Entering the Japanese Market  
- Similarities and Differences between two Swedish firms

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Robin Moritz  
Zaid Jirges  
Supervisor: Cecilia Pahlberg
Abstract

In this thesis we investigated the differences and similarities between a big and a small Swedish firms’ market entry process into Japan. This was done by studying the two chosen companies, IKEA and Haglöfs respectively. We conducted our research using a case study collecting data from primary and secondary sources. The primary data was collected by using a semi-structured interview approach while the secondary data has been collected through searching for relevant sources. We concluded that the main similarities between IKEA and Haglöfs were the firms’ extensive use of network relationships in the Japanese market, were both utilized employees with Japanese market knowledge. The main differences, on the other hand, were mainly the enthusiasm shown from actors, such as governors, consumers and municipalities, that actively encouraged IKEA’s market entry. The scope of the entries was also different, with the size of the IKEA product catalogue and the construction of stores requiring more governmental approvals and lengthy processes. IKEA’s extensive international experience gained from earlier market entries were also something which set the two entries apart.

Keywords: Network, internationalization, Japan, foreign market entry, Blankenburg, IKEA, Haglöfs
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1. Introduction

Japan is the third largest economy in the world and the second biggest retail market (Business Sweden 2016; JETRO 2015). The Japanese population has a high purchasing power, an educated population, R&D and manufacturing facilities in world-class quality and among the leading in business and environment sustainability (Business Sweden 2016). These factors should make Japan an attractive country for firms. However, the Japanese market is widely seen as one of the most difficult to enter (Matusitz & Forrester 2009). There have been several examples of firms who have tried to enter, such as IKEA during the 1970’s, but failed and was eventually forced to withdraw. A common problem foreign companies face when entering Japan is far too low investments for the entry to have a chance to succeed. The required investments needed often makes the Japanese entry a win big, lose big ordeal (Eurotechnology 2013; Japan Today 2016).

For IKEA this reason could be part of their previous failed attempt, as their investment could have been too low with too small stores during the 70’s (Bloomberg 2006). Vodafone also tried their luck in the Japanese market, but their low investment failed to bring about a 3G network until their third attempt, giving lower coverage and quality than the competitors. This lead to a situation where consumers would decide between an unknown foreign company with lower coverage and quality than domestic competitors (Eurotechnology 2013). This is also something Haglöfs, a Swedish outdoor clothing company, experience when they entered Japan as many brands sells their products through their own physical brand stores (Interview, Nervé 2016). This resulted in that Haglöfs had a higher investment in the Japanese market, and thus more risks, as the company had their own stores rather than selling through retailers.

Lack of investment is not the only reason for failure but is seen as a hard factor where the companies fail. Other reasons that could be attributed is a lack of understanding of the Japanese market, close business relationships that are formed in a network-like cluster between Japanese actors, the high costs of doing business as well as the attitude of Japanese customers preferring Japanese made products (Czinkota & Kotabe 2000; Eurotechnology 2013). Since actors in the Japanese network are not accounted for, it is predictable that companies who try to penetrate the Japanese market with a western approach risk failure. Swedish companies that want to establish themselves in Japan are then largely dependent on being accepted by the actors, such as customers and suppliers, in the Japanese network relationships. The question then arises what the differences and similarities are between two Swedish firms that try to enter the land of the rising
sun. Hence, we decided to study the Swedish international IKEA and the Swedish SME Haglöfs’ market entry process into Japan. Our research question is thus:

What are the similarities and differences between IKEA and Haglöfs’ market entry process into the Japanese market?

1.1 Thesis statement:

The purpose of this study is to investigate, analyze and discuss the similarities and differences between IKEA and Haglöfs’ market entry process into the Japanese market.
2. Theory

This section will present a review of the earlier literature, which is used for our analysis of IKEA and Haglöfs’ network market entry into Japan. It will also present how and why our choice of model will be utilized in analyzing the two companies.

2.1 Earlier literature review

Earlier literature review regarding foreign market entry (FME) can generally be separated into two different approaches. The first approach tends to generalize decision making and potential problems in foreign market entries (Hill & Hult 2015: 377; Johansson & Thelander 2009). This approach sees the FME process mainly as a decision problem, where implementation is secondary. It is a strategic, normative approach were the top management is making the decisions. The decisions include which market to enter, the timing, the scale of the entry, strategic commitments as well as the mode of entry. These are mostly decided by the amount of risk the company is willing to take (Hill & Hult 2015: 377). The entry strategy is thus derived from these decisions and based on rational choice, for example cost-consciousness (Madhok 1997). This approach is regarded as a unilateral FME process, meaning that the entering firm is considered the only actor, while other actors in the process are perceived as passive (Blankenburg 1995).

