Also, according to the IMP network approach, a clear distinction of roles in terms of manufacturers, wholesalers and retailers can no longer be made. Depending on the context, the roles tend to shift, the same company being at times a costumer, at times a supplier. Distribution channels thus loose their inertia and are seen as dynamic webs. (Ford et al. 2003)

An important issue, in this regard, becomes the identification of the critical members in the network. A distinction between primary as well as secondary actors in a specific process can be made. The same company can perform both primary as well as secondary roles, depending on which processes it is being looked at a particular moment. (Lambert & Cooper; 2000)

When analyzing distribution relationships, the following levels can be considered:

- The complexity of the distribution solution used: is it a transactional exchange or more a continuous exchange?
- The level of involvement between the supplier and the customer

The choice of the intermediary should be carried out carefully, looking at the positional as well as at the technological resources, which can be reached via a certain relationship. By positional resources, the distributor's position in the network of relationships is meant. (Ford et al; 2003)

Distribution Networks:

- Harmony and joint interest
- Trust and common norms
- Social and cultural aspect
- Long term relationships

Distribution channel (pipeline):

- Conflicts between interest
- Contracts and formal agreements
- Governed by power

3.3.3 Formal versus informal relationships and the role of cooperation

Håkansson H. & Johanson J. (1987) describe differences between formal and informal cooperation. Formal cooperation often occurs at a higher management level and is a visible form of cooperation for outside actors and between the interacting firms. On the other hand, informal cooperation is identified by the fact that trust, which is build through social interaction, plays an important role. The parts involved in the exchange are aware of

possessing mutual interests, and via the deployment of resources and time, a true investment in the relationship is made. In informal cooperation, business relationships are installed first, and afterwards they become visible.

In regard to international businesses, it can be said that cooperation is a means to develop a certain position in the already existing network, or to enter the counterpart's network. Often relationships to local agents and distributors present in foreign markets are used to attain local resources and to better reach potential customers. This kind of cooperation is often less formalized. Informal cooperation is used in international businesses embedded in non-transparent networks. Also, companies with a weak position will start to cooperate on an informal basis in order to create a position before becoming visible. Firms having, on the other hand, a strong position in their networks, will seek formal cooperation within tightly structured networks, with the aim of developing ties to prestigious actors. (Håkansson H. & Johanson J.; 1987)

3.3.4 Distribution in direct export

Direct export can be carried out either by directly selling to the end customer, exporting through a representative (agent or distributor), or by establishing an own subsidiary. (Ghauri & Cateora; 2006 and Young et al; 1989) In this thesis, particular attention will be given to exporting via an agent. The use of agents is common when entering a foreign market, especially in the case of small fashion enterprises (Sara Lönnroth, Rookies). The agent is located on the foreign market, where he or she represents the exporting firm. The agent is normally paid on commission basis, and the trading risk still rests on the exporting company itself. (Peng; 1998) When

using an agent, a company keeps stronger market control and information, as well as a permanent presence in the foreign market. (Ghauri & Cateora; 2006) According to Young (1989), agents can be categorized as:

- Exclusive – when selling only the company’s product
- Semi-exclusive – when selling also non competing products from other companies
- Non-exclusive – when selling also competitive products from other companies.

An adequate market knowledge might be needed for choosing the right agent. (Anderson; 1985). The major advantage, from a network perspective, in using an agent, is that his network relationships can be used in penetrating the market. For an exporting company, the alternative to building its own network is namely a very costly and time consuming alternative, even if it might lead to major advantages in the long run. Infact, the major disadvantage in using an agent is that once the cooperation has ended, the exporting company might have very little knowledge about the foreign market left. (Holmlund & Kock; 1989)

3.3.5 Agency Problems

As already mentioned above, the choice of an agent in an export context is a very delicate issue. One major problem that can occur is the difference between the interests of the agent and the exporter. (Håkansson H. & Johanson J.;1987) Agency problems can therefore arise. By agency problems, it is meant that the principal (the exporter in this case) and the agent have different priorities, which may underpin a successful collaboration. By

shirking from his contract, the agent creates costs, called agency cost. Also, when choosing the agent, a problem of information asymmetry arises, too, as the real intentions of the agent might be unknown to the principal at the moment of the choice. The principal has simply a too limited rationality to be able to assess the agent's true goals. (Mallin, C.A; 2004)

Therefore, natural questions that might arise in a market entry context could be:

- How can the right middlemen be chosen?
- How can agency problems be overcome by using networks?

A study by Dahlstrom and Ingram (2003) shows how agency costs can be reduced by a pre-contractual screening of the agent's behavior. This is of course no easy task to assess. The point made in the study is that by observing the agent's network prior to hiring him, one can understand what kind of relationships he is participating in. Density, i.e the number of links within the network, can be assessed. Strength is a further criterion, referring to the amount of time, reciprocity and emotional intensity involved in the tie. A final criterion is multiplexity, indicating that a relationship operates in many dimensions. Changes in density, strength and multiplexity affect the principal's opportunity of gathering information about the agent.

One way to overcome the agency problem is to develop a long lasting relationship, where the need to monitor the counterpart is instead replaced by a sense of trust. Thus, which are the conditions under which "channel rivalry" can be transformed into channel "partnership"?

3.3.6 Game theory and the role of trust

Networks differ from markets, since every transaction has an own history. Also, actors cannot come and leave the network, as they can on the market. At the same time networks differ from hierarchy, since the relationship ties are not fixed or based on ownership and overall control. (Ford et al; 2003) The dimension of history strengthens the ties between actors. The network ties develop over time, as a result of the interaction between the different members. As time passes by, knowledge about the counterpart will be gained, eventually leading to trust. (Håkansson H. & Johanson J.; 1987)

When using distribution channels to enter a new market, the exporting company can gain access to valuable resources. Knowledge about the foreign market is one of these. Installing a long lasting relationship, based on trust, will support the sharing of sensitive information.

In order to build trust, both parts involved in the exchange have to be ready to develop the trust game. Transactions that in the beginning might merely seem a one time happening may grow into trusting relationships over time. Concepts of game theory are interesting in this respect. If the parts in the game know that their relationship is being maintained in the future, instead of being merely a one time happening, the willingness to collaborate will be much higher. (Sydow, J; 1992)

In order to favour the development of trust, the channel partner choice should be done following the criteria of distinct competencies simultaneously sharing the same values. Relationships of trust often arise in

an informal and flexible way. They are therefore not based on formal long time commitment forms, as contracts are.

MARKET ENTRY

Direct Export

-Export advantages for small companies: flexibility, easier coordination of relationships

Export through Agent

-Formal or informal cooperation



NETWORK

- Access to tangible and intangible resources
- Access to market knowledge
- Choice of distribution channel
- Agent's network position
- Levels of involvement



How can market entry strategies of small and medium Swedish fashion enterprises be made more efficient from a network perspective?



Analysis

4 Empirical study and Analysis

In this chapter, the researchers will link the gathered empirical material to the theoretical concepts and definitions presented in the theory chapter. First, background information about the fashion business and the case companies is provided. Further, problems related to the fashion business will be discussed. Such problems have been shortly presented in the introduction of the thesis, and are considered serious threats to the success of fashion companies. In this chapter, those threats will be analyzed in more detail from a network perspective.

