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Brunstad AS Entering the French Market

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Preface

Writing a master thesis takes a lot of writing, re-writing, searching and inspiration. One of the reasons why I want to do this study for Brunstad AS is that I have a passion for international business and find the furniture industry particularly interesting. I also am related to the CEO of the company and have previously worked with the chair of the firm, which made it possible for me to analyze the company on a deeper level. Brunstad has recently hired counselors to start a growing process of the firm. The counselors come from a company named MRB, which is my previous employer. This gives me the opportunity to get insight to the firms growing process and to be part of it by including my competence in international marketing. Another reason why I find this study interesting is that I am quite familiar with France and their culture. Both in my bachelor and my master degree I have been looking in to the French culture and language, and in 2010 I went to Lyon, Franc´ second largest region, for summer school. In summer school I got insight in the French culture and language. I found it very interesting and it gave me an urge to learn more.

Summary

International marketing has become an important part of businesses around the world. There are several different entry strategies available, and a number of factors must be considered to be able to choose the right strategy when entering a foreign country. There are several theories trying to explain the best way to enter a foreign market, and there are more rights and wrongs than there are researchers in the field. Therefore, it is necessary to gain a huge amount of knowledge in the field before making any entry decisions. Brunstad AS is one of the firms that wants to look outside their domestic market, but lack information to do so. This research was conducted to gather and prioritize information that was needed to establish a position in the French market. First, the firm was analyzed due to their international abilities through a case study approach. Key employees and management was interviewed to gather information. Than the industries degree of globalism was established through perceptions of the interviewees and statistics on the industry. After gathering the relevant information, an entry strategy was suggested through the framework of SOLBERG 1999`s "9 strategic windows". The conclusion of this research had some limitations due to time constraint.

Content

Brunstad AS entering the French market

1. Introduction

Entering new markets is essential for many businesses these days. Globalization has led to increased international competition in most industries, and firms need to adapt to the changes to survive. There has been a lot of research on entry strategies, however, there is almost as many different answers on what's right and what's wrong when entering an international market than there is research studies. This research was conducted for Brunstad AS, a Norwegian furniture producer that wanted to explore their opportunity in international markets. After going through their options, the firm wanted to take a further look into the French furniture market. The purpose of this study is to create a successful entry strategy for Brunstad into the French market. To propose an entry strategy, the firm, the French market and the furniture industry was analyzed, using exploratory case study as research method. Key employees and the management was interviewed and statistics on the firm and the industry was gathered through statistics and reports. Because of the large amount of research and analysis needed to get a complete entry strategy, the firm wanted to limit this research into a general overlook at the industry and the French market, and rather go in depth of internal factors influencing their export strategy. Behavioral theories, such as the U-model and the network model was used as foundation of the analysis, and Solberg (1999)`s "9 strategic windows" was used as a conceptual framework to establish which strategy to suggest based on the analysis. The analysis reviled that the furniture industry was potentially global, indicating that there is few berries when entering a foreign market, and the industry is relatively open for international competition. The analysis also reviled that the firm was internationally immature. The management and the employees lacks both experience and knowledge about foreign markets. There was, however, a few people, with some experience and network of interest. The conclusion of the analysis indicated that the firm should seek niches in the French market.

Brunstad AS is a Norwegian furniture company located within the furniture cluster on Sunnmøre. When Hjalmar Brunstad established the company in 1941, the company produced wooden chairs in a basement. His son, Helge Brunstad eventually took over the company and managed it successfully over four decades until 2014, when current CEO Reidar Mjelde took over. Brunstad developed into becoming one of the leading furniture producers in Norway. Brunstad`s furniture are represented in the three biggest furniture chains in Norway, and some chains in Sweden and Denmark. Each of the Norwegian chains represents 20 % – 30 % of Brunstad`s revenue in their domestic market, leaving the company vulnerable. If one of the big chains decide to stop buying Brunstad`s furniture, the firm`s revenue will decrease considerably. Recently the firm decided that they need to exploit the capacity of their production, and wanted to look at export as a possible solution. They have already exploited the opportunities in their domestic market and concluded that the potential for growing in this market is small. Based on experience and input from similar companies, the firm has decided to take a deeper look into exporting to the French marked among others.

There are a large number of entry strategies available for a firm wanting to go international. Exporting, establishing a sales subsidiary abroad, licensing, and establishing a production subsidiary abroad are some of the strategies available. Small and medium sized companies often choose another approach than larger companies. Large companies may introduce their products globally, entering a number of markets in a short amount of time. Small and medium sized companies, on the other hand, are more likely to first enter markets that are close to the home market geographically and also with same language. After reaching success in the new market, the firm can move on to more distant markets (Albaum and Duerr 2011). Brunstad has already entered into the markets of their closest neighbors, and wants to expand into more distant markets. So which strategy should Brunstad use entering the French market? This research will, based on literature and analyzes, answer the question of entry strategy.

2. Theoretical background

2.1 Introduction

Internationalization is defined as *"...the process by which firms both increase their awareness of the direct and indirect influences of international transactions on their future, and establish and conduct transactions with other countries"* (Beamish 1990). Beamish` view is process-based, and incorporates the firm`s internal dynamics and learning as it expands internationally, and the "outward" pattern of international investment exemplified by market selection and mode of entry. A foreign market entry mode is defined as *"an institutional arrangement that makes possible the entry of a company's products, technology, human skills, management or other resources into a foreign country"* (Root 1987). There has been a large amount of literature about internationalization and mode of entry written over the past decades. However, the literature has not reached an agreement on which conceptual framework should be used to explain a firm`s foreign market entry. Most of the literature is based on the assumption that the manager is a rational, optimizing decision maker, and the focus has been on large multinational enterprises (MNEs). Among all the theories that exists in the field of internationalization, three specific models, discussed later in the chapter, are considered to be interesting for direct use in Brunstad`s case. This chapter gives an overview of the three theories, which has had a great impact on the internationalization literature over the past decades including both economic theory and behavioral theories. Finally, it is discussed which theories are suitable for the purpose of this study and will be used in further research.

2.2 Economic Theories

2.2.1 The Transaction Cost (TC) Theory

The transaction cost (TC) approach to the theory of the firm was created by Ronald Coase. TC theory emphasizes economic efficiency in deciding the governance mechanism of a business engagement. According to Coase, the TC refers to the cost of providing for some good or service through the market rather than having it provided from within the firm. In his

article "The Problem of Social Cost" from 1937, Coase describes the transaction costs he is concerned with: "In order to carry out a market transaction it is necessary to discover who it is that one wishes to deal with, to conduct negotiations leading up to a bargain, to draw up the contract, to undertake the inspection needed to make sure that the terms of the contract are being observed, and so on"(Coase 1937). Coase's original emphasis was on TC incurred before contracts are conducted. In contrast, the late TC literature focuses on costs incurred after contracts are conducted. The new perspective on TC emphasizes that costs arise from difficulties in monitoring and enforcing compliance, and punishing non-compliance. Agency theory, which is central to the TC approach to the theory of the firm, examines the principal-agent problem. Principal-agent problem arise when a principal hires an agent, due to imperfect information. The principal-agent problem affects most employer-employee contracts, including the relationship between a firm's shareholders and its managers, and the relationship between the firm as employer and its employees or workers. Most contracts are incomplete contracts, and those that have already been agreed can give rise to unforeseen consequences. The parties may incur renegotiation or switching costs if alternative partners or production technologies are discovered. There may also be opportunistic behavior trying to renegotiate incomplete contracts to gain more of the agreement.

The last decades, TC theory has been applied in research on foreign market entry modes (Karlsen 2007). The TC perspective emphasizes on choosing the modes with the lowest cost to enter foreign markets (Lu 2002, Lo 2015). Asset specificity, complementary assets, factor market inefficiency and uncertainty of the transaction are, according to literature, factors used when evaluating transaction costs of entering foreign markets (Lo 2015). TC theory claims that a multinational company would internationalize its activities in a foreign country if the cost of internationalization was less than exporting or the other contractual agreements. The TC is affected by several factors, including opportunism, the costs of monitoring and enforcing the contract, the existence of transaction-specific assets (Williamson 1985). If the partner in a transaction has opportunistic behavior it can cause damages and higher TC. The TC can also be higher if it is difficult to enforce a contract and if the degree of asset specificity is higher. If the TC associated with finding, negotiating and monitoring potential partner firms are low, foreign enterprises tend to rely on the market arrangement to deliver products and services. However, if these TC are high, foreign enterprises tend to switch to

hierarchical modes (Erramilli and Rao 1993, Gatignon and Anderson 1988, Makino and Neupert 2000, Chen et al. 2009).

The TC theory has been criticized for its oversight of the contextual grounding of human actions and therefore, leading to an under-socialized view of human behaviors (Chen et al. 2009). It has also been criticized for its ad hoc behavioral assumptions which lack empirical evidence and for its failure to recognize the fundamental differences between an organization and a market. More recently the theory has been criticized for its lack of completeness in explaining the entry mode decision (Chen et al. 2009).

2.3 Behavioral theories

2.3.1 Uppsala Internationalization Model (U-model)

Stage theory of internationalization contends that a firm's international activity will increase as it gets more experience and knowledge. The more international experience a firm has, the more able it will be to expand (Karlsen 2007).

There are written many articles and books on various aspects of the international strategies of firms, and most of the research has been concentrated on large American corporations. However, many firms start their international operations when they are still small and gradually develop their international operations. Johanson and Vahlne (1977) has several observations indicating that this gradual internationalization, rather than spectacular foreign investments, is characteristic of the internationalization process of most Swedish firms. It is reasonable to believe that the same counts for many firms from other countries with small domestic firms, such as in Norway. A related observation is that the type of development in the early stages is of importance for the following pattern. There has been done similar observations about U.S. firms and it has been used as an argument in discussion of foreign investments and international marketing.

The term *international* usually refers to either an attitude of the firm towards foreign activities or to the actual carrying out of activities abroad. The company's attitudes and their activity abroad are of course closely related. The attitudes are underlying in all decisions taken, and the experience from international activities influences the attitudes. The basic assumption in Johanson and Vahlne's model is that the firm first develops in the domestic markets and that the internationalization is the consequence of a series of incremental decisions. They also assume that the most important obstacles to internationalization are lack of knowledge and resources. These obstacles are reduced through incremental decision-making and learning about the foreign markets and operations. While the perceived risk of market investments decreases, the continued internationalization is stimulated by the increased need to control sales and the increased exposure to offers and demands to extend the operations. Johanson and Vahlne (1977) assume that because of lack of knowledge about foreign countries and a propensity to avoid uncertainty, the firm starts exporting to neighboring countries or countries that are comparatively well-known and similar with regard to business practices *etc.* They also assume that the firm starts selling abroad *via* independent representatives, because this gives smaller resource commitment than the establishment of a sales subsidiary.