The second approach, on the other hand, is more descriptive and seeks to define the entire process development of foreign market entries (Blankenburg 1995). The entry process is an interactive and largely unpredictable development in which the firm acts on events and adjusts its performances during the process (Kinch 1991: Lee 1991 in Blankenburg 1995). It sees the firm as multilateral where the firm must interact with different actors in its network, both internally and externally. The entry process is done in sequential steps as the firm adapts, understands and gains new knowledge regarding its network relationships. The entry process is thus a dynamic process where capabilities are the basis for competing (Madhok 1997). The interaction with other actors in the network affects the firm either in a positive or negative way. These relationships are then also directly or indirectly affected, either negatively or positively, by other relationships. With secondary functions being as important or sometimes even more important than the primary ones (Anderson 1994). It is therefore highly individual and different on a firm to firm basis, further
supported by Granovetter (1992 in Anderson 1994 pg. 13) when he cautions against abstracting analyzed firms out of their context.

One of the earlier theories conceptualizing the internationalizing process through the network process is the renowned Uppsala model (Johanson & Vahlne 1977). The model has been the go-to model regarding market entries for the last couple of decades. The Uppsala Model sees internationalization as a step-by-step process where the firm gradually enters and slowly builds more knowledge before continuing to the next market. A firm will frequently enter markets that are culturally close to the home market, most often based on psychic distance, and continue from there. Furthermore, the Uppsala model was revised in 2009 to include new business practices. The revised model includes viewing business environments as relationships that are intertwined in a network-like structure (Johansson & Vahlne 2009). There have been attempts to further expand upon the Uppsala Model. Figueira-de-Lemos et al. (2011) presents a new perspective of how risk level change based on uncertainty and commitment. Similar additions were presented by Hadjikhani et al. (2014), were they added the new elements expectation and unknown uncertainty and examined their implication in the model.

There are other studies of firms that contradict the Uppsala Model’s take on slow, gradual internationalization. These firms rapidly expand into foreign markets after their inception, successfully competing against bigger and established firms earning them the name Born Globals. These firms, however, are often small to medium sized. Andersson & Wiktor (2003) point to human resources, with entrepreneurs being singled out, as an important part in these firm’s ability to expand rapidly to foreign markets. These entrepreneurs had international knowledge and experience gained from, either individually or in a combination of, possessing informal networks, working abroad or studying abroad (Andersson & Wiktor 2003).

The aforementioned studies in this approach both stressed the importance of knowledge as a means of success during foreign market entries. Further, the revised Uppsala Model and Born Globals, despite their different view on the internationalization process, still regards networking as an important aspect of a foreign market entry. The study by Blankenburg (1995) incorporates and rely heavily on networking as a means of success. She noted that earlier literature rarely highlighted the problems surrounding the implementation of an FME, concentrating instead on strategic and normative issues. The decisions were considered the most important part of the FME, not the implementation surrounding said decision. The entering firm’s actions are
considered unilateral, with passive unidentifiable customers. Blankenburg (1995), on the other hand, takes a more descriptive approach by considering the FMEs as a process of development where the interaction between the network actors are the main drive force. The entry is done in sequential steps where the development is interactive and unpredictable. The firm can readjust its performance and act on events during the entire process, building up market knowledge during every step of the process. The firm also have both direct and indirect relationships, with some indirect ones’ being hard to discover, particularly before an entry since the company lack market knowledge, but also throughout the entire entry. The market knowledge benefits the creation of a multilateral network where direct and indirect actors are identified during the entry process. Such actors contribute, or hinder, the market entry process of a firm making their identification key to the success of an entry. We can, by utilizing this model, achieve a more complex understanding of a market entry process. This includes knowledge of relationships, general market knowledge as well as how they are obtained and how these affect an entry process.
2.2 The Blankenburg model

The Blankenburg process is affected by the three factors **time, number of active actors** and **focal firm’s activity**. The time factor implies that the FME process is an on-going process and usually spread over a long period of time. Number of active actors affects the firm from the interactions between actors both externally and internally, these interactions can be either positive or negative for the firm. Focal firm’s activity is all the decisions and actions that actors from within the firm made during the process. The **internal** and **external** entry forces, in turn, affect these three factors. The **external entry force** is defined as the cumulative forces that drive the entry process forward and is derived from external factors in relation to the entering firm. These factors are labeled as degree of conflicting interests, activeness, structuring, visibility and degree of internationalization. The **internal entry force** is defined as the cumulative forces that drive the entry process forward and is derived from factors inside the firm. These factors are labeled as...
network knowledge, ambitions and interests, connected relationships, and network internationalization (Blankenburg 1995). If not otherwise stated, all material in chapter 2.2 will be from Blankenburg (1995).