4.1 Empirical background

4.1.1 The Fashion Business

The Swedish fashion industry includes a group of big actors operating internationally, H&M being the lead player of it. These companies have been a great training ground for several small and medium sized fashion companies in Sweden. Among the medium fashion firms that have succeeded in Sweden, some have also started exporting to a higher extent. For being such a small country, Sweden possesses a surprisingly large group of small companies. In comparison, medium sized enterprises represent only a smaller group. These

small companies often have major problems to find ways to live from their talents. (www.kks.se) Since the end of the 90'ies Sweden has experienced small fashion labels “popping up” like mushrooms in the forest. In combination with new and good fashion education, the interest for Swedish fashion has supported the rise of many new creators. Today one could say that Sweden has a group of highly competent fashion designers within its borders. Also, Swedish fashion designers have been given major media attention abroad. Still, there is a huge gap between being recognized as a designer with a great potential, and being able to make a living out of the business.

Scandinavia can rely on a pretty large group of trend sensitive customers, which poses different opportunities and threats for small labels. Scandinavia is for example an ideal launch platform for a small label; on the other hand, as trends tend to change quite quickly, the costumers' trend-sensitiveness can also become the fall for a small brand (David Hedman; 2003).

The question therefore arises whether a company can afford to ignore the global market these days? Pumping out the label is often proven to be a disaster if a company plans to stay on the Swedish fashion market long-term. Companies like J Lindeberg are used as a school example of how a fashion brand should not be handled. The company has experienced a loss of designers' control, as well as overproduction of explicitly branded clothing. (David Hedman; 2003)

There are two major risks if one decides to ride the hype one is facing. First of all the Swedish fashion market is relatively small and has a tendency to become saturated pretty fast. The Swedish fashion consumers have a tendency

to be very sensitive to trends. If a trend hits the market, there is often a big group that is not late on jumping on it. At the same time, the Swedish fashion consumers often consider it as important to keep a certain individuality. Therefore, if the trend spreads to a broad customer base, the interest in it is probably doomed to decrease in a relatively quick manner. This leads to the risk of experiencing a short success with a fast fade. (David Hedman; 2003) It might be possible to succeed, but if a small fashion brand aims at establishing long lasting profit in Sweden, pumping up the brand is probably the wrong strategy to choose.

The Swedish label WE decided to pump up its brand on the home market in the late 1990's and early 2000. The company ended its major branding strategy about two years later, which might have been too late. In 2003, the Swedish market was considered the company's cash-cow, and WE considered themselves a global brand. (David Hedman; 2003) The researchers wonder if the closing down of the flag-store at Götgatan in Stockholm might be a sign of the negative effect the chosen strategy has had on WE's image in Sweden.

Another challenge for a small label is to keep the designer focused and creative without putting on him or her a destructive pressure. According to Jan Carl Edelsvärd, CEO for the risk capital firm NOVAX, it is a tricky way to walk and the enterprise has to find a balance between making money and keeping the right degree of creativity. (www.n24.se 8/4-06)²

Since enterprises that conduct export operations are less dependent on their home market, they are not as *vulnerable* to changes (Abrahamsson &

² NOVAX is known for investment in the Swedish fashion business with companies such as WE and Filippa K in its portfolio.

Bergström; 1993). At the same time, the risks are growing with globalization (Kotler et al; 1999). If an enterprise has a relatively small home market, it naturally tends to exporting as a way of seeking new markets (Rundh; 1993). This is the case in Sweden today. About 50% of the total Swedish GDP comes from sales in foreign countries (www.handelskammer.cci.se 25/4-06) With only nine million inhabitants, Sweden is greatly dependent on export. The same situation can be observed for the Swedish fashion industry. As the home market is too small, one is often forced to go abroad. The question therefore arises whether it is even possible for a Scandinavian fashion label to stay merely on its home market. Earning the big money in such a small country as Sweden can be quite complicated.

4.1.2 The Fashion Company

To understand the type of labels that this thesis is dealing with, it is important to clarify to the reader the different types of trends, and the overall product life cycle.

“Fashion tends to follow a cycle that is comparable with the product lifecycle. In the beginning of a trend, only few people tend to follow – the innovators. When the acceptance stage occurs, we will see an acceleration of the trend until it reaches a wide acceptance. Sometimes the trend will regress and go down. This life time of the process will look differently depending on what type of fashion we are dealing with. Usually these are divided into classics, fashion and fad. The classics have a long lifetime with a slow build-up phase. Fashion has a faster build-up phase but will also fade faster. The fad, on the other hand, will reach a fast peak and will fade just as fast as it

came. The length of the trend is what differs the trends the most.”
(Solomon, Bamossy and Askegaard; 1999)

The labels the researchers have chosen to focus on can be considered to put strong emphasis on high quality and to be working towards making the product's lifecycle longer. The goal is in fact to let the product be worn for at least a few seasons. (Arwidi, Wallin & Åkesson) At the same time, it is also their goal to stay exclusive. Exclusivity is a prerogative if one aims at staying long time on the Swedish market. This calls for the need to look at the international market establishment. According to Mr. Ardehed, sales manager of Filippa K, one can not really work against the fact that the market will get tired of one's own brand. Filippa K was replaced in the media by new labels like ACNE. An option would have been to start using alternative sales channels, like MQ. Instead, the company chose to stay faithful to what it believed in and accepted the need to enter the international market. This strategy has resulted in stability in sales, as volumes that were lost in Sweden have been picked up abroad. The sales numbers have in fact stood still for about three years now.



(Fig.4, The Value Chain)

Value Chain of a fashion company

This general value chain is a very simplified illustration of the activities undertaken in a fashion company. Depending on the size of the company, some areas are further divided into sub-processes. Depending on the production and sales strategy used, some processes are outsourced to other companies or made in another order then presented in this picture.

The “ Cases”

A more detailed presentation of the “case companies” follows in this section. Filippa K and House of Dagmar are companies with two quite different profiles. Still, some fundamental similarities can be observed. A structured business competence in combination with a deep design knowledge of the management is one of those.

As Filippa K is a more established company than House of Dagmar, company data is available in larger amount. The company presentation is therefore somewhat more detailed than the one of House of Dagmar.

House of Dagmar is a fairly new label, which launched its first collection in spring 2005. From the start, House of Dagmar has been the trend magazines' darling. Magazines such as Elle, Bon and Dagens Industri have written about it. The label has been wiping the street of all awards a newcomer can get in Sweden³. The company is formed by three sisters, Karin Söderlind, Kristina Tjäder and Sofia Malm, which has given the label a lot of free publicity. (Habit; 03.06) All three have a wide range of experience in the fashion industry. Karin Söderlind has gained experience by working, among others, as purchaser for H&M. Kristina Tjäder is a designer and has a wide experience in working for various fashion companies. She has been designing among others for H&M and Boomerang. The youngest sister, Sofia Malm, is responsible for the sales in Sweden. She is presently studying fashion and will be given more sales responsibility in the future. The clothes from House of Dagmar are characterized by the good quality of garments and of the production process. To deal with raw materials of high quality is the philosophy behind the brand. House of Dagmar wants to maintain a Swedish character, but at the same time stand for a label that is competitive on an international level.

Filippa K was established in 1993 by Filippa Knutsson, Patrik Kihlberg and Karin Segerblom. They had all been working together at Gul & Blå, a Swedish clothing firm owned by Filippa's father. Filippa K products are plain and elegant garments with high quality. The prices are above H&M - but still below the price of the premium segment. With this profile, Ms. Knutsson has filled a previously existing market gap. Due to their background, Filippa Knutsson and her collaborators could benefit from contacts in areas that every small fashion label would usually dream of. Prior to the launch of the label,

³ "Rookie of the Year", "Garbohatten" and "the Best New comer" in the Swedish fashion magazine Elle.

contacts existed to high quality producers who accepted to take small batch orders, mainly because of their previous collaboration with Gul & Blå.