The U-model distinguish between four different stages of entering an international market, where the successive stages represent higher degrees of international involvement:

Stage 1: No regular export activities
Stage 2: Export *via* independent representatives (agents)
Stage 3: Sales subsidiary
Stage 4: Overseas production/manufacturing

The first stage is when the firm has made no commitment of resources to the market and that it lacks any regular information channel to and from the market. In the second stage, the firm gets fairly regular information about sales influencing factors through a channel to the market. The firm also has a certain commitment to the market. In the third stage, the firm has a controlled information channel to the market, giving the firm ability to direct the type and

amount of information flowing from the market to the firm. During the third stage the firm gets direct experience of resource influencing factors. In the fourth stage, the firm makes an even larger resource commitment (Wiedersheim-Paul, Olson, and Welch 1978).These four stages are also referred as the *establishment chain.*

Johanson and Vahlne (1977) developed a model of the internationalization process of the firm that focuses on the development of the individual firm, and particularly on its gradual acquisition, integration, and use of knowledge about foreign markets and operations, and on its successively increasing commitment to foreign markets. The models basic assumption is that an important obstacle to the development of international operations is the lack of knowledge. Further they assume that the necessary knowledge can be acquired mainly through operations abroad. Johanson and Vahlne (1977) believe that internationalization is a product of a series of incremental decisions. Based on their believes they created a model, in which the same basic mechanism can be used to explain all steps in the internationalization. In the model, which is dynamic, the outcome of one decision, or more generally one cycle of events, constitutes the input of the next. Johanson and Vahlne (1977) claim that the present state of internationalization is one important factor explaining the course of following internationalization.

Figure 1.   The Basic Mechanism of Internationalization—State and Change Aspects.
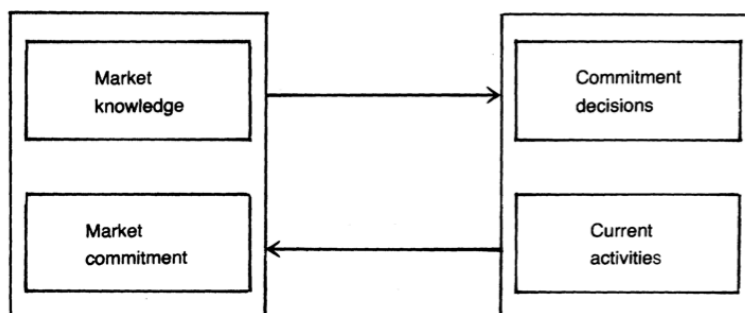

Figure 1: The Basic Mechanism of Internationalization – State and Change Aspects

The company´s market knowledge and market commitment are assumed to affect commitment decisions and how current activities are performed. These in turn change knowledge and commitment. The model is build based on the assumption that the firm wants

to increase its long-term profit by growing, and that it wants to keep the risk-taking at a low level. These motivation factors are assumed to characterize decision making on all levels of the firm. Given these premises, together with the state of the economic and business factors which gives the frame of the decision taken, the model assumes that the state of internationalization affects perceived opportunities and risk which then influence commitment decisions and current activities.

The model consists of two state aspects; market commitment and market knowledge. Market commitment consists of two factors – the recourses committed and the degree of commitment. The degree of commitment is higher the more the resources committed are integrated with other part of the firm. Vertically integration leads to a higher degree of commitment than a foreign investment. The other factor – recourses committed – is basically the size of the investment in the market, including investment in marketing, organization, personnel and other areas (Johanson and Vahlne 1977). Market knowledge is included because market decision is based on several kinds of knowledge. Knowledge about problems or opportunities usually initiates to decisions. Knowledge about parts of the market environment and about performance of activities is used when evaluating alternatives. In general, knowledge "relates to present and future demand and supply, to competition and to channels for distribution, to payment conditions and the transferability of money, and those things vary from country to country and from time to time" (Johanson and Vahlne 1977).

The model also consists of two change aspects: Current activities and decisions to commit recourses to foreign operations. There is a lag between most current activities and their consequences. To realize the consequences, the activities may need to be repeated more or less continuously. It is reasonable to assume that the more complicated the product is, the larger the total commitment as a consequence of current activities will come to be. Current activities are also the prime source of experience. The firm may gain experience by hiring people or get advice from people with experience. Johanson and Vahlne (1977) conclude that both types of experience are required for performance of market activities. The second change aspect is decisions to commit resources to foreign operations. Such decisions depend on what

decision alternatives are raised and how they are chosen. The assumption is that the decisions are made in response to perceived problems and/or opportunities on the market. Problems and opportunities are assumed to be dependent on both firm experience and market experience. In their research Johanson and Vahlne (1977) conclude the discussion of commitment decisions by observing that additional commitments will be made in small steps unless the firm has very large resources and/or market conditions are stable and homogeneous, or the firm has much experience from other markets with similar conditions. "If not, market experience will lead to a step-wise increase in the scale of the operations and of the integration with the market environment where steps will be taken to correct imbalance with respect to the risk situation on the market. Market growth will speed up this process" (Johanson and Vahlne 1977).

2.3.2 Network theory

The network approach to internationalization stresses the actual process of market entry and becoming a player in the network (Salmi 2000). According to the network approach, a firm's internationalization can be achieved by creating relationships in foreign country networks that are new to it; the development of relationships and increasing resource commitments in those networks in which the company already has a position or connecting the existing networks in different countries(Johanson et al. 1988). A firms behavior is affected by not only direct partners, but also the ones of their partners (Ford 1998), and individually actors are unable to control the entry process (Andersson 2002b). The network approach claims that a firm's development is positively influenced by cooperation rather than competition. Together, firms can operate their capabilities and recourses effectively. When cooperating, a firm can allocate most of their physical assets locally and still be an important player internationally (Björkman and Forsgren 2000). Without going through the same experience, a firm can gain access to other firm's experiential knowledge. A company cooperating with other firms can also acquire knowledge about the latter's business conditions and market networks. Thus, a typical internationalization sequence has changed from gradual expansion to the one in "leaps" by joining the nets (Hertz 1996). However, it should not be forgotten that the relationships could not only drive and facilitate, but also inhibit a firm's internationalization (Ford 1998).

From the network perspective, we can divide firms into four groups depending on their and their environment's internationalization. "Early starter" firms have little knowledge of foreign markets and it cannot use relationships in the home country to gain it (Hinttu, Forsman, and Kock 2002, Hadley and Wilson 2003, Johanson et al. 1988). If this firm starts to export, it might not meet internationally active competitors or costumers (Wilkinson, Mattsson, and Easton 2000). As a consequence, the firm uses distributors, agents or customers abroad to internationalize. The firm reduces costs and uncertainty and are benefitting from the agent´s knowledge and investments in the given market. The initiative to go abroad is often taken by other counterparts than the firm itself (Johanson et al. 1988).

A purely domestic firm may have a number of indirect relations with foreign networks trough international suppliers and customers (Johanson et al. 1988). Thus, the firm's relationships in the home market may drive it to enter foreign markets. The "late starter's" internationalization may also be driven by indirect foreign network relationships. It might be difficult to enter the closest markets, as the competitors have more knowledge and because it is hard to break into an existing network, so the company might starts its internationalization by entering more distant countries, if it tries to internationalize at all (Chetty and Holm 2000).

The "lonely international" alone has experience of relationships with and in foreign countries. The firm has acquired knowledge and means to handle environments: consequently, it is less likely that the company will fail (Chetty and Holm 2000, Johanson et al. 1988). The firm's network, on the other hand, is only lowly internationalized (Johanson et al. 1988). This firm may work with suppliers to upgrade inputs and thereby enhance their competitiveness, but the latter are only indirect exporters (Wilkinson, Mattsson, and Easton 2000).

An "international among others" has possibilities to use positions in one net for bridging over the other nets for example it the firm wants to penetrate a third country. The firm's suppliers are also included in international networks (Wilkinson, Mattsson, and Easton 2000). A challenge for this type of enterprises is to coordinate activities in different countries

(Andersson 2002a): the company may increasingly purchase components and subassemblies rather than do the manufacturing itself (Johanson et al. 1988).

2.4 Discussion

According to the transaction cost theory, firms should invest in foreign markets if the governance costs are less than in other potentially strategies. The theory has been questioned by researchers regarding its lack of a socialized view on human behavior and also its lack of completeness in explaining the entry mode decision. Using the transaction cost theory could be challenging for small companies due to lack of resources.

The U-model claims that firm's internationalization is an incremental process which is driven by experiential market knowledge that the firms gain gradually through operations abroad. Thus, companies are expected to make stronger commitments to foreign markets (from closest to more distant) and operations (from simpler to more complicate) incrementally as they gain experience and knowledge from their current market activities. The only way the internationalization process can be faster, is if the firm is large, have substantial resources and considerable experience in similar countries, and if market conditions are stable.

The network theory goes beyond traditional internationalization models. The theory describes business reality and context, and has gotten empirical support. The network theory addresses shortcomings of other approaches: for example, internationalization behavior falling outside the traditional models. It demonstrates the impact of internal and external actors and long-term relationships on internationalization and captures interconnectedness and concurrence of internationalization. The model is sustainable for describing the selection of foreign market, customer and entry mode and shows that the resources necessary for internationalization can be acquired through network relationships.

There are several theories existing in the field of internationalization, however, the U-model and the network theory is the most interesting theories for the case of Brunstad entering the French market, and will therefore be the foundation of the research. The transaction cost theory is more suitable for larger companies, and is therefore not used in this research.

3. Conceptual Framework

3.1 Introduction

The last decades there has been done a large amount of research on entry modes. In this research we will use the conceptual framework of Solberg (1999)'s model the "9 strategic windows" (figure 2). The model is based on the assumption that the strategic decision of entry mode is based on the firm's ability to internationalize and the degree of globalization of the industry. Entry mode is defined as the way the firm chooses to be represented or engaged in international markets.

	LOCAL	POTENTIALLY GLOBAL	GLOBAL
MATURE	Enter new business	Prepare for globalization	Strengthen your global position
ADOLESCENT	Consolidate your export markets	Consider expansion in international markets	Seek global alliances
IMMATURE	Stay at home	Seek niches in international markets	Prepare for a buy-out

Figure 2: Solberg`s 9 strategic windows

3.2 Entry mode

Solberg (1999) introduced the *9 strategic windows model* to help firms understand their strategic options entering a foreign market. The model is based on the firm's ability to go international, on a scale from mature to immature, and the globalization of the industry, on a scale from local to global.

If the industry is local there are three possible strategies recommended in the model. If the firm is immature it should stay at home. In this scenario, there are few or no treats of changes in the marked- or competition-climate. In this situation it is normally few reasons for the

company to internationalize. If the firm has international ambitions, it should operate with small steps to build experience and market shares gradually (Solberg 1999). If the company are adolescent, it should consolidate its export markets. In this scenario the company is still in a market that is considered isolated. However, the leaders of the firm has developed a position in some export markets, where they have some international experience. It is necessary to expand the market position in already established markets. The leadership must consider their markets and products to establish which are not generating income and which the company should continue their operations in (Solberg 1999). The third scenario in a local market is when the firm is mature. In this case, the firm should enter new business. The firm has now a dominant position in some export markets, and has a solid international experience. It would be a natural step to seek growth in developing new business areas internationally, either through entering new markets or develop new product areas. By using this strategy the firm get to use their experience and position which are already established. Companies which are market leaders in their home country should consider this strategy (Solberg 1999).