The success came three years later with the “got-to-have” stretch-jeans. One year later, in 1997, Filippa K opened own stores in Stockholm and Oslo. The Norwegian market was penetrated by opening an own establishment. The expansion strategy of Filippa K was to keep the own establishment as close to the mother company as possible. The former sales manager Joakim Klingh mentioned in an interview in Dagens Industri from 1999 the importance of picking the store that has the right profile for the brand. Therefore, even though the demand exists, Filippa K has no interest in becoming bigger in Sweden. The feeling of exclusivity has to be maintained, and it is therefore important not to pump up the brand. The same strategy is followed abroad. Using an agent that works on provision basis and not understanding what Filippa K stands for could destroy the brand’s image on a new market. This was a risk that the company was not willing to take.

Looking a Filippa K today, seven years later, one can say that the company has partly kept this part of its strategy. The company has not more stores in Sweden today than seven years ago, keeping its image of exclusivity. When it comes to export strategies, several changes have been made. Anders Ardehed was employed as new Filippa K salesmanager in 2000, and one of his first achievements has been to change the company’s attitude towards agents. In 2001, the company, represented by agents, started its European expansion. The first markets to be entered were the Netherlands and Belgium. One year later, the company went on with its expansion, entering countries like Germany, Switzerland and Ireland. By 2003, ten years after the establishment of Filippa K, 50% of the turnover is created outside Sweden. Since 2006 the company has

been running its own store in Amsterdam and Munich, as well as a showroom in Berlin.

4.3 Looking beyond the borders

The Scandinavian “Young Fashion” has been given major attention abroad lately. Swedish fashion design is no exception. The Swedish Trade Council has conferred it a place on the agenda since it is simply considered to be one of the future growth areas of the Swedish economy. (Annika Sjöstrand, Swedish Trade Council)

Both Filippa K and House of Dagmar have been aware of the need to sell on international markets. For House of Dagmar, the need has been more urgent, partly because of the products’ price level being higher than the average, and therefore reducing the Swedish market even more. A further factor has been a major media attention, consequence of the Rookies price. This has conferred House of Dagmar free publicity abroad and has awoken the interest of agents. The export has, in most cases, been conducted reactively, as House of Dagmar has mostly been contacted by the agents themselves, rather than the other way around. The use of agents in the company’s export strategy has been natural from the beginning, as costs of self-establishment would have been otherwise too high. House of Dagmar has originally planned to follow an export strategy starting from close countries and moving slowly to farer markets. In practice, the company’s internationalization is following more a spontaneous path, using the possibilities that arise with time. Therefore the country expansion pattern looks more like a patchwork: Denmark, Norway, Netherlands, France, USA and Japan. The company has conducted direct export by taking an active role in the choice of the agents. (Karin Söderlind, House of Dagmar)

When Filippa K started its export, the company followed a pretty clear strategy. No active search of retailers was made, neither did the company want to use the support of the Swedish Trade Council. Instead Filippa K rather used the publicity obtained as a natural driver for international growth. Filippa K considers Norway and Denmark an extended home market because the fashion taste in these countries resembles the taste of Swedish customers. It is felt as natural that the Danes and the Norwegians look after what is trendy and innovative in Sweden, just as Swedes look at their neighbours. The process of internationalization was described by Mr. Ardehed. When being a strong Swedish label, it is not uncommon that the Dutch get interested. Expansion in Holland is usually followed by expanding to countries like Belgium and Luxemburg; the next step is then usually Germany. This was the effect that Filippa K was experiencing.

According to Britta Rossander at Showroom Stockholm, it is a good idea to start close to the home market when going abroad. Experience has shown that, as a small designer, the costs can reach higher proportions if export is conducted far away from the home-base. In case of problems, it is not too costly to travel to the closer market in order to sort things out. There are several changes that have to be taken care of when entering a new market. Sara Lönnroth mentions the need for new marking of size and washing tags when approaching new countries. A further change to undertake can regard the sizing system, when, for example, entering the Japanese market.

At the same time, young Swedish labels are facing several problems when going abroad. The researchers have noticed a certain eagerness of fashion companies to come up with interesting and innovative ways of signalling their entrance on the scene. They tend to focus strongly on marketing, but when it comes to action, the artillery is weak. To Ms. Sjöstrand, at the Swedish Trade

council, the main problem for the Swedish young fashion labels is the sales. Swedish labels get so much attention in the media, but unfortunately put too little effort into implementing this attention in an effective sales strategy.

4.4 Threats to success

The presented threats are based on our empirical findings and on the problems underlined in the report from the Swedish Knowledge Foundation. The discussion will lead us further to our conclusion, which will end with a normative checklist on how to strengthen the exporting fashion company.

4.4.1 Understanding of the Environment - Immature Market

As mentioned above, the Swedish fashion industry is a growing sector. Still, despite of several new companies, which have established over the last five years, the Swedish fashion sector is not a new sector. Swedish labels like Gant, Marco Polo and Boomerang have been acting for quite some time on the market. At the moment, the difference lies in the amount of companies arising and the international media attention they get. Scandinavian fashion is just as hyped today as fashion from Antwerpen was ten years ago. (Sumi H., Best Shop Berlin) As Ms. Lönnroth chooses to describe it, “fashion is today, what IT was for the nineties”. These new companies are not seldom based on creative values rather than on commercial ones.

Creative minds mostly consider it as a very negative aspect to appear commercial; (Sara Lönnroth; Rookies) still, few people can afford to work with a creativity that does not put food on the table. (Svenska Dagbladet 25/5

-05) The major challenge becomes herewith to make the small fashion labels more efficient when dealing in the business. (Sara Lönneroth; Rookies) Many of them are established by designers that have recently graduated from design schools, having therefore little knowledge about how the business functions in practice. These new, young companies, could almost be considered to create an own Swedish fashion sector themselves.

One major disadvantage for the industry is the negative approach small and medium fashion companies have towards networks. Based on personal experience gathered in the cities of Berlin and Copenhagen, the authors's assumption, prior to the interviews, was that compared to these markets, the Swedish fashion business seemed to be less based on cooperation.⁴ The interviews confirmed the lack of cooperation in several aspects of the fashion business.

Based on the interviews some possible cooperation areas that the researchers see are:

- Market communication
- Sales
- Production

The main area where cooperation seems a used practice is market communication. When it comes to marketing, everyone tends to be eager to

⁴ Few examples exist though. One of these is the small label cooperation Öös, gathering a group of Stockholm designers. Those have build up their own store and present themselves together at fashion events.

interact with each other, but for some reason it all ends by that. (Annika Sjöstrand) Karin Söderlind from House of Dagmar made the example of how she always considers her collaborators' network when choosing stylists and photographers for the shootings. A stylist with good connections at Elle or Bon magazine is of course to prioritize. The same happens when the company decides what agent to use on a new market. When asked if House of Dagmar works together with other designers in areas such as production or sales, the researchers are given a strong negative answer. A possible collaboration is not even considered. Some shows have been made together with other brands, arranged by the Swedish Trade Council and Showroom Stockholm. However, the project can still be considered to be a marketing arrangement during which the designers accepted to gather and exploit the advantage of being a "Swedish brand". Sara Lönnroth chooses to put it in this way: "In the end you are all competitors".

Annika Sjöstrand (Swedish Trade Council) points out that one reason for the little tendency to cooperate between small Swedish fashion designers might today simply be their ego. The Swedish fashion industry is driven by "creators". The sector is very individual, and compared to other businesses, the person behind the brand is very important. Due to the immaturity of the fashion sector, a lot effort is needed, which can make it frustrating for a designer to let others profit from his or her hard work. A designer running his own company not only needs to focus on the design of a particular collection, but needs also to gather the actual resources needed to keep the business going. This may require a large amount of time that otherwise would preferably be spent on designing. Therefore, the designer might not be too eager to share the business knowledge he or she has been building and that has cost him a lot of time and effort.

Another problem is that it can be very destructive for a brand to be marketed together with labels which are not considered to fit one's own image. The Swedish Trade Council has been supporting the presence of Swedish designers at major European fashion fairs. According to the authors, presenting a united front of Swedish labels is great idea from a network perspective. Among the projects that have already been carried out, the Swedish pavilion organized at the French fashion fair Prêt-à-Porter can be mentioned. The Swedish trade council sponsored 50% of the fee, supporting in this way the pavilion in which four Swedish labels were represented. Without the support of an external organization, it would have been impossible for the four designers to face a cost of 100 000 Swedish Crowns for thirty m²; therefore it would have been impossible to participate (Dagens Industri; Karin Larsson) If the small company would go to a European fashion fair by itself, it would probably not be able to afford much more than a small space of a few square meters. It would therefore be difficult to attract attention as an unknown label on a new market.

However, the interviews showed us that the labels have not always been satisfied with such arrangements. At the particular event in Paris, some of the labels felt as if they disappeared in the pavilion area, since the visitors did not really understand that they were dealing with a group of individual labels that normally did not cooperate in that constellation. In some cases the visitors did not even find their way to the area. After more informal conversations with some designers were made, it rather appeared to the researchers that the marketing and the information regarding the pavilion could have been more effective.

As far as cooperation in the *sales process* is concerned, it seems like the small Swedish fashion labels either work by themselves or see the usage of an agent as the only possible solution to collaborate with an external actor. This aspect will be analyzed in the section discussing the sector knowledge.

Learning in networks

According to the authors, labels should use the learning opportunities offered by network structures. As previously mentioned, the business is constituted by many young labels, which at times act in a very insecure way. (Sara Lönnroth) One can imagine that a label's fear of its competitors is probably going to decrease as the business becomes more mature. This namely leads to a situation in which more information is available about which actors one can trust, and more stable channels can be established. However, at this very moment, small companies put major effort into seeking information about possible sales channels or producers, and they are not happy about sharing "business secrets" (Sara Lönnroth). This behavior is, from the researchers point of view, nevertheless counterproductive, as it slows down the development of the whole sector. By collaborating in a more formal network organization, the labels could together focus on their strengths.

When it comes to export, the Swedish Trade Council is already offering small labels support in the form of advice meetings about new market establishment. The consultancy offered by the Swedish Trade Council is offered for free at this early stage. The help-kit contains six half-days of consultancy, specialized on the companies needs. This consultancy can happen in groups, but is mostly offered individually. All these learning possibilities

would become more efficient if knowledge was shared in cooperation. If a group of smaller labels would get together, they would theoretically get more hours of consultancy than if they were by themselves. This “tailor-made” help is important, since the overall information offered by the Swedish Trade Council about the existing agents in a specific country can be hard for a company to evaluate. The Swedish Trade Council supports an overall understanding of the market situation, but there are too many soft values that play an important role for a company when choosing an agent. General advice deriving from an external organization is therefore not enough to make the right agent evaluation. This problem will be discussed further on in the section dealing with the choice of agents.

The importance of trust in the network

It would be desirable that collaboration is built on reciprocal trust, since trust is can strengthen a network. Game theory focuses on trust, even if it does not consider it in a conventional way, i.e. as related to friendship; instead, trust is explained to arise as a function of time. Just as assumed in game theory, two players are more likely to behave fairly in the “game” if they know that the game will be repeated in the future. Infact, why would one fool somebody one is dependent on? When cheating, it is probable that the same kind of opportunistic behavior will return from the counterpart. However, it can be hard to start a cooperation based solely on trust; trust develops and is proven over time. (Sydow; 1992) Therefore, establishing contracts with one’s counterparts is to prefer in the beginning of a cooperation.

4.4.2 Business Knowledge – Management Competencies

The last years have seen a rise in interest regarding education in the area of fashion. Still, one major priority nowadays is to increase the business competences of small fashion labels. The leader of the “Rookies”, Sara Lönnroth, points out that creativity is not an issue undermining the flourishing of the sector. The problem in the sector is instead the lack of business-minded people. It is almost considered something ugly by designers to combine their own creativity with more commercial aspects. Ms. Lönnroth discusses how it can be a strength to stay creative, but still consider the market’s demands. Few people can afford to work with a creativity that does not put food on the table. (Svenska Dagbladet 25/5 -05)

Since many of the new up-coming labels are started and driven by creative people, their knowledge and interest in the business area often tends to be put aside (Sara Lönnroth, 2006). As an example, Sara Lönnroth tells us that “It is not uncommon that labels put major effort into the corporate identity of the company, working on perfectly fitting brand tags, flyers, price tags and so on. But once standing at a fashion fair, the companies haven’t even thought of ordering-applications”. The little business consciousness regarding sales is just one of the problems. The success of a small fashion company is based on the correct organization of many areas. As an example, to build up a structure of production demands qualified knowledge and assets. Building up a strong and safe sales strategy takes above all a lot of time into consideration. If the plan is to build an own international sales establishment, it also demands good knowledge of the new market, preferably good contacts and often a lot of assets.

Many of the middle-sized companies that have been succeeding the last years have one thing in common. They are not run by designers, but instead by

entrepreneurs. Examples are companies like WE, J. Lindeberg and Acne. Odd Molly is an example of a company where a fashion designer and an entrepreneur collaborate, each being accountable for his or her area. There is also a group of companies run by fashion designers, but what differentiates them from many newer labels is that the designer has a long experience working at one of the bigger companies, not seldomly H&M (www.kks.se) This has conferred them knowledge about the business and useful contacts for solving the problems and organizing the processes that a new established fashion company has to face.

House of Dagmar is, as mentioned earlier in this chapter, a perfect example of a company that has a broad range of competences in the management, even though being a fairly young company. Despite the major attention House of Dagmar has been getting, the company follows a structured strategy, trying to not get overwhelmed by the fast pace of success, and rather stay rational by carefully evaluating opportunities and threats.

But what can a small fashion company do if it is not blessed with the business competences of Filippa K or the sisters behind House of Dagmar?

One way could be to work with someone possessing the necessary experience and contacts in the areas in which knowledge is needed. Searching for cooperation with people that have the experience the company misses can be a faster way of gaining knowledge than putting the effort in re-inventing the wheel. During the interviews, the researchers still got the impression that very little focus is set on the network when hiring new sales people.

Mentor program

Anders Ardehed in the year 2000 was offered the position as sales manager for Filippa K, without having previously gathered specific experience in the area of sales. The company could have chosen someone with an already established network, for example someone from J Lindeberg. The problem would then have been, as Mr. Ardehed himself explained, that the company would have gotten the network of J Lindeberg and not established an own Filippa K-network. To the researchers this seems to be a question of the company's culture and style. For a company like Filippa K, where quality, style and simplicity are put in focus, rather than achieving a "fast boom", it is not too surprising that other values are prioritized. The focus of the company lies instead on finding individuals who are nice to work with and who can themselves build the company's network.

When Mr. Ardehed started at Filippa K, he picked a mentor possessing some of the knowledge he missed. The mentor was found in his own network and was an experienced person in the sales area of a global fashion company. Through him, Mr. Ardehed gained a lot of knowledge that he later on converted into a strategy suitable for Filippa K.

To the researchers, this appears to be a very clever move. One possible solution could be to develop some kind of mentor program for smaller labels. This could be made for labels individually or in a group. Rookies is already working in this direction, organizing events to help the small fashion labels to get in contact with the business world. The project is still very young, and improvements can be made in many areas. We think it might be possible to take this interaction opportunity a step further by supporting the fashion labels in their interaction with other people, more experienced in the fashion

sector. The unconventional events organized by Rookies would be good occasions to find a contact partner; a personal connection is in this regard an important factor to consider.