If the market is potentially global, the company which is immature should seek niches in international markets. This scenario includes a company which has little international experience, while the competition in the market is beginning to rise as global competitor enters. Changes in the external environment makes the firm vulnerable to competition in the home market. The company should seek and develop small niches where it can define distinct competitive advantages. It could be specializing in applications, technology or process, or it could be delivery flexibility, quality etc. By establishing niches the company will specialize and get a better position is its field. The firm must strive to climb up the y-axis to gain experience and position in international markets. The more the firm can define its niche, the more protected it is from the international competition. The firm should use time and resources to build its strategy through gradually internationalize. Firms in this situation is vulnerable and normally need both financial backing and management to get further in their internationalization process (Solberg 1999). Firms which are adolescent and operates in a potentially global market should consider expansion in international markets. Strategically, these companies should prepare for the opportunity to go global. The firm should develop networks and market positions in strategic markets to get a hold on important customers and competitors. By doing so, the company is better prepared if the market should be more global (Solberg 1999). The companies which are in this market, and are mature, should prepare for

globalization. This company has a strong position in established markets, and it has a highly developed international business culture. There is international competition in the market, however, it cannot be categorized as global. Companies in this situation should prepare to meet a global market in the future. Companies should search for alliances or acquisition candidates based on how strong the firm is financially. It is important to get a foot hold in the main competitor's home markets, so the firm can response to competitors entering their strategic markets (Solberg 1999).

An immature firm in the global market should prepare for a buy-out. In this competitive market, the firm lacks too much knowledge and experience to be able to compete. The firm has not the ability to gain a certain position in the market before competitors with an international network takes over the market. The competitors will strive to introduce their products in many markets at the same time to avoid others to get the "first mover advantage" and to achieve economies of scale. One opportunity for a firm in this scenario is to redefine its market and gain international experience in a more protected market structure. If this niche strategy is hard to accomplish, the firm should seek to increase its value and sell out till one of the global actors in the market (Solberg 1999). If the company in a global market is adolescent, it should seek global alliances to build up its international qualifications. Such alliance partners could be licensing-partners, joint-venture-partners, and partners in production or marketing. The aim is to get the necessary help to build network and to protect and further develop the firms established market position(Solberg 1999). The firm which operates in a global market, and are mature should strengthen its global position in strategic markets. The firm should follow up changes in customer preferences, new technology, the cost of doing business in different countries and for competitors, and political changes in the markets. Another central element in this strategy is to prepare the organization for adapting to potential changes. Characteristics of this type of organization is flexibility and adaptability, while having a clear vision of the role the firm will play in global markets. An expression which describes this position well is "think global – act local". The most important strategic resource in this position is access to information through an international market intelligence system and the ability to use this information (Solberg 1999).

3.3 Independent variables

3.3.1 Firms ability to internationalize

According to Solberg (1999) the firm's ability to internationalize is dependent on the business culture, their share in reference markets and the firms network. The business culture is defined by the set of attitudes and experience that affects the firm's international engagement. Analyzes of the firm's culture should include the size of the firm, which language the firm masters, the managements international experience etc. The CEO, chairmen and the marketing director of Brunstad are all relatively new to the firm, and therefore, the business culture will be analyzed by looking into personal experience and attitude towards exporting. The firms share in their reference markets is an important factor that must be evaluated before entering a new market. Brunstad has a good "foot hold" in its reference market. Their market share is therefore not included in further analysis. An important condition for successful export is the firm's network. Therefore, the evaluation of the firms network, and its ability to lead the firm to customers, will be a crucial factor when establishing the firm's ability to internationalize (Solberg 1999). The firm's ability to internationalize is in this research, based on the U-model and the network model, dependent on personal networks and personal experience. Personal experience, in the context of this research, is a result of previous working, living and/or studying abroad. There are also possible to gain personal experience through working in an international firm in home country or working in a domestic firm with international markets. The network and experience of founders and managers are important resources for a firm and could be important drivers and facilitators of internationalization (Karlsen 2007). "International experience is defined as the understanding and realistic perceptions of foreign operations, risks and returns in foreign markets (Aulakh and Kotabe 1997)" (Karlsen 2007). Firms are initially risk-averse when entering new markets, and not willing to invest in unfamiliar terrain. As founders and managers gets more experience and knowledge about the market, they become more confident and willing to take risk. As they gain experience they also get a more realistic view on the situation which gives a better foundation when making strategic decisions. In this research the experience and network will be analyzed by collecting the chairs and key employees' international experience, as described earlier. Reuber and Fischer (1997) shows in their research that "internationally experienced management teams have a greater propensity to develop foreign strategic partners and to delay less in obtaining foreign sales after start-up, and that these behaviors are

associated with a higher degree of internationalization" (p. 1). According to Coviello and Munro (1997)'s research on small software firms, firms with existing network relationships may enter a diverse number of foreign market in as little as three years. The rapid and successful growth is largely influenced by involvement in international networks, with major partners often guiding foreign market selection and providing mechanism for market entry. She also claims that network relationships may not only drive internationalization, but also influence pattern of market investment.

3.3.2 Globality of the industry

In this research a global industry is defined as "an industry in which a firm's competitive position in one country is significantly affected by its position in other countries or vice versa" (Makhija, Kim, and Williamson 1997). Certain industries are characterized by few international firms who dominates the market (e.g. aircraft production, telecommunication and electronics). Other markets are characterized by a more local competitive structure with a large number of providers (e.g. construction- and furniture industry). Industries which are completely locked locally, oligopoly usually dominates in each country, well protected by laws trying to avoid foreign competitors in the market. This leads to a suboptimal use of potential in the current markets. When a market is characterized as multinational, the economies of scale and benefits by coordinating the firm in a global context are not presence. In such industries local and international firms operates side by side in markets which normally lives their own "individual life" (Solberg 1999). In global industries the markets has developed to be mutually depending on each other. In this kind of competitive situation, each firm will experience the world as one market. It is important for a firm operating in global markets to be present in all markets where the competitors has its prime interests. The more global the industry is, the more dependent the firm will be on introducing its products quickly in "all" important markets (e.g. markets where the main competitor has a foot-hold). To be able to predict a markets response to a firms action, Solberg (1999) claims that it is essential to analyze which type of industry the firm operates in. Such an analysis may be conducted in two stages: (1) analyze the industry and the competitive structure as it is today, and (2) analyze which forces influencing this structure and which consequences this gives short- and long-term.

When analyzing the international competition structure, one option is to benchmark competitors in the industry, and position them based on their international engagement and organizational strength. By doing so, the firm gets an overview over critical conditions in the competitive situation as well as it gives an indication on the globalization in the competitive structure (Solberg 1999). This approach will only give an incomplete overview since it is difficult to gather all necessary information to analyze the competitor's position, size and product share. It may, however, give some interesting information even if it is not optimal.

When analyzing forces influencing globalization there are three variables which are worth mentioning: protectionist regulations; nationalistic attitudes and; different preferences within customer groups or different traditions when it comes to technical solutions (Solberg 1999). All these factors may influence how open the market is for international competition and international products, and are therefore an indicator on the globality of the industry.

3.4 The Conceptual Framework Illustrated

A conceptual framework is proposed where there are two main factors having an impact on the firm's entry strategy (figure 3). These factors are; (1) the firm's ability to internationalize, and (2) the globality of the industry. According to Solberg (1999), measures of these two factors will give the firm signals on which strategy to use when entering foreign markets. The firm's ability to internationalize is dependent on two factors; (1.1) personal experience, and (1.2) personal network. In Solberg (1999)`s model, the firm's ability to internationalize is dependent on culture, share in preference market and network. As explained earlier, the firms culture are represented through personal experience because of its relatively new management and their share in reference markets are not included due to their good position. Personal experience also includes attitudes towards exporting, which is a natural reaction to experience. According to the U-model and the network model, personal experience and network are crucial factors when deciding on entry strategy.
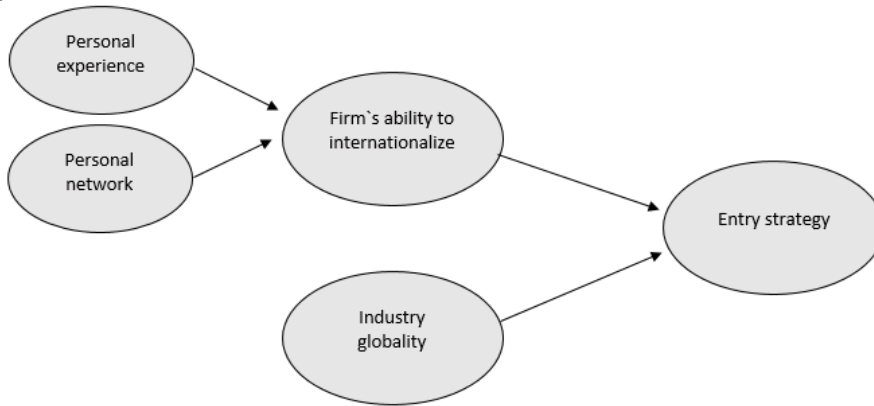
Figure 3: Conceptual framework

4. Research Design and Data Collection

4.1 Research Design

4.1.1 Research method

The classification of research purpose most often used in research methods' literature is exploratory, descriptive and explanatory (Lewis, Saunders, and Thornhill 2009). The way in which you ask your research question will directly influence the research purpose. The research question can be both descriptive and explanatory, but one of them is often dominant (Lewis, Saunders, and Thornhill 2009).

In qualitative research it is gathered limited information from a large group of cases or persons. Case study is more distinctive and involves the empirical investigation of a particular contemporary phenomenon within its real-life context, using multiple sources of evidence. In this study it is appropriate to use an exploratory case study to get a good understanding of the firm's current situation. Exploratory study is a valuable means of finding out "what is happening; to seek new insights; to ask questions and to assess phenomena in new light" (Robson 2002). The objective of this study is to identify and organize an entry strategy for Brunstad into the French market. To obtain the objective, it is necessary to analyze the firm's

ability to internationalize and the degree of industry globality. An exploratory case study is a highly appropriate research method in this research, because of its ability to gather a deeper level of information than other methods. It is necessary to understand the complexity of the organization, and to be able to understand the firm's current situation with as much information available as possible. Case study research often uses qualitative research methods as semi-structured interview. In a semi-structured interview there will be a list of themes and questions to be covered, although these may vary from interview to interview. Some questions may be omitted in particular interviews, given a specific organizational context that is encountered in relation to the research topic. Additional questions may be required given the nature of the conversation. By using this form of interview it is possible discover topics and details that would not be detected using another form of data collection (e.c. survey) (Lewis, Saunders, and Thornhill 2009). When interviewing employees at Brunstad to establish the firm's ability to internationalize and the industry`s degree of globality, it is crucial that the interviewees are welcome to talk about topics that may not be presented in the questionnaire. This is to get a realistic and honest impression of the firm before deciding on which strategy that would be preferred.