Education

Another suggestion of how the business competences in the fashion sector can be strengthened arises when considering fashion educations in Sweden today.

The interviews have shown that it is a general perception that the fashion education has to be enhanced with more business knowledge. The researchers share this opinion. Over the last years, a lot of the effort has been made in teaching design students about business. (www.kks.se) Still, design schools should put a stronger effort in teaching their students how to be sensitive to the demands of the market. At the same time, is it important that the designer is able to focus on the design and maintain a certain autonomy in it. According to studies made by the Swedish Knowledge Foundation, there is little interest among design students about learning how “to work a business”. The designers active in the fields commit exactly the same mistakes their teachers warned them about (www.kks.se) On the other hand, Staffan Gullander, Professor at Stockholm School of Entrepreneurship and Stockholm University, is impressed by the interest on the subject among his business and technology students. He questions why artists can not get more of this business oriented attitude, since it would be in their best interest.

It is in the researchers opinion that this situation should be taken into serious consideration and used in a constructive way. Apparently, there is a group of business administration students interested in entrepreneurship; at the same time, designers need to enhance their business thinking. Collaboration appears

therefore to be a natural answer. To start this kind of networking project already during University studies, by letting business minded and creative students interact, can lead, according to the researchers, to lucrative results in the future. The same kind of project could also be conducted with students in communication or graphic design. As an example, Borås Textile College offers a course called “Textile Management”⁵, followed by both business- as well as design students. Still, the authors can confirm through personal experience, that very few projects are made in mixed groups. This makes the researchers wonder why schools like Borås Textile College do not use this ideal situation in order to help their students to build interdisciplinary networks.

The need for commercial knowledge among designers is important, otherwise the communication between designer and “business people” becomes hard to manage since the designer might not see the need for a new attitude. At the same moment, it is just as important that the businessman understands and respects the ideas and values of the designer.

4.4.3 Sector Knowledge– Agents

Agents are usually the common mean for fashion companies to get their products to stores. Therefore when analyzing problems related to sector knowledge in the fashion business mainly problems with agents will be discussed. Labels can use the alternative of directly selling to the store, which, however, is barely an option. (Swedish Trade Council; Agent report January 2006)

⁵ Textile management is a course aiming at teaching students introduce design into a business process.

Usually the agent covers the role of a negotiator between the label and the store. He is the one contacting the shop and negotiating the size of the order. As far as delivery is concerned, the agent does not carry any responsibility, as the label directly delivers to the store. Also, the store pays directly to the label, usually within thirty days from delivery. Depending on the terms stipulated in the contract, the agent steps in when payments are delayed. The agent himself is mostly paid on a provision basis, between 7 and 17% of the sales. If the provision lies above 15% or higher, the agent probably also carries some PR responsibility.



(Fig.5, The role of the agent)

The choice of agent is of critical importance for a fashion brand. In the interview with the sales manager of Filippa K, Mr. Ardehed pointed out that historically, agents have been considered a sales instrument and not a means

for building up a label. The role of the agent thus becomes to be a channel for spreading the brand quickly on the market. The connotation given to agents has traditionally been quite negative. They are often not seen as a trustful collaborator, as their major interest is to sell. Therefore, the interest in representing a specific smaller brand could be quite little if that brand does not achieve the aspired sales volumes. This opinion, however, is not shared by Mr. Ardhehed. According to him, this view of agents is a consequence of unsuccessful cooperation, mainly depending on inappropriate contracts. The sales manager of Filippa K views agents as the best resources on the market, due to the fact that they know everybody in the business; the critical issue is to find the right agent and to stipulate the right contract.

The choice of agent is fundamental to the success of a label and should be carried out carefully in order to avoid certain problems. These problems are discussed more in detail below.

Conflict between interests – final customer focus

Agency problems can easily arise when the agent does not fully understand the concept a certain company is standing for. An agent representing a small label has a huge responsibility. When being a small and above all exclusive label, one can not afford to pick just “any” agent. Both Filippa K and House of Dagmar use agents when working on foreign markets.⁶ For both labels it is not so much an issue of being represented in all possible stores; it is more a choice of quality. It is therefore fundamental to use the agents that can sell the brand in stores with the right profile. Ending up in the wrong shop can ruin the image of the brand for a very long time in that particular market. The balance

⁶ Filippa K considers Scandinavia as its home market. Agents are therefore not used in this region. (Anders Ardehed, Sales Manager)

between profitability and image is very delicate. It requires a highly qualified agent who understands the need and the goal of the label he or she represents.

The Swedish Trade Council, in collaboration with Showroom Stockholm, has worked on a project consisting on searching Dutch agents interested in Swedish fashion labels. The project resulted in pavilion on a fair held in February 2006 in Amsterdam, where different Swedish designers were gathered in order to present themselves and network with various agents. A document listing the different agents and stores, Holland wide, has been distributed to the participants. House of Dagmar was one of the Swedish labels participating at the event. When asking for Ms. Söderlind's feedback, she explained that she did not really consider it an effective way to find suitable agents. The reason explained by her is that the choice of an agent is something so personal that only the fashion company itself can find the right one.

The researchers have found that two criteria are particularly important when choosing an agent. These are the agent's personality, in terms of soft skills and business competence, as well as the agent's network of contacts.

As far as the importance of personality was questioned, the researchers got similar answers from both respondents. Both Mr. Ardehed and Ms. Söderlind consider *personal chemistry* to be a very important element in choosing an agent. According to Mr. Ardehed, the agent's network is almost of no importance if the agent is not a person with a *good personality*. As contracts often cover a period of five to six years, it is fundamental to collaborate with a partner with whom a good understanding exists.

When posing the question of how important *the agent's network* is considered to be for the choice of middlemen, controversial answers have instead been gathered. Ms. Söderlind finds the agent's network a relevant criterion of choice. The important aspect of the agent's network is considered to be his or her relationship to the right customer group, and therefore to the right stores. In order to choose the right agent and gain information about his or her network, a pre-screening process is undertaken. This consists in gathering information by directly asking the agent and trying to find out as much as possible about his net of contacts. Also, as much research as possible is conducted in this regard. An interesting fact is that agent information is at times gathered by contacting one of the other labels represented by that same agent. Ms. Söderlind has exemplified this, explaining that House of Dagmar had been contacted by an agent from USA, interested in selling the brand in a store in Manhattan. The agent is representing another Swedish label, Rodebjer. The company representatives flew over to meet the agent in person; in addition to this, the responsible people at Rodebjer were contacted in order to learn about the label's experience of that very agent. This tendency towards collaboration is considered to be very productive from the researchers' point of view. The authors also propose that cooperation in this direction should be enhanced. Also, House of Dagmar's behavior is reflecting the advice derived from theory, regarding the pre-screening of the agent's network position and his or her network ties in order to avoid post-contractual agency costs.

Filippa K values highly the role of agents, but not necessarily because they are considered a channel of access to a certain network. To choose a person with an existing network is, as mentioned in 4.4.2, on the contrary seen as something negative in certain respects. To bring a person with an already

existing net of contacts into the company, would mean to bring in a network that is not Filippa K's. It would rather be the network of the prior label that the certain agent has worked for, which would then be at the disposal of the new company. Therefore, Mr. Ardehed considers it of larger use to start collaboration with an agent possessing the right competences and personality. The network is seen as something that can be built over time.

The analyzed relationship to the agent at times contains aspects of an informal relationship. First it seems like a feeling of trust and understanding has to develop before the actual business collaboration sets in. It is fundamental to have a good feeling about the agent, above all in an international setting. As Mr. Ardehed explained, if an agent does not act in the interest of the label in some country, he or she can totally destroy the company's image on that very market. Of course, trust does not develop over night; on the contrary, it takes quite a long time to build, therefore it would be an hazard from the researchers' side to state that trust is explicitly the reason for the choice of the agent. It is instead more of a requirement from the company's side, that the parties involved in the relationship follow mutual interests. The feeling needs to exist that trust will be probably built up over time. In the beginning of a collaboration, it is therefore still very important to set the contractual terms of the collaboration in a precise manner. The discussion about contracts follows in the next coming section. As mentioned before, it is the agent's understanding of the product which is considered to be the major prerequisite for his or her choice. As an example, when recruiting people for sales force, Filippa K prefers to recruit personal internally that has worked in the stores and that therefore has a good understanding of the brand. The network can be built up later. (Mr. Ardehed)

The researchers partly question the attitude of Filippa K's sales manager regarding the importance of the agent's network. That the personality of the agent should be fitting the company's aims is clearly understandable. But should this really be the only criterion for choosing the agent? The researchers' impression has been that when talking about networks, different levels of networks have been at times considered by the authors and by the respondents. Mr. Ardehed considers it as counterproductive to get access to the network of another label by using an agent having worked for that same label before. According to the authors, a distinction should be made between competing brands and labels that are complementing each other. Also, the advantages of using an agent that has gathered experience by working with similar labels should not be underestimated.

When talking about networks, the researchers do not necessarily consider the contacts of a person who has previously been working for another *fashion label*. It could, for example, be a person with a background in the entertainment business, experienced in PR or in the music business. According to the researchers, an optimal agent should be a person possessing both the right competencies and the contacts to the costumers and stores with the right profile.

AGENT		
Personality		Network
Social competences 1. good personality 2. good chemistry	Business competence 1. good market knowledge	Contact to right 1. stores 2. information channels 3. fashion fairs 4. fashion magazines

(Fig.6, Important criteria for the choice of agents)

Exclusive vs. Non exclusive agents

A further issue is in how far exclusive vs. non-exclusive agents are chosen. House of Dagmar, being a small and above all a niched brand, feels the need to be represented by an agent that is quite exclusive. If the agent would also represent bigger labels, the interests in a smaller and niched label such as House of Dagmar would probably not be too strong. The major interest of the agent would presumably be to sell, and therefore to push those brands leading to the largest sales volumes. Some negative experiences had for example been encountered by House of Dagmar in France and in Holland, where the profile of some agents had not been correctly assessed in advance. They revealed to be too broad in their product portfolio to be able to hold the level desired by House of Dagmar.

Mr Ardehed points out that Filippa K does not consider it necessary to use what in the theory is called “exclusive agents”. The label does not aim to grow

tremendously; on the contrary, they put constraints on the agent as far as how many stores he or she is allowed to sell to. Instead it is important to keep the right profile. It is understandable that an agent in a small country like Finland or Belgium could not survive by only selling Filippa K products. In big markets like Germany or England, the situation can be a bit different. Due to the size of the markets, it is possible for an agent to make a living by merely representing one successful brand. Anyway, as a major rule of thumb, the important fact is not to choose an exclusive agent; it is more important to possess a good understanding with the agent and to decide, together with him or her, which brands Filippa K should be represented together with in the store. The prior discussion about co-competitors and competitors could be driven in this regard.

Contracts and formal agreements.

The fashion, and more generally the clothing industry, is a risk intense business, requiring large financial and non-financial assets to be in place before reaching profitability. The pre-design of the garments has to be made and financed before the orders have been set. The final orders have to be produced and paid for before the stores have made their payments to the designer company. The label, or the singular designer, often has to stand for uncovered payments. It is therefore important to assess the retailers economical capacity of repaying the label. If a bad retailer choice is made, the risk exists to lose the money (Swedish Trade Counsel Info about Dutch Agents) For several small designers this would mean the end of their business. When proposing certain retailers to the company, the agent should therefore be able to assess that the store can deliver financial security. In the case in which the retailer fails to pay, the agent should have the responsibility to step in. Also, these terms should be clearly defined in the contract.

Another factor that should be considered is that even the terms regarding the provision of the agent should accurately be observed in the contract. It can be very dangerous to pay an agent on the percentage of goods sold. Such terms can instigate the agent exactly to that kind of behavior that is not desired, i.e. to pump out the label, neglecting the exclusivity of it.

As described before, it is creative individuals, rather than “business minded” people that are standing behind many of the new labels (Svenska Dagbladet 21/5-05). It has to be considered that getting contacted by an international agent who is interested in one’s own creations can be very flattering. When being small, the risk is high to become overwhelmed by such an attention and be incline to stipulate contracts with agents, without having gathered the necessary information about them. At the same time, it can be hard to undertake the research when being alone and the only activity the designer is interested in is designing (Sara Lönnroth, Rookies).

To summarize, when stipulating contracts it is important to establish the right terms of collaboration between the brand and the agent.

- which criteria is the provision set on? The quantity sold? This should barely be an alternative for the analyzed labels
- the size of the provision
- when the provision should be paid
- the agent is responsible for delivery, defects in the merchandise, missing payments
- PR- and marketing – does the agent carry any responsibility? (Swedish Trade council)

Governed by power

Currently, a certain power imbalance can be observed between designers and agents acting on the Swedish Market. While there seems to be strong cooperation between agents, the same attitude does not exist among the fashion designers. (Ms. Wigart Duhs) One can suspect that this gives the small labels a weak position towards agents, internationally as well as on the home basis. The interview with Anna Wigardt Duhs showed that agents in Sweden have a relatively strong power towards the smaller fashion labels, compared to the position of their international counterparts. Many agents are afraid of representing small labels since they can represent risky investments (Sara Lönnroth, Rookies). If the agent is mainly “in it for the money” he or she might not want to invest effort and time into promoting an insecure small label that demands more effort than it might give return. The agent can at the same time never be sure about how long the small label will survive in the business. If the label cannot deliver the ordered quantities, it can hurt the name of the agent, since an unsuccessful label would also put the stores into problematic situations. Because of these reasons, it is sometimes hard for small designers to find agents willing to represent them.

From a network perspective, as a possible solution to overcome this problem, labels should aim at gaining the strengths of larger organizations, getting together with other companies in the same situation. It could strengthen the labels towards the agent since they, as a group, would not be as easy to ignore. At the same time, it would also be an opportunity for the agent to spread his risks in the portfolio.

Getting together as a group before presenting themselves to an agent would also give the labels a possibility to decide what other labels they want to be presented with. All interviews have shown that the labels are very aware of who the other companies in the agent's portfolio are. However, that is not surprising, since it is simply a trademark question. Working with the "wrong" label will influence your own image and maybe also your sales amount. To take this idea one step further, the labels could also get together and establish their own national, and later on international, showroom. Doing this as a single label is, as shown in theory, extremely costly. At the same time, it is often the most effective way of exporting, since the company then builds the contacts by itself and is not dependant on another person. This sort of new market establishment could also be made in a network construction which would keep the costs down and let the partners share and learn from each other.

5 Conclusion

In the following chapter, the researchers' conclusions will be presented. A part aim of this thesis is to formulate a concrete guideline, about how market entry strategies of small and medium sized Swedish fashion companies can be supported by network related concepts. The authors have therefore summarized the results in a "normative code of best practice". As some points of the guideline might require major explanation, they will be commented individually. Further observations in this chapter will consider the overall quality of the work as well as final reflections about future research areas.