4.1.2 Primary data

The two key persons for interview is the head of chair, Eldar Eilertsen and the CEO, Reidar Mjelde. Eilertsen has previous experience from the French furniture market from his time as CEO at Hjellegjede, a Norwegian furniture company. He also has experience from SINTEF Bedriftsutvikling AS, where he was counseling Norwegian furniture companies on their way to growing nationally and internationally. Mjelde, has no previous experience from the furniture market, or the French market, before he became CEO of Brunstad in 3013. However, his insight in the company's operations and visions for the future is necessary for further research. In the interviews with Eilertsen and Mjelde it was detected two other key persons which was interviewed. One of them was Karl Inge Hole. He started working in Brunstad early 2015 as marketing director. Inger-Marie Vågane, which has worked in Brunstad for 18 years and are has had various titles during the years. Today she is the market coordinator of the firm, and is the only person working in Brunstad with such long experience within the company. As mentioned before, Brunstad is in a process using MRB as councils in

their growing process. The head of this process, Bjørn Gjerde was also interviewed to get an insight in Brunstad's growth potential and how MRB works to obtain the goal of growth.

4.2 Operationalization

4.2.1 Introduction

Operationalization is about defining the meaning of a concept. Once the concept is defined, we would need to find a way to make it possible to measure. In quantitative research the measurements would be in form of a scale, index or other measurements which may say something about the existence or the degree of existence of a concept (Berg 2001). In qualitative research, after defining the concept, you need to think about which attributes may affect the concept, and find literature on those attributes. By going through the literature, you may find out how others have examined the concept and use the same attributes as in the literature or come up with others (Berg 2001). Failure to define the concept in a qualitative research will spell disaster. If a researcher have not made clear the concept, the result may be meaningless in terms of explanatory power or applicability. Berg (2001) claims that "if you have not thought about how data will be collected to represent attributes of the concept, it will be very difficult for you to determine answers to research questions. And if you have not worked with the literature in developing relevant meanings and measurable attributes, it will be impossible for you to see how eventual results fit into this extant body of knowledge" (pg 37). In this research the attributes used to measure the concept are firm`s ability to internationalize and the internationalization of the industry.

4.2.2 Firms ability to internationalize

Measuring of the firm's ability to internationalize was sectioned into four parts: motivation; personal experience; personal network; and financial situation. Stage theory of internationalization contends that a firm's international activity will increase as it gets more experience and knowledge. According to the U-model theory, motivation factors as long-term profit by growing and keeping the risk-taking at a low level, are assumed to characterize decision making on all levels of the firm; this includes decisions regarding internationalization. Personal motivation is measured in this research by questioning about the

firms motivation through the whole organization. Would the organization be positive to potential structural changes due to internationalization? What is the object of exporting and why the firm decided to start the process of internationalization? Motivation is highly influenced by the firm's attitude towards risk-taking and their perception on how risky the project is. Therefore it was asked which attitude they have towards the risk attached to exporting and if they are willing to make decisions which leads to higher risk or if they prefer to avoid risk by making safer choices. The degree of risk can be reduced by gaining knowledge. Johanson and Vahlne (1977) states that the biggest obstacle to the development of international operations is the lack of knowledge. Further they assume that the necessary knowledge can be acquired mainly through operations abroad. To measure Brunstad's experience it was asked question about their personal experience with other countries. Has anyone worked, studied or lived abroad? It was also interesting to find out if they had any experience with doing business in foreign markets from a domestic firm or if they have experience from working in an international or global firm. Such experience could be useful when reaching for new markets, both in terms of network and relationship building. Questions asked to establish personal networks was, among others: Do you have network from working, studying or living in a foreign country? Is there anyone in this network which could be of interest when entering the French market? It was also interesting to know how close the relation between the people who is interviewed and the person/people in the network was. Do they communicate regularly? Is it face-to-face contact or via telephone or email? Is this relationship business-related or is it personal? How can the firm potentially use this network when entering the French market? These questions was necessary to ask to be able to get an understanding of the network and to which extant Brunstad could use their relations as a resource when entering the new market. Finally the participants of the interviews was asked if they believe if the firm has access to the money necessary to export. They were also asked if they believe other firms (e.g. larger firms) have an advantage due to larger finances when competing in international markets. Financial questions were necessary to establish if the firm had the resources needed to export. There was also gathered relevant financial information regarding budget for the exporting into France.

4.2.3 Industry globalization

All industries are global in some respect. However, only a few industries can be considered truly global. Globalization of an industry should be looked at as a matter of degree (URL1). Which elements of the industry are becoming global and how does this affect strategic choices? To answer the question we must focus on the drivers of industry globalization. According to the author, economies of scale and scope are among the most important drivers of industry globalization (URL1). They claims that "in global industries, the minimum volume required for cost efficiency is simply no longer available in a single country or region." Companies in a global industry cross-subsidize national market-share battles in pursuit of global brand and distribution positions.

An industry which is at the high-end of the scale is normally characterized by international linkages within the industry. Industries which is on the low-end of the scale is normally highly independent of industries in other countries. "The extent to which an industry is characterized by international linkages within the industry is seen as being an important indication of its level of globalization (Makhija, Kim, and Williamson 1997)" (Karlsen 2007). There are few tools to measure the globalization of an industry, it is therefore used subjective measures in this research. To substitute the subjective measures, we looked into the CSIL Market Research France Furniture Outlook to see if the perception of the industry correlates with the outcome of the data collected in the report. As we see from the 9 window model (Solberg 1999), the degree of the industry's globalization highly effects entry strategy. In this research we want to be able to identify the globality of the industry on the scale shown in Solberg (1999)`s 9 strategic window model: local, potentially global, or global. To establish the degree of industry globalization it was asked questions regarding the industry structure. Is it fragmented or oligopolistic? It was also asked about the perception of the industry and if there is international competitors in the domestic market. To find out if the industry is independent of industries in other countries it was questioned if there are high entry barriers to different markets and how they perceive the international demand for furniture.

4.3 Selection of Case

4.3.1 Introduction

Researcher Yin (2013) defines the case study research method "as an empirical inquiry that investigates a contemporary phenomenon within its real-life context; when the boundaries between phenomenon and context are not clearly evident; and in which multiple sources of evidence are used (Yin, 1984, p. 23)" (URL2). Some strengths by using case study instead of other survey methods is that the response rate is higher, it is useful for generating new theory or specifying already researched topics, and it can explain new, complex and/or dynamic issues. Case study is suitable for asking "why" and "how" (not) questions about a set of events and studying the firm from multiple perspectives. A case study may also provide a holistic perspective of real-life events and the processes leading to certain results. Interview is one of the most common methods of data collection used in qualitative research. Interviews can be used to explore the views, experience, beliefs and motivation of individual participants. Qualitative methods, such as interviews, are believed to provide a "deeper" understanding of the situation than would be obtained from purely quantitative methods, such as questionnaires (Silverman 2013). A case study could include one or several cases. A single case is often used where it represents a critical case or, alternatively, an extreme or unique case. When using a single case, an important aspect is to define the case. A case study can also incorporate multiple cases. By using multiple cases the researcher can establish if the findings of the first case occur in other cases and, as a consequence, the need to generalize from these findings. For his research Yin (2013) argues that multiple cases is to be preferred and if you should use single case study, you will need to have a strong justification for this choice (Lewis, Saunders, and Thornhill 2009). In this case study it was natural to include only one case, since the origin of the research question is to analyze the critical case of one specific firm's entry strategy in a foreign market. By using only one case we limit the generalizability and leaves little room for comparison.

4.3.2 Short description of the case

Brunstad AS was established in 1941 and started exporting in the 1990`s. After a number of unsuccessful attempts to export to Germany and England, the company stopped all their

export activities besides to their nearest neighbors Sweden and Denmark. Today they are present in Norway, Sweden and Denmark and are about to start the process of exporting.

4.4 Data Collection

4.4.1 Introduction

To obtain data credibility in case study it is recommended to use multiple data sources (Yin 2013). Such data sources may include, but are not limited to: archive records, documentation, interviews, physical artifacts, direct observations, and participant-observation. By using multiple data sources the researcher can gain a deeper understanding of the phenomenon being studied. Although it is preferable to gather as much data as possible from multiple different sources, it could result in an overwhelming amounts of data that require management and analysis. Researchers often find themselves "lost" in the data (Baxter and Jack 2008). To gather enough necessary information to get an understanding of the phenomenon without going beyond capacity, it is in this research focused on interviews and secondary data. The recommendation of multiple sources is therefore partially fulfilled.

4.4.2 Personal interviews

The most important data collection method in this research was interview. Identifying informants was done by using the firms organization map and start with the head of chair and the CEO. From their interviews it was identified two key employees which could be of interest to interview. This decision was based on their experience and knowledge regarding the furniture industry and the history of the firm. The two employees was the marketing and sales manager and the marked coordinator. The informants were all asked the same questions from an interview guide which was made based on the conceptual framework of this study. All informants was encourage to go into depth on the topics as well as they were allowed to make digressions. There were no limitations on either topics to address or how deep they would go into each topic. This approach gives a researcher the opportunity to not only take a deeper look into the answers to the question asked, but it also could give valuable insight in topics that was not on the list, but could be of interest.

4.4.3 Secondary data

In addition to interviews there has been collected some secondary data. Secondary data is data which has been collected for some other purpose, but could be of interest in the study. Such data could include annual reports, reports to stock holders, different research papers, internal newsletters and company publications. If may also be data collected from outside the company, such as published information data from various trade and industry associations, governmental reports, public statistics, newspaper clippings and journal articles (Karlsen 2007). According to Bassey (2003) "secondary sources may help you to understand complex texts, and may offer valuable critiques of the primary source, but they are no substitute for the original" (p. 191).

In this study there has been used internet searching for articles on the firm and the industry. In addition reports on the financial situation from the "Brønnøysundregister" and the annual report has been used to get an update and to implement information from the interviewees with the accurate numbers. There has also been used a report on the French furniture market, which gives statistics and an overview on the particular industry in France. This report was used to compliment the perception of the informant`s subjective view of the globality of the industry as well as getting a better understanding on the French furniture market in general. As mentioned earlier the firm is in a process of exploring their opportunity for growth, both in domestic and international markets. The firm has hired consultants from MRB to help in this process. MRB has analyzed the company's growth potential and brainstormed with the manager group regarding strategies for the future. The notes from this process was made available and was used as an indication on the firm's current situation. However, the interviews made by MRB was supposed to capture the growth potential of the firm, and not their ability to internationalize. The information from their analysis was therefore not spot on to this research, but rather an indicator on the firm's situation.

4.5 Data Analysis

The more elastic and ambiguous the concept is, the less possible it is to quantify the data in a meaningful way (Lewis, Saunders, and Thornhill 2009). While quantitative data is based on meanings derived from numbers and collection result are in numerical data, qualitative data is based on meanings expressed through words and the collection results in non-standardized data requiring classification into categories. While quantitative data analysis is conducted through the use of diagrams and statistics, qualitative data analysis is conducted through the use of conceptualization. Qualitative data is often collected via recorded interviews. Before analyzing the data it has to be prepared. It takes time to write down everything that has been said during an interview, and the researcher need to write down every word, but also try to capture the tone in which it was said and the informants non-verbal communication (Lewis, Saunders, and Thornhill 2009).

There are two approaches to qualitative analysis; the deductive-, and the inductive approach. When using the deductive approach the researcher will seek to use existing theory to shape the approach. According to Yin (2013) the researcher who has made use of existing theory to formulate question and objectives, may also use the theoretical propositions that helped do this as a means to devise a framework to help organize and direct data analysis. Commenced research from a theoretical perspective may have certain advantages, such as it will link the research into the existing body of knowledge in the subject area, help to get started and provide with an initial analytical framework. The alternative is to use an inductive approach. Using this approach the researcher start to collect data and then explore them to see which themes or issues to follow up and concentrate on (Lewis, Saunders, and Thornhill 2009). In this research the deductive approached has been used.

There is no standardized procedure for analyzing qualitative data, however, it is possible to group data into three main types of processes: summarizing (condensation) of meanings; categorization (grouping) of meanings; structuring (ordering) of meanings using narrative. All three processes can be used on their own, or in combination, to support interpretation of the data (Lewis, Saunders, and Thornhill 2009). In this research, summarizing of meanings was

used to summarize the key points that emerged from the interviews. When analyzing the data collected there are, according to Yin (2013), two procedures available in the deductive approach; matching, and explanation building. "Pattern matching involves predicting a pattern of outcomes based on theoretical proposition to explain what you expect to find" (p.500)(Lewis, Saunders, and Thornhill 2009). Using this approach the researcher need to develop a conceptual framework, based on existing theory, and test the framework as a means to explain the findings. Explanation building "involves an attempt to build an explanation while collecting data and analyzing them, rather than testing a predicted explanation as set out above" (p. 500)(Lewis, Saunders, and Thornhill 2009). In this research, pattern matching would be the appropriate procedure when analyzing data.

5. Analysis

Interviews with key personnel in Brunstad are the main source of information used in this analysis. There are also information gathered from reports and previous statistic supplementing the interviews. In this research a deductive approach to analyze data has been used. When using a deductive approach, the researcher seeks to use existing theory to shape the analyses. Commenced research from a theoretical perspective may have certain advantages, such as it will link the research into the existing body of knowledge in the subject area, help to get started and provide with an initial analytical framework. The analyses include discussions regarding the degree of globalization in the furniture industry, special features with the French market, and different variables defining Brunstad`s ability to internationalize.

5.1 Globalization of the furniture industry

Based on the perception of the interviewees, the furniture industry is highly international. There has been no previous experience with protectionist regulations, which could indicate that markets are closed for international competition. Nationalistic attitudes was neither an obstacle they had met nor expected to meet in the future. The industry has few barriers between markets; however, there are differences in preferences within customer groups regarding design and technical solutions. These trends change regularly over time in each country. For instance, the French market has changed the last decades from the classical "French furniture" design to modern-contemporary design with focus on excellent design and functionality. In Germany, the customers want technical furniture's, where the seat preferably can be adjusted with technical solutions. There has, however, in some markets been a trend where international designs are preferred. In China there is a popular trend of furnishing houses in one particular nation's designs. A Chinese home could for instance have a Scandinavian design theme, where everything from dining and living room furniture to decorations are based on Scandinavian design. The differences in customer preferences is most likely the only obstacle for the industry being looked at as global, however, it can be deferred as highly internationalized.

The French Furniture Outlook report (Colautti, Pelizzari, and Cheri 2014) confirms the interviewees' perception of the industry with statistics showing the high degree of import and export of furniture. It is also worth mention that the imported and exported furniture's and furniture parts are linked to countries all over the world. Statistics shows that 25 % of all furniture production in France is exported out of the country and about 50 % of the consumption is related to imported furniture.

5.1.2 The furniture market in France

France is the third largest country in Europe with its 551,695 km² and its 66 million inhabitants. France has one of the largest furniture markets in the world and in 2013 France had a consumption of furniture worth 10 492 million euros, which was 14 % of the total European furniture consumption (Colautti, Pelizzari, and Cheri 2014). Since the financial crisis, the French consumption of furniture has had a higher growth rate than the average European country, indicating that the crisis did not influence the French market as much as other countries. While other markets still have lower consumption than before the crisis, the French consumption is already back to the same level as in 2007. The annual expected growth rate in the French furniture market is 1 %(Colautti, Pelizzari, and Cheri 2014). The import rate of furniture and furniture parts has grown during the last years, and in 2013 62 % of the consumption of upholstered furniture was related to import, mainly from Italy, China, and Poland(Colautti, Pelizzari, and Cheri 2014). There are probably many reasons why the French furniture market are already back to normal after the financial crisis, and has a good growth rate review for the next years. Csil has ranked the business climate in countries from all over the world in its French Furniture Outlook (Colautti, Pelizzari, and Cheri 2014), and the result gives an indication of why the French furniture industry is doing better than the furniture industry in many other countries.

On a scale from 1 to 70 where 1 is the best and 70 is the worst, Csil ranked the business climate in France compared to more than 200 countries all over the world. According to the business climate indicators, France has low rankings on variables as enforcing contracts (6), paying taxes (32), getting credit (34) and starting a business (22). The rankings on dealing

with construction permits and registering property are respectively 41 and 63, which is relatively high. According to statistics it only takes 395 days to enforce a contract in France, while the world average is 622 days. This is a positive indicator for firms wanting to enter the French market. If a company wants to start producing in Franc, it could potentially be challenging based on the high ranking of construction permits and registering property. Based on a ranking on the same scale (1 to 70) with comparison to 69 other countries, France has high scores on country attractiveness. The measures are; Ease of doing business (33), global competitive index (22), and the logistic performance index (12). The logistic performance index is calculated as the average of the country scores on the following dimensions: Efficiency and effectiveness of the clearance process by customs and other border control agencies; Quality of transport and IT infrastructure for logistics; Ease and affordability of arranging shipments; Competence in the local logistics industry; ability to track and trace shipments; Domestic logistics costs; And timeliness of shipments in reaching destination. The scores in this report indicates that the institutional context in the French market is similar to other developed countries, which often makes it less complex and less expensive than if entering a market in an emerging country.

The French furniture market is, as discussed above, a relatively attractive market to enter for international furniture producers. Even if the industry is open for international competition, and the business climate in France has good rankings, there is one obstacle international produces will meet when entering the market, and that is the customer's preferences in style and functionality. As the interviewees revealed, the industry is filled with different trends and preferences, and to be able to successfully enter the French market, it is crucial to understand customer preferences and regulations.

5.1.3 Trends and regulations

Looking at mandatory and voluntary schemes in force in the EU other than eco- labels, France is one out of two country's that enacted general measures that are mandatory, encompass a wide range of furniture products, and broadly aim at informing and protecting consumers. France also set out mandatory rules for furniture covered in leather or split leather. These are

rules every furniture producers wanting to enter the French market need to take into consideration and adapt. However, there are also personal customer preferences, which needs to be taken into consideration when entering the French market.

Two differing principles govern French furniture styles: basic and luxury. Basic designs offer what is necessary for daily living in simple lines, with proven materials and shapes. Luxury is associated with space, safety, technology and home automation. The consumer is searching for a new style, which is establishing itself between traditional and modern, a relaxed mixing of genres. There has been a shift from the old classical "French furniture" to a more contemporary style. There is still a niche at the high-end side of the scale with the traditional furniture, but in 2000 'Modern-contemporary' had 64% of the overall value of the market. The modern-contemporary furniture's where placed in the mid/low-end of the market. Many French furniture producers use well-known designers, which often are promoted as a sign of quality. With design being an important strategy to French furniture producers, there are several design schools and design competitions, which furniture producers uses to promote their designers.

After looking through over 40 French furniture producers' portfolio, which assumedly is representable of the French furniture market, it is clear that there are some general "rules" in the market. There is, as mentioned above two main trends, basic and luxury. The basic furniture's are comfortable, large furniture's, which would be looked at as old fashion in Norway. The couches and chairs are often covered in fabric, from bottom to top. The furniture's in this category are normally priced from low to mid, based on the quality of the furniture, the brand name and the name of the designers. The more exclusive trend, luxury, is more complex to categorize. In this category, the designers show their personal styles and creativity. However, there is also furniture's in this category, which are more similar to furniture's in the Norwegian furniture market. Luxury furniture's are placed on the mid – high end of the price scale. Without having analyzed all producers in this category, it is based on the findings relevant to mention that many of the luxury producers sells their furniture through their own specialist retail store or showroom, with a more exclusive distribution than

basic furniture producers. In France, over 86% of the furniture distribution market is in the hands of specialist retailers. As much as 37% of this value are distributed by buying groups and franchises (UCEM, Mobilier Européen, MDF, Pem, Gram, Maxiam, etc.). Independent furniture chains (IKEA, Alinéa, Conforama, etc.), showing a highly organized distribution network, account for 32% (ITTO 2005). When deciding on distribution channels it in necessary to consider the firms strategy. Brunstad claims that they want to place themselves in the mid/high end of the market, and therefore, their distribution should be exclusive. They could for instance introduce their products exclusively in the two largest cities in France, Paris and Lyon. These two cities are located in the two largest regions in the country both by population and by per capita GDP. The two regions does also have the largest amount of production sites and employees related to furniture production.

5.1.4 Competitor analysis

There are several furniture manufacturers represented in the French market. Brunstad wants to place themselves in the mid/high end of the market. Their products are designed with a combination of modern and classic style, and have high quality. Based on those attributes, the list of competitors, similar to Brunstad was narrowed down to five companies. Those five companies is to be regarded as Brunstad`s main competitors in the French market and will be discussed in the competitor analyze.

Canapés Design – Neology is a high-end contemporary upholstering manufacturer. The company has a large range of products that can satisfy the most various needs. They focus on using valuable materials and works with a high demand and case. Neology has developed a partnership with world famous designers in order to create original, refined and comfortable sofas. The firm has sales network all over France, and a showroom in the center of Paris. Neology has a turnover rate between 0 and 5 million EUR and has between 21 and 50 employees.

DHC PRODUCTIONS (Duvivier) produces leather furniture's, tables, TV-furniture, bookshelf's etc. With their high-end strategy, their main focus is quality, comfort and design. The firm sells their products all around the world, and has input in several stores in Paris and Lyon. The firm sells through retail stores with focus on quality. They also sell through retail stores owned by the firm. DHC Productions' turnover rate is between 5 and 15 million EUR and they have between 51 and 100 employees.

Désio is a high-end furniture producer, which focuses on innovation, quality and service. They also promote their effort save the environment. The firm has a showroom in Paris and one in Lyon. Like most other furniture produces in France, the company promotes their designers as a sign of quality. Their turn over is between 0 and 5 million euros and they have between 21 and 50 employees.

Ligne Roset is a furniture producer with focus on modern design and quality. The firm distributes their furniture through showrooms in addition to retail stores all over the world. The firm's product range is relatively large, with both sofas, TV-furniture's, dining furniture's, beds, decorations etc. The company has a consistent style on their products, which are modern, and sometimes modern-contemporary. The products are placed at the mid/high end of the market. Their turnover range are between 50 and 100 million euros and they have over 500 employees.

Roche Bobois International is a quality furniture producer, which to some extant can be compared to Brunstad regarding design. The firm distributes their furniture through their own retail stores with their own brand name. As many other producers they focus on design and their own design team. The firm's product line is wide and includes furniture's to fill up an entire house. The turnover range is between 100 and 250 million euros. There are no numbers available regarding employees.