5.1 Normative Guideline

The past years have seen a sudden rise of several Swedish small and medium sized fashion companies. Scandinavian fashion is currently receiving major attention at the home base as well as internationally. This confers those companies an opportunity to expand abroad. At the same time, the choice of seeking new markets is not really a deliberate one. The companies acting in the analyzed fashion sector often present a pretty niched profile. By having an aim of keeping some kind of exclusivity, they reduce quite drastically their

home market. They are therefore pushed to “look beyond” the national borders. Facing a new market leads to several challenges for small companies, who are lacking the necessary assets and expertise. The major problems arise in the areas regarding production, market communication and sales. While the up-coming Swedish fashion labels seem to be quite agile in networking themselves, problems in production and sales still remain quite visible. Although these two areas are pretty interrelated in regard to the entry on a new market, the present thesis has predominantly focused on issues related to sales.

A major problem when entering a foreign market is the lack of knowledge about that very market. It can be extremely difficult to assess foreign network structures as an outsider. At the same time, if the understanding of the network structure is missing, it might be difficult to understand the potential of a certain partner. A way of acquiring valuable information in a quicker way is to establish stable relationships with foreign actors. Agents have been considered a valuable source of information in the described context.

The authors of this thesis believe that the key for small and medium Swedish fashion labels to an enhanced company performance is stronger cooperation among them. As will be shown in the guideline cooperation at the home base can become a condition for a more successful market entry. Collaboration regards mainly the areas of market communication, production and sales. By focusing on the area of sales, the researchers have found that tendencies to collaboration are rather weak in the analyzed industry sector.

Three main threats presented below, considered to hinder the smoothness of the market establishment of small and medium Swedish fashion companies, have been identified and discussed in the empirical analysis chapter.

- * Immature Market
- * Lack of Business Knowledge
- * Lack of Knowledge of the Fashion Agents

Since the focus of this thesis has predominantly lied on problems related to sales, the suggestions proposed in the guideline regard exclusively this area.

The guideline is a result of the analysis, and therefore both of the theoretical framework presented and the gathered empirical material. In this way some suggestion derive from personal experience of some respondents.

The results of the researchers are presented below.

How can market entries of small and medium Swedish fashion enterprises be made more efficient from a network perspective?

- Do not be scared of sharing your knowledge: **Cooperate!**
- **Strengthen** your **power position** towards the agent, using collaboration with other labels
- Establish a **showroom** with your “coopetitors”, at home as well as in the foreign market
- Take advantage of the **learning effect** deriving from cooperation

- Use the support of a **mentor**
- Combine **fashion and business perspectives** in the management competences
- Build networks between **business and fashion** students during college education
- Choose an **appropriate agent** when entering a new market
- Stay **active and committed** when entering a foreign market
- Choose the agent on behalf of her or his **personal skills**, as well as **his/her network**
- Use the **agent's market knowledge** and **network of contacts** to critical actors
- Assess the **agent's match** with the company profile
- **Interact** with your colleagues and use a well investigated and strategically designed process in order to **pre-screen** the agent
- Build up a relationship based on **trust**, with your “coopetitors” as well as agents – but don’t forget to stipulate appropriate **contracts**

The guideline is above all addressed to Swedish small and medium fashion enterprises; still, the authors believe, and hope, that the presented suggestions

may also be of help, in a more general way, to other SME facing similar conditions in a more general way.

Some of the guideline points require further explanation.

Strengthen the power relation towards agents

Swedish fashion agents tend today to be better organized in terms of cooperation than the fashion labels. In this way agents gain a better position in terms of power, which can cause disadvantages for the single brands. This means that small fashion companies can be forced to accept terms and conditions that are not in favour to them. Swedish small and medium companies need to become more eager to interact with each other, and open up to collaboration. In this way they are able to appear stronger towards agents, and have the opportunity to set the conditions needed to achieve successful business.

The idea of a common showroom

Even this idea is related to the fact that Swedish labels should interact more. Opening a common showroom would above all be an effective option when entering a new market. To open an own establishment can in some respects be considered the most stable and effective way of entering a new market. Unfortunately, this alternative is often excluded because it requires major investments that a small label is not able to face. By collecting their strengths, fashion companies could, however, exploit such an option. In this way, own network resources could be built.

The role of the mentor

A major issue for the companies this study is addressed to is the lack of business competence. Designers possess enough creativity, but lack often the

capacity of making money out of their talents. The authors suggest to cooperate with a person that possesses competences in the fields of both fashion and business, a sort of mentor. A great learning advantage can thereby be achieved. This could be made individually or in a group. Maybe Rookies could be the instance that could establish some kind of mentor portfolio.

Let Business and Fashion students network

Due to the problem of lacking business knowledge among small fashion labels, several design schools put effort into teaching their students how to run their own business. The question is how interested are the design students in this? Our secondary sources, together with some of the interviews, showed that the interest in business among design students is low. A little bit more of business knowledge would probably not hurt the business. At the same time, the interest for entrepreneurship is quite high among business students. So why not put the effort in making the business students interested in the fashion industry? The researchers suggest cooperations between design, business, and entrepreneur educations. This would create an interest at an early stage for understanding the “other side”, which can avoid several conflicts. Reciprocal respect is a necessary condition.

Make the appropriate agent choice

Market entry through an agent is still the most common strategy. It is fundamental to find an agent understanding, and therefore matching the profile of the particular fashion label. The agent needs to possess the right personality, so that collaboration can be possible. Also, network resources should definitely be used to assess the agent’s potential. Interaction with other labels is an invaluable resource for gaining understanding of the agent’s network position, and assess his or her level of personality. Labels, profit from each others’ experiences!

Contract vs. trust

When facing growth, one major challenge faced by the labels the researchers are writing about, is that they should avoid to pump up the brand. The level of exclusivity needs to be safeguarded. Contractual terms should therefore be clearly set. This leads us to the conclusion that smaller labels should take their time and export in a pace that allows them to seek the necessary information before the contract is signed. The next step would then be to develop a relationship of trust with the agent. Trust however, requires some time to develop. Still, it is an invaluable resource if the advantages of network relationships shall be totally used.

5.2 Result and Original Aims

One question to be answered at this stage is if the authors have been successful in reaching the aim of the thesis. The aim that has guided the present paper has been to answer the question:

“How can the establishment in new markets of Swedish small and medium fashion companies be made more efficient from a network perspective?”

In order to constantly keep a clear overview of the work’s purpose, the researchers have also segmented the overall aim into three part aims:

- describing which network possibilities, advantages, can be reached in a market entry context: a descriptive section presented through a literature review

- analyzing how the Network advantages can be achieved in practice: discussion undertaken in the empirical analysis chapter
- formulation of a concrete guideline: the results presented in the conclusion of the thesis

The authors consider to have achieved those aims, creating a good balance between description and analysis of the problem.

Still, it should be retained by the reader that the results of the present study are strongly influenced by the theoretical and empirical choices taken by the authors. A theoretical framework has been created by putting in evidence areas considered relevant in the literature of market entry strategies and network theory. Also empirically, the focus has been set on two fashion companies, as well as on the opinion of several experts of the field.

An objection that could be risen is how the normative character of the study can be defended, as the level of extensiveness can be considered still limited. The authors have undertaken a qualitative study in the form of a small number study. Data about the respondents has been gathered in order to discover their personal opinion about the studied subject. The individuals' subjectivity has been sought to be counterbalanced by the opinion of the other respondents. Still, a certain degree of subjectivity has to be taken into account. To confer even more strength to the conclusion of this thesis, it could have been desirable for the researchers to use ulterior empirical data research methods in addition to the chosen ones. An important complement had for example been to gather relevant respondents, in order to conduct a panel discussion. As explained in the methodology chapter, this method could not be followed due to time constraints of the respondents. Also, alternative perspectives on the subject could have been gathered by contacting agents,

and making a survey about their experience of collaborating with Swedish brands. The results probably would have been more broad due to more respondents; still, the use of more quantitative methodologies could have lead to results presenting a lack of depth. A plausible solution could have been the combination of both types of study; unfortunately, due to the finite amount of time and further resources, this type of study has not been possible to undertake.