To obtain a perfect competitor analysis, a lot of information needs to be available. In this case, there is a large lack of information on e.g. price, distribution, market share etc. The analysis is therefore based on the information that was available, and could not under any circumstances be seen as a complete analysis. The analysis is based on the five firms that the author found most similar to Brunstad. Because of the lack of perfect information on competitor's, there are no evidence that these five firms are the most similar or the only similar firms in the French market, and must therefore be considered as a guiding point, and not as the absolute reality. However, the author believes that the firms are representative and could give an indication of the competitive situation in the market. There are some similarities between all the five competitors; they all focus on quality and design; they are all placed at the mid/high end in the market; they are all represented in Paris and Lyon; and they all have designs, which would be competing with Brunstad`s design. Another common attribute they have, is that they use exclusive distribution. Even if most of them are represented in many different countries, they have showrooms and brand stores to promote and sell their products. In Norway most furniture's are sold through large chains where the producers has little power over their own promotion in store. In France it seems like the more exclusive producers normally sells through smaller retail stores or own brand stores. This gives a much more exclusive perception of the product and it makes it easier to target the preferred customer group.

5.2 The firm's ability to internationalize

5.2.1 Previous experience

Previous efforts of going international have not been successful for Brunstad. Some of the interviewees expressed that one of the reasons why exporting did not become a success was the fact that they used agents. The agents got a catalogue with Brunstad`s furniture and delivered it around to store holders and chains. In general, agents do not necessarily feel ownership to products, which may influence their effort when selling it. In Sweden and Denmark Brunstad has had great success using sales representatives with home office in the country they operates in. When Brunstad started their first attempts on export, they produced numerous different variants of their products to fulfill the demand in their new markets. This

turned out to be an expensive approach, which never gave the volume they needed for it to be profitable. The CFO of the company finally said he would resign if the company continued in the same direction, which led to the end of export in Brunstad. At the same time, the Delta chair was launched. Their previous customers abroad contacted the firm many times to be able to buy Delta, and only Delta, but by then, the company had decided to stop all their export activity. A few years later the firm hired a new export manager to try a second time to internationalize. The new export manager had previously experience from Japan, England and Germany and wanted to reach out to these three markets. Once again, the investment was not successful, and the firm had to withdraw. Even if none of their attempts to go international went successful, they still keep contact with a few costumers from Germany and Finland who regularly buys the Delta chair.

So why the previous attempts failed? As mentioned, the use of agent was seen as one of the factors, which could be explained as one of the causes. Another factor was that the firm did not standardize their product and sold too many versions, which led to small volumes. However, it is reasonable to believe that the main reason for failure was the lack of international experience. The strategic choices were characterized by decisions that were made without enough information. It is rarely or never possible to have the perfect amount of information, but the success of the decision is often reflected by the amount of information available. The information available for decision makers is normally based on personal experience, and it is therefore necessary to analyze key employee's personal experience and network to address the threat of missing information in the organization.

5.2.2 Personal experience and network

There are few people in Brunstad with international experience. The chairman, Mr. Eilertsen, worked internationally for many years, and has experience from working in a Norwegian furniture company with relations to the French market. Mr. Eilertsen still keep in touch with the retired contact he used in his old job, and through this person, he has been in contact with another person who could be of interest when Brunstad are trying to get a foot hold in the French market. The CEO of Brunstad, Mr. Mjelde, has some experience with working in a Norwegian company with international markets; however, it was neither a furniture company,

nor any relations to France. He has however, kept in touch with a Chinese director who is willing to help Brunstad into the Chinese market. The marketing director, Mr. Hole, who is newly hired in Brunstad has previously worked in an international industry, where he had some contact with clients in other countries, mainly in Germany. The contacts he got from his previous work would not be of relevance for Brunstad in their current plans of exporting. Marketing coordinator, Mrs. Vågane has worked for Brunstad for over 20 years, and is the only person working there today who worked there during their previous attempts to internationalize. Her experience from the firm's previous attempts to export has given her a few relations, and some of them are still holding. However, there is little contact, and it is mainly people from Germany and some from England, which is not very relevant in the context of exporting to France.

5.3 Risk and Financial situation

Brunstad is a solid, profitable company with good liquidity. In 2014 their profit was over 6 million NOK and their equity was 56,6 %. Based on the interviews it became clear that the international investment should not under any circumstances influence the budget in Brunstad`s home market. Such a priority would not only affect their growth in the home market, but also have an effect on the employees' motivation to internationalize. Alternative paths to gain access to the capital are increasing the equity by reaching out to domestic investors, loan from domestic banks or creating a strategy to source capital globally. Gaining access to capital in global markets allows an MNE to lower its cost of equity and debt compared with most domestic firms. It also permits an MNE to maintain its desired debt ratio, even when large amounts of new funds must be raised. However, this is not true for most small domestic firms, such as Brunstad, because they do not have access to the national equity or debt markets. According to Eiteman, Stonehill, and Moffett (3013), small domestic firms must either rely on internally generated funds or borrow for the short and medium terms from commercial banks. If a small domestic firm wants to design a strategy to source capital globally, it should start by sourcing abroad with an international bond issue placed on a less prestigious foreign market. An international bond issue in a target market could be the following step. The last and ultimate step in this path would be to place a direct equity issue

in a prestigious target market or a Euroequity issue in global equity markets. However, the firm should normally go through a number of steps before reaching the last one.

Brunstad has already made contact with their bank about financing the investment of going international, and the management seems to be comfortable with such a founding of the project. However, if the international investments continue growing, and the firm wants to enhance the international efforts, designing a strategy to source capital globally could be a natural next step.

There are some risk associated with producing the product using Norwegian krone and selling the product in France using euro. The production costs will remain the same regardless of the exchange rate, while the income is highly influenced. If the income decreases remarkably due to exchange rate, the revenue will be negatively influences, and may be so over a long period if the firm does not increase sales price. Increasing sales price may influence the volume and may therefore not be a good option. There are, however, services delivered by banks in Norway, which minimizes the exchange rate risk. These services could include guidance, buy and sell currency at forward for future delivery, currency swap - to switch to value you need against a currency you already have access to, and currency options. Currency options are ideal if you have a future exposure to a currency with any currency risk. A purchased foreign currency option gives you the right but not the obligation, to buy / sell the currency at a specific price on a predetermined date.

6. Entering the French market

6.1 International Objectives

The analysis of the furniture industry and Brunstad`s internal resources gives the opportunity to set realistic and suitable objectives for the firm`s entrance in the French market. The objectives used in this study are discussed with key persons in Brunstad and are used as ground for the strategy that will be presented later.

Increasing volume and diversification is the motivation behind Brunstad`s internationalization process. In 2014, Brunstad had a revenue of 130 million NOK, where about 25 % relating to export. The goal is to increase the revenue from export to be 50 % of the total revenue. The objective is to have 200 million NOK in revenue, where export represent 100 million NOK. The firm believes that 20 million NOK could be a realistic objective in the French market. Based on the firm's history, or lack of history in the French market, it is reasonable to believe that the firm is not capable to grow fast and large during the next few years in this market. However, by following the recommended strategy, the firm will be able to grow in small steps the next years, and gain larger revenue at a later stage in their internationalization process.

The firms marketing objectives is to gain recognition in the niche segment. To make it possible to measure recognition, Brunstad should cooperate with their French partners to measure the customer's knowledge about Brunstad twice a year. The measure could be based on store personnel's perception of customer knowledge, or if possible, make a customer survey. The measures should be based on a scale from 1 to 10 where 1 is no recognition and 10 are perfect recognition. The goal is to be placed between 6 and 8. If the scores are less than 6, the firm must do adjustments to their marketing efforts. This could be investing in a marketing campaign, training stores personnel, adjust the store placement of furniture or increase number of stores to be present in.

A second marketing objective is to have Brunstad`s furniture in at least ten stores in Paris and Lyon during the first year. This objective is closely related to the objective of recognition. After gaining the preferred recognition in the potential customer group, Brunstad should aim to grow with two new stores each year.

6.2 Entry mode

In Solberg`s 9 strategic windows there are three different degrees of an industry´s globality (Solberg 1999). From the interviews and statistical evidence, the furniture industry is characterized as a potentially global industry. This leaves three possible entry modes to discuss; a niche strategy, an expansion strategy and preparing for globalization. The decision on which strategy to use is depending on the firm's ability to internationalize. Brunstad has little international experience, and there are few people within the company who has previous experience, which is of interest in this scenario, indicating an international immature firm. The conclusion is therefore; Brunstad should seek niches in international markets. Brunstad should seek and develop small niches where the firm can define distinct competitive advantages. It could be specializing in design, applications, technology or process, or it could be delivery flexibility, quality etc. By establishing niches the company will specialize and get a better position in its field. The firm must strive to gain experience and obtain a long-term position in the French market. The more Brunstad can define its niche, the more protected it is from the international competition. The firm should use time and resources to build its strategy through gradually internationalize. Firms in this situation is vulnerable and normally need both financial backing and management to get further in their internationalization process (Solberg 1999).

As mentioned it the theoretical background chapter, the U-model distinguish between four stages of entering an international market. Brunstad is about go from stage one (no regular export activity) to stage two (export via independent representatives). According to Johanson and Vahlne (1977), following these stages systematically is the safest and most natural way for a small company to increase their international efforts. By following the stages the firm gradually increases their knowledge as they increase their investments, resulting in lower risk than if jumping from stage one to stage three or four. Brunstad is, according to network theory, an "early starter" with little knowledge of foreign markets. An "early starter" uses distributors, agents or customers abroad to internationalize. The conclusion based on the two theories is that Brunstad should use an agent or other independent representatives when entering the French market. In previous attempts of internationalize, Brunstad used agents. The firm has experienced that the lack of control that comes with using an agent has been an

important factor of their failed attempts to internationalize in the past. However, with the firm's lack of information and experience, they should consider using an agent in the French market. The agent should be a person with great knowledge on the mid/-high end of the French furniture market, and should feel a strong commitment to the firm. The agent should also be experienced and hard working with good references. If, however, the firm does not find an agent possessing these qualities, they should consider another option. In Denmark and Sweden, the firm uses in-house sales representatives working and living in the representative countries. Sales representatives are a mode of entry that the firm has had great success using in Denmark and Sweden, and could therefore be considered used in the French market as an alternative to agent. The sales representative should be a French citizen who has experience from the industry and has contacts in the French market. This person can help Brunstad increase their network and help increasing the firm's knowledge. However, it is recommended that Brunstad find an agent, that possesses the qualities mentioned above, and if they do not find such an agent, they may consider a sales representative.

6.2.1 Niche strategy

To be able to successfully enter the French market, Brunstad must operate with a distinct niche. Design and quality is two of Brunstad`s competitive advantages that should be used when defining their niche in the French market. The firm must target customers that are design and quality oriented in their search for new furniture. The Delta chair has a simple line formed shape, which could be of interest for the design-oriented customers in the French market. The chair is small and neat compared to many other chairs in the French market, which often is heavy and blocky. The chair would be of excellent choice for design and quality oriented buyers, which live in relatively small housings. As mentioned, in Paris and Lyon, a large part of housings is apartments. A small and neat chair is often more suitable in an apartment than a large and heavy one. By focusing their efforts on promoting design and quality in the target market, Brunstad gets the opportunity to get a foothold, which eventually will help increase the recognition of the brand.

6.2.2 Financing of export activities

Brunstad is organized with a management group consistence of six managers including the CEO. The five other managers have operational responsibility in the five functional areas where Brunstad shell perform well; production, sales/marketing, procurement and sourcing, product development and economy. The firm's internationalization process makes it necessary to establish a new functional area, which is financially separated from the domestic market. The new department should be self-financed so that the international investments do not interrupt with the domestic efforts. The last couple of years, Brunstad has had positive financial results and good liquidity with no bank loans. The firm has already established contact with their bank regarding an international investment, and the bank is positive to finance the investment. Table 1 gives an overview of a suggested budget for the export activities the next 4,5 years. The budget includes organizational-, marketing- and sales-, and IT costs. The first year (from august 2016) the investment will be about 650 000 NOK. The next four years the investment will increase as the commitment increases. In 2017 the total capital requires is 1 360 000 NOK, in 2018 it will be 2 960 000 NOK. It is budgeted that an export manager is hired in 2018. In 2019 it will be 3 060 000 NOK and in 2020 the capital needed is 3 260 000 NOK. After the first three years, the firm should be able to make the necessary income for the export commitment to be self-financed. The initial investment should therefore be 4 970 000 NOK (the capital needed from 2016 to 2018).

The firm possess enough equity to found the investment, but using the equity is not necessarily the optimal option. There are two options that needs to be considered regarding founding this project: using the firm's equity, and long-term bank loans. By founding the investment by equity, the firm uses part of its surplus from the domestic income to found the international investment. In a worst-case scenario, where the investment fails and sales in the domestic market stagnates, the equity used in the international investment will reduce the possibilities in the domestic- and in other international markets. The firm is about to enter several international markets the next years. Should Brunstad use about 1/5 of its equity to found the investment in one market? One of the motivational factors for expanding abroad is to reduce risk. Using 1/5 of its equity in one project is a higher risk than the firm should be taking at this point. Therefore, the firm should not use its equity to found the international

investment. Long-term bank loans gives the firm the opportunity to focus on their internationalization efforts without interrupting the financial situation in their domestic market or in their efforts of reaching other international markets. By taking up a long-term loan, Brunstad is assured to have the capital needed to establish themselves in the new market and the effort should be on achieving self-finance of the project as of the fourth year.

Table 1: Budget

			2016		2017		2018		2019		2020	
			1. half	2. half	1. half	2. half	1. half	2. half	1. half	2. half	1. half	2. half
Organization	Sales office	Start					x					
		Cost						800 000		800 000		800 000
	Complaint department	Start				x						
		Cost				200 000		300 000		300 000		300 000
	Export manager	Start						x				
		Cost				500 000		1 200 000		1 200 000		1 400 000
	Coursing/education	Start	x									
		Cost		50 000		50 000		50 000		50 000		50 000
Sales and market	Catalog in French	Start		x								
		Cost		200 000		100 000		100 000		100 000		100 000
	Web in French	Start		x								
		Cost		50 000		20 000		20 000		20 000		20 000
	Price-list	Start		x								
		Cost		100 000		10 000		10 000		10 000		10 000
	Various printings (business cards etc.)	Start		x								
		Cost		50 000		20 000		20 000		20 000		20 000
	Køln-messe	Start			x							
		Cost				250 000		250 000		250 000		250 000
	Travel	Start	x									
		Cost		50 000		50 000		50 000		50 000		50 000
	Various fairs	Start	x									
		Cost		100 000		100 000		100 000		100 000		100 000
	Inviting customers to Norway/Sykkylven	Start		x								
		Cost		50 000		100 000		100 000		200 000		200 000
		Start										
		Cost										
IT	Order confirmation and invoice in French	Start		x								
		Cost		50 000		10 000		10 000		10 000		10 000
		Total		700 000		1 410 000		2 960 000		3 060 000		3 260 000

x: Start-up of the activity

6.2.3 Product and promotion

The initial goal should be to introduce a product that could potentially be seen as a trademark for Brunstad in the French market. The Delta chair has the potential of being such a trademark, and should therefore be the first product Brunstad introduce to the French market. By communicating the products well defined characteristics (quality and design) to customers, Brunstad could use the Delta chair to gain market share in the defined niche. When the demand for the Delta chair increases in the market, Brunstad could eventually introduce more products to the French market.

Establishing relationships

To promote the Delta chair, Brunstad need to establish relationships with potential partners in France. The budget allows the firm to use resources on research, participation on fairs, and customer visits, both in France and in Norway. These resources should be used specifically to gain contact with important operators in the French furniture market. The firm must analyze the structure of the market: which furniture chains are there. How is the ownerships in furniture stores in the largest cities? Is there any agents available that have the qualities Brunstad is looking for? Brunstad must evaluate which kind of stores they want to be represented in and communicate the details to an agent. Agents often has a portfolio of stores and contacts, and Brunstad needs to compare their needs to the agent's portfolio of stores. There are a large number of small, specialized stores, which could be of interest. Stores that the firm should be represented in should have products that are of high quality, designs that are in the same category as Brunstad`s designs and products that are priced as mid/high. The stores should sell both furniture's and decoration articles. A Norwegian store that could be compared to the type of store Brunstad should establish contact with is Møbler & Miljø. By selling the Chair through a store like that, Brunstad get access to a customer group that is interested in quality and uniqueness in their furniture's. However, it is not possible to point out specific stores before an agent is engaged in the project. The agent is the expert in this specific field, and the firm must rely on its knowledge and contacts in the market.

Language berries

Frenchmen are known for their resistant on using any other languages than French. If there is a reality to that statement could be discussable, however, it is certainly easier for the French customers to do business when the information platform is in their own language. Therefore, Brunstad must adapt their information channels to the new language before entering France. The webpage, business cards and price lists must be translated into French. The firm must also be aware of the complications that may arise in back-office service. The budget must include extra costs due to longer processing time and translation costs related to the difficulties that may arise when communicating in different languages.

As mentioned before, the design and the designer are highly used in promoting furniture's in France. Brunstad should, when entering France, promote the story of the Delta chair designers. Even if Norway is not a big actor in the global furniture market, people often has the perception that a Norwegian labeled product is of high quality. Therefore, Brunstad should promote their designers with the story of their background, their nationality and the history behind the Delta chair. This could be promoted through their web page. A small label on the product with the story of the designers and the product could also be attached to the chair. This would give the impression of both quality and exclusivity.

6.2.4 Location

Based on the market analysis, Paris and Lyon seems like the two cities that Brunstad should be looking into. The cities are the two largest in France and many of the potential competitors are located in those two cities. As mentioned earlier, Brunstad must initially find an agent that possess all the qualities they look for, and when they do so, the agents portfolio will be a strong indicator of which cities the firm should address. The agent is specialized in the French furniture market, and will most likely have a strong opinion on which location the firm should enter first. However, there are some factors that is essential for the strategy, which must be considered before choosing an area. One of the factors is that the niche market Brunstad are targeting must be represented in the area. It is likely that the largest cities contains potential customers that endorse quality and pure design, may be more than in the countryside. There are also the fact that the largest cities has a large amount of apartments, which is positive for the marketing of a relatively small light chair. Even if the market analysis concluded with Paris and Lyon as the most suitable cities to enter, an advice from the agent on entering some of the other large cities should be endorsed and followed.

6.3 Long-term strategy

By following the advice on entry strategy given above, Brunstad will hopefully be well established in the French market by 2019. If the strategy has been successful, and the project is self-financed as from 2019, the firm need to set new objectives to maintain their position and grow. If the internationalization process has not been a success, the firm must evaluate

and decide if they want to withdraw from the market. Another option would be to find the source of why the internationalization was not a success and try to establish a new strategy to stay in the market. As shown in the budget (Table 1) an export manager will be hired in the firm in 2018. The manager will be responsible for export activities in France and other countries the firm has managed to enter by then. The long-term strategy outlined in this chapter is based on the assumption that the firm has successfully entered the French market by 2019.

6.3.1 Long term objectives

When the firm has established a position in the French market, they have built a solid foundation for growth. The firms main objective in this stage is to make the activities in France self-financed. The firm's initial objective before entering the French market was to have a net income from this specific market of 20 million NOK. According to the CEO, a Delta chair has a margin of approximately 4000 NOK (after agent fees), indicating that the firm must sell at least 5000 chairs a year to reach their objective of 20 million NOK from the French market. The selling price is about 8000 NOK, so the revenue when selling 5000 chairs will be 40 million NOK. After covering the cost of business in the French market, at 3 060 000 NOK, the firm will have a net profit of 16 940 000 NOK (illustrated in Figure 4). Based on the firms lack of international experience, and that it takes time to gain market share in new markets, the objective is to have an income of 20 million NOK in 2020. After that, the firm should have at least a 5% growth rate each year. To obtain the financial objective, the firm must build network in the French market. After the first three years of the investment, the firm has built some relations with agents, customers and partners. These relations needs to be developed, and used to expand the network. If the firm does not successfully obtain their objectives, they must evaluate to find the cause and change tactics to be successful.

Figure 4:

Breakeven Analysis for Brunstad Entering the French Market
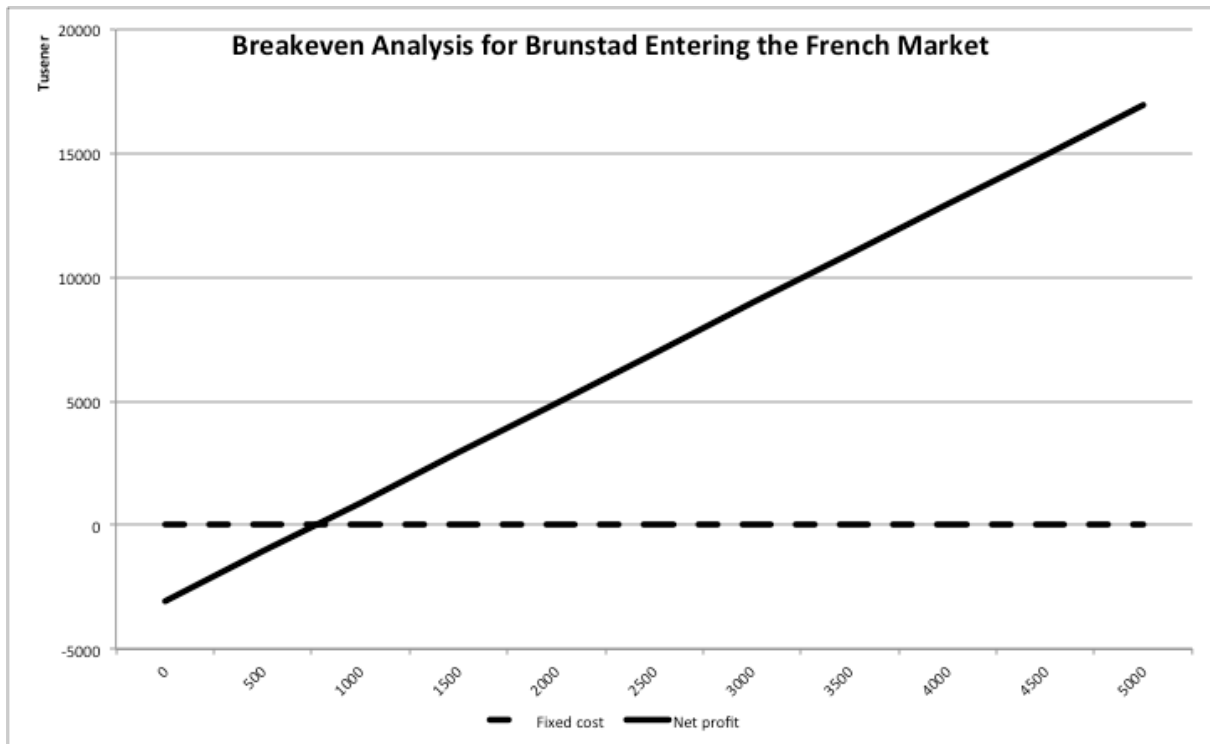
6.3.2 Operational activities

When the Delta chair is accepted into the market, the firm should consider introducing alternative products. A market survey would help establishing which products of their catalog would be of interest in the French market. The export manager must regularly be in contact with customers and participate in one exhibition a year to maintain an overview of the trends, customer preferences and competitors. In this way, the firm will hopefully not meet any surprises, which could lead to loss of position and market share.