By focusing on the network practices of Swedish small and medium fashion labels and on the problems faced by them in the sales area, the researchers have come to the above presented solutions to the research question. Despite of the various constraints and alternative methods of approach, the researchers consider to have responded to the aim of the thesis, by delivering a work of good quality.

5.3 Further research areas

Despite of the authors' satisfaction, several areas regarding this research question remain unexplored. The same aim could be answered from different angles. The market entry of small and medium Swedish fashion labels from a network perspective could be studied by focusing on the areas of production and marketing communication, instead of sales. While companies seem to be quite experienced in using network resources when marketing themselves, for example on fashion fairs, the network usage in the production process seems to be still underdeveloped. In order to be able to face foreign demand, adequate production capacity needs to be in place. How small companies face local vs. global supply and handle the relationships with their production

suppliers are areas of great interest to the researchers. The same aim could also be studied by developing a different framework than the used one. Concepts related to transaction cost theory and resource based theory have been indirectly considered in this thesis, but have not constituted an explicit part of the theoretical framework. Therefore, to put these two perspectives in focus, could be of interest, too.

This thesis has not focused on a particular country. The data gathered has mostly regarded countries like the Scandinavian ones, Holland, Germany, Belgium, England, the United States and Japan. The focus was thus not set on country specific aspects. Further studies could be conducted either by effecting a “case” study of one specific country, or by studying a limited set of countries and research about the influence of culture related factors.

The little cooperation between labels on the home base can be regarded as a cause to the labels’ little networking propensity abroad. Therefore, the researchers feel that further research could be conducted in the area. An option could be to study in more detail how the cooperation between business and fashion schools could practically be enhanced. It would be interesting to participate in such a project, also by evaluating the effects of it.

Further empirical research could be conducted by evaluating the actual work of the Swedish Trade Council when supporting Swedish labels in their internationalization process.

A further research area could be to study the effects of being marketed as a Swedish brand. Right now the hype around Scandinavian labels is big. But just as the fashion “made in Antwerpen” was popular a few years ago, some countries or cities could become popular soon. The risks of selling one’s own

brand as Scandinavian, instead of “brand X”, would be interesting to assess. Sumi Ha, who runs the Berlin trend store Best Shop and has a long interest in Scandinavian fashion, points out that to promote one’s label as Scandinavian can be a non-sustainable strategy in the long run. The competition between companies under the country flag is already strong and the stores will only take in limited amounts of Scandinavian labels (Sumi Ha, Best Shop).

The last suggestion from the authors’ side would be an ex-post study of the effects of enhanced collaboration between labels in their business, and its effect on the actual success of market entry strategies.

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Karin Söderlind, CoFounder of House of Dagmar 2/5-06

Anna Duhs, CEO Agenturföretagen 2/5-06

Annika Sjöstrand, Swedish Trade Council 3/5-06

Anders Ardehed, Sales Manager Filippa K 9/5-06

Britta Rossander, Showroom Stockholm 9/5-06

Sara Lönnroth, Rookies 9/5-06

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Appendix 1

The interviews have all been conducted more as informal discussions. The aim of the thesis has been presented and most of the interview time has been set on how the respondents see the situation for small and medium designers today. When interviewing the case companies more direct questions were given.

Questions posed during the interviews have mainly regarded the areas of internationalization and networks. In this section, a sample of the interview questions is presented.

Internationalization:

Which strategy do you use when expanding and searching for new markets?

To which extent do you follow a planned strategy? Is it a stepwise process?

Did you have a clear picture of which countries you would expand to first and which order you would follow?

Which markets do you plan to expand to in a near future?

Which problems have you been facing when expanding abroad?

Which are the market entry strategies used? Which channels?

Networks and the fashion business

Do you think "network" when expanding internationally?

Which relationships are considered as strategic in such a context?

Is there an aim to build long term relationships in such a process?

Which changes have happened historically? Is there more network thinking today than for example, 20 years ago?

According to you, which is the potential, today, of the Swedish Fashion Business? And how do you see the business?

Which are, according to you, the major advantages of supporting network thinking in the fashion industry?

Which is the major hindrance to network thinking at the home base (Sweden) today?

Agents

Do fashion companies receive advises about which agents to work with?

If agents are used, which kind are used? Exclusive, semi or non exclusive?

Which factors did you ground your agent choices on?

Supporting questions:

Did you undertake market research?

Contacts?

Previous experiences?

Cultural relatedness?

The agent's network?

How do you control the agent?

How do you solve problems linked to adverse selection (problem linked to the choice of the agent ex- ante the contract)? Do you have a pre screening in order to avoid future agency cost?

How important is trust towards agents and partners in the sales process?

If important, how do you build up trust?

Are informal or formal relationships utilized?

Appendix 2

Detailed motivation of the choice of respondents.

Karin Söderlind, CoFounder of House of Dagmar

Mrs. Söderlind is one of three sisters that founded House of Dagmar in 2004. The youngest sister, who is responsible for sales, Sofia Malm, recommended us to meet Karin due to her long experience in the fashion business as well as her deep insight into the strategic planning of the firm. Karin has also worked as a purchaser at H&M and has gathered experience in export from other industries.

Anna Wigardt Duhs, CEO Agenturföretagen

An interview with Anna Wigardt Duhs was relevant in order to get a picture of the sometimes weak positions – in terms of power relations - that labels have been working in. Agenturföretagen supports their members with juridical help, which gives this organization a great insight in problems that can occur between fashion companies and their agents. Mrs. Duhs has about thirty years of experience in the fashion business working with purchasing, sales and marketing.

Annika Sjöstrand, Swedish Trade Council

Mrs. Sjöstrand at the Swedish Trade Council is responsible for the Swedish entertainment sector. Fashion is one major branch within this sector. From Mrs. Sjöstrand the researchers gained information about how the Swedish Trade Council supports smaller designers in their export practices; also, she has given insights on how those companies enter a new market under a Swedish flag, often through the use

of networks.

Anders Ardehed, Sales Manager Filippa K

Mr Ardehed is Sales Manager for Filippa K since the year 2000. Previous experience in the fashion business has been collected during his co-establishment of the Spirit fashion store concept in the south part of Sweden. After a replacement of their Sales Manager in 2000, Filippa K changed the sales strategy towards using agents when establishing on new markets. The change in strategy caught the researchers interest.

Britta Rossander, Showroom Stockholm

After the mentioned interviews, it was clear to us that there are some people acting very strong after a network approach, even though it is not common occurrence. We decided therefore to talk to Britta Rossander, who runs Showroom Stockholm, a showroom for small Swedish designers. She has a long experience in the business and was also the organizer for the Swedish Trade Council when the Swedish Showroom was established at the fashionfair Modefabriek in Amsterdam.

Sara Lönnroth, Project Manager Rookies

The second of the last interviews was made with Sara Lönnroth, project leader of Rookies. After she was recommended to us, we decided to contact Ms. Lönnroth, who has a background in Business Administration and Network Management. This combination with her important role in the organization for young Swedish labels made us very curious to find out about her opinion about the Swedish fashion business and her standpoint on how expansion and export is handled by small fashion enterprises.

Sara gave us an overview of the business and a briefing of what Rookies does to help small labels think more in networks. Together with Britta Rossander, she gave us a good explanation of the major problems for small designers.