The CEO and the export managers should also regularly invite customers to Norway to visit the head office and production. Inviting customers is an important part of the network building strategy. Building relationships is essential in the firm's growth strategy and must therefore be prioritized in the budget. Inviting customers to visit has several positive side effects: keeping close contact and showing the customers how and where the furniture's are produced gives the customers a feeling of ownership to the products, which influence their communication to the end customers. It could also influence the customer's loyalty to the firm

in a positive direction. Another positive side effect is that the more personally attached the firm is to the customers, the higher the chance is that persons from the firm are included and introduced to other important players in the market. In such situations, it is important that the representatives from the firm is well prepared on cultural differences that may occur. Miscommunications and misleading actions related to cultural differences could lead to unfortunate outcomes for the collaboration.

6.3.3 Expanding to neighboring countries or withdraw

If the strategy is successful, the firm should seek new markets close to French. The firm could potentially grow a network of important actors in France that have contacts in the neighboring countries. When entering a country close to the one you are already established in is much less of a risk than entering a new country where the firm has no relations or experience. The firm must have in mind when entering the French market, that expending to neighboring countries is a part of the long-term strategy. By being aware of that, they should focus their network building process towards actors that has contacts in potential markets. Relations gained in the beginning of the firm's internationalization process could be the opening to new markets in the future. However, if the investment do not succeed, and the firm does not manage to enter the French market and gain income from it, the firm must evaluate and find the cause. There are three options, dependent on the result of the evaluation, which must be considered if the firm do not get successful in the French market. The first option is to withdraw from the French market and accept that the firm does not have the ability to internationalize. The second option is to withdraw from the French market, and rather use the money on another country. There is a chance that the firm needs to invest more than planned to be able to access a foreign market, and that they should focus on only one specific market at time – maybe starting with a country closer to home. Or third, the firm could elaborate and adjust their strategy in the French market to try to be successful. Either way, the firm must do a thorough analysis to find the cause of the defeat, and consider the cost of each option.

7.   Conclusions and Implications

7.1 Main Findings

In the beginning of this research the question of how Brunstad successfully can enter the French market was asked. Through an overview of relevant theories, an analysis of the firm's internal and external situation, it was suggested that a niche strategy would be the proper entry mode for Brunstad. The main findings in the analysis was that the industry is potentially global, and the firm was international immature. The globality of the industry was analyzed by use of perception and findings regarding competition and other relevant factors spotted in the French furniture outlook (Colautti, Pelizzari, and Cheri 2014). The firm's international maturity was defined by the firms experience, network and financial situation. According to Solberg (1999) an immature firm situated in a potentially global market should seek niche markets to be successful in their entry strategy.

In previous attempts to internationalize, Brunstad has used agents to reach new markets. Because the lack of success, the firm is skeptical to the use of agents. However, based on the firm's lack of experience and network, the conclusion is that an agent must be hired to represent the firm in the French market. The agent must have experience from the mid/high end of the French furniture market, and should also speak fluent French. The agent should have contacts, which could be of interest for Brunstad when entering the French market, but also of interest when Brunstad has successfully entered the market and are looking to expand to larger parts of France or neighboring countries. The location of Brunstads initial export is suggested to be in the largest cities in France, Paris and Lyon. However, the agent that will be hired should have something to say about location, both because of his/hers experience and expertise, and because of the location of the agents network. The agent will be an important resource regarding experience in the French market and must be consulted with before making decisions regarding location and which stores to approach.

To be able to successfully enter the French market, it is important that the firm, and all its employees are motivated for the challenge. There has been some skepticism related to export due to previous failures, but it seems like the skepticism can be overcome by a well-communicated strategy. However, there must be some reassurance in the budget that the export will not financially interrupt with the current domestic business. Therefore the firm

should use bank-loans to finance the first three years of export. After the three first years the project should be self-finances, and therefore not interrupting any domestic efforts. The financial objective is that the French market should provide an income of 20 million NOK as of the third year. When the firm has successfully entered the French market, it should expand to larger parts of France and to neighboring countries.

7.2 Limitations of the Study

This research has provided a general analysis of the firm and the industry concluding with an entry strategy for Brunstad into the French market. There are, however, some shortcomings due to time limitations. The firm must analyze the French market regarding design and preferences. Are there any small changes in production that should be done to adapt the products into the French market? And if so, is the cost of doing so too high to make the export profitable? The firm must also look into laws and regulations in the French market. There could be some barriers that have not been detected in this research. A more thorough competitor analysis should also be conducted to gain a larger understanding of the dynamics in the French furniture market.

This research did not include an overview of potential agents or customers. The firm must gain contact with an agent that could lead the firm to potential customers in the niche the firm are seeking. The agent possesses information about the French furniture market that is highly valuable for the firm and should be taken into consider for further research of the market.

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Exhibit 1: Interview guide

Basisopplysninger

- Hva er din posisjon i bedriften?
- Når startet du å jobbe for Brunstad?
- Hvilken utdanning har du?
- Hvor gammel er du?
- Hvordan er eierskapet i bedriften?
- Hva er bedriftens visjon?
- Hvordan ser organisasjonskartet ut?
- Hvor mange ansatte har dere?
- Hvor produserer dere møblene?
- Har dere andre avdelinger enn i Sykkylven?
- Hva er deres markedsandel i Norge?
- Hvordan kategoriserer dere produktene deres (high-end, low-end)?
- Hvem er de største konkurrentene deres?

Del 1

1. Eksporterer dere I dag? (Hvor og når startet dere?)
2. Hvilke kanaler bruker dere mot internasjonale markeder (agent, distributør, salgskontor, produksjon)?
3. Er dere fornøyd med kanalene dere bruker i dag (har det tidligere blitt gjort noen endring i kanalene?)?
4. Ønsker dere å utvide posisjonen deres i de markedene dere allerede er i?
5. Har dere vurdert og eksportere til nye markeder tidligere? Hvorfor? Hvorfor ikke?
6. Har dere noen erfaringer fra eksisterende marked dere bør ta i betraktning når dere skal inn i det franske markedet (valg av kanaler, nettverk)?
7. Er det noen av de som jobber hos dere i dag som var med i prosessen når dere valgte å utvide til Sverige og Danmark?
8. Hva er målene deres når det kommer til eksport (kortsiktig og langsiktig)?
9. Opplever du at ledelsen og organisasjonen for øvrig er motivert til å nå internasjonale

markeder?

10. Opplever du at alle ledd i organisasjonen er tilpasningsdyktig dersom strukturelle endringer oppstår?

11. Hva er hovedårsaken til at dere ønsker å eksportere?

12. Hva er tankene dine rundt risikoen som følger med når dere nå ønsker å eksportere til Frankrike?

13. Hvilken holdning har du til risiko for å oppnå ønsket resultat (bør risikoen være lav og kontrollert, eller kan man ta en større risiko for å oppnå mål)?

14. Opplever du at bedriften har nok kapitaltilførsel til å satse internasjonalt?

15. Opplever du at dere har begrensede finanser, noe som gir færre valgmuligheter når dere ønsker å gå inn i nye markeder enn andre (større) bedrifter?

16. Hvor stor del av dagens omsetning er relatert til eksport?

17. Hvor stor del av omsetningen ønsker dere skal være relatert til eksport i fremtiden?

Del 2

1. Har du arbeidet i utlandet? (Hvor lenge?)

2. Har du studert i utlandet? (Hvor lenge?)

3. Har du bodd i utlandet? (Hvor lenge?)

4. Har du jobbet for en utenlandsk bedrift? (Hvor lenge?)

5. Har du tidligere hatt kontakt med utenlandske markeder? (På hvilken måte?)

6. Hvilke språk behersker du?

7. Hvor mange ansatte har dere med internasjonal bakgrunn? (Arbeidet, studert eller bodd i utlandet)

8. Er det mange ansatte som har internasjonal erfaring (jobbet i internasjonal bedrift, jobbet i norsk bedrift mot internasjonale markeder)?

Del 3

1. Har du nettverk fra å ha studert, jobbet eller bodd i utlandet?

2. Har du nettverk fra tidligere erfaring fra utenlandske markeder?

3. Har dette nettverket bidratt til valg av hvilke marked bedriften ønsker å gå inn i? I så fall,

hvordan?

4. Mener du at dette nettverket kan opplyse deg om potensielle samarbeidspartnere i det franske markedet?

5. Hvordan opplever du din relasjon til sentrale personer i dette nettverket? (Nettverk som er relevant for det franske markedet)

6. Hvor lenge har du kjent personen?

7. Hvor ofte har dere kontakt?

8. Hvilken type kontakt har dere (mail, telefon, ansikt til ansikt)?

9. Er det personlig relasjon eller er relasjonen tilknyttet bedriftene dere jobber i?

10.   Dersom relasjonen er tilknyttet bedriftene, hva er/var din rolle i handlene?

Del 4

1. Hvordan oppfatter du industristrukturen (oligopolistisk vs fragmentert)?

2. Hvor internasjonal opplever du at møbelbransjen er (ikke internasjonal, noe internasjonal, internasjonal, global)?

3. Opplever dere stor konkurranse i hjemmemarkedet fra internasjonale aktører?

4. Hvordan påvirker denne konkurransen dere (leverandører, kunder, samarbeidspartnere)?

5. Hvordan opplever du handelsbarrierene til potensielle markeder i møbelindustrien (ikke tilstede, noen barrierer, store barrierer, markedene er helt lukket)?

6. Hva mener du er de største barrierene (hvorfor? Og hvordan kan dere komme forbi disse?)?

7. Er kundene og konkurrentene deres internasjonale (Hvorfor anser du de som nasjonale/internasjonale)?

8. Hvordan oppfatter du den internasjonale etterspørselen etter møbler (globalt vs. lokalt)?

9. Hva er bakgrunnen til at du oppfatter den internasjonale etterspørselen som du gjør?

10.   Opplever du at kanaler inn mot internasjonale markeder er lett tilgjengelig (samarbeidspartnere, leverandører osv. utdyp)?

11.   Hva er dine tanker vedrørende organisering av en mulig eksportsatsing (agentsamarbeid, ansettelse av egen salgsressurs, allianse med annen komplementær aktør i det franske markedet, direkte dialog med et utvalg av frittstående forhandlere)?