2.2.1 External entry force

The degree of conflicting interest is the relation of interests with the external network actors and the firm. A high degree of conflicting interests might originate from time consuming government bureaucracy. A low degree will provide the firm with important resources, such as critical information about the foreign market. Governments, suppliers, customers and competitors are all examples of outside external actors.

Visibility assumes that the more visible a firm is, the higher the chance that actions of the actors in the foreign market will be directed toward that firm. There is a higher chance that a highly visible firm will have actions taken towards it than a firm with low visibility. Depending on the goals of the actors, the actions taken can either hinder or aid the targeted firm. More visibility can thus either strengthen or weaken the external entry force.

The activeness of the external actors affects the degree of the previous entry forces as well as visibility. For example; the more active domestic firms are in their interactions the more visible it becomes for an entering firm. Hence, an actor’s activeness (or lack thereof) will increase or decrease the entry force.

The structuring of a foreign market network might impede entries. There are two sides on this spectrum: loosely and tightly structured networks. Loosely structured are easier for foreign companies to enter, but difficulties with identifying and coordinating with important counterparts could make it a lengthy process. Tightly structured networks, on the other hand, are seemingly impossible to enter unless some of the network actors have an interest in the entry. If there is an interest, however, the entry is presumed to proceed smoothly since changes are incorporated more efficiently than in loose networks.

A high degree of internationalization for a foreign country network means that domestic actors are more likely to have direct relationships with actors from other countries. This means that a firm might be known to the domestic market from actions taken in other foreign countries, even before they enter the internationalized country. Similarly, a low degree will result in that domestic actors are less likely to have direct relationships with actors from other countries.
2.2.2 Internal entry force

Any network knowledge before an actual market entry can only be regarded as superficial where network knowledge can only be fully obtained when the firm has entered a market. When the firm has a presence and is acting within a network, firms can see how relationships and networks are fully connected. Some networks and relationships are easily recognized, while others must be provoked by the entering actor. By provoking other actors, it can force them to interact with other actors and thereby expose non-visible relationships. The individual actors that are within the firm usually possess this network knowledge. These actors may also have a history of activities which links them back to current, old, or inactive relationships of importance.

**Ambitions and interest** is regarded as vital for the firms FME process. It is important that internal actors have the same ideas and interests’ concerning the firm’s continued development process. Existing differences will lead to variations in ambitions and interests among the employees, making these actors within the firm strive toward different goals. This, consequently, affects the FME process negatively. It is therefore important that the firm have employees that are in line with and understand the firm’s ambitions and interest regarding the FME process. Blankenburg (1995:385) describes the importance as “the interest among the actors within the firm may be crucial for the intensity and the kind of actions that are performed and such interests are likely to reflect the degree of perseverance and the zeal for step-by-step learning during the process.”

During the FME process the firm will interact with actors who are connected to other actors in so called connected relationships. Every interaction with one actor means a link to another actor, which creates connected relationships during the FME process. Having a relationship with one actor may provide beneficial opportunities, paving the way for new relationships with new actors and networks.

**Network internationalization:** A firm’s internationalization degree, or the number of employees with experience in international relationships, can prove essential as they can use earlier relationships and knowledge in new market entries and networks. This also creates experience and perseverance in the firm toward establishing and entering new and unique network relationships in new markets.
2.2.3 Application of theory

To analyze the chain of events regarding IKEA and Haglöfs’ market entry into Japan, an analytical model that can study a process is required. Consequently, the Blankenburg theory that regards a firm’s entry into a foreign market as a process was chosen. The theory states that entering a new market is dependent on several factors, and that the factors themselves are affected by, and not independent from, one another. The decision made by the firms during the entry can then be analyzed in the context of being affected by decisions made by other actors in the network.

The external factors will be applied and analyzed as following:

**Conflicting interest** will help us analyze the external actors’ degree of interference towards IKEA and Haglöfs during their market entry into Japan. The **activeness** factor will allow us to analyze to what degree the external actor’s activities on the market hindered or helped the market entries. **Network structure** will be used to analyze how connected external actors are to one another on the Japanese market and how this affected the two firms. The **visibility** factor will allow us to analyze how well-known IKEA and Haglöfs were on the Japanese market upon entering, and how this affected their entry. Lastly, the **internationalization factor** will allow us to analyze the degree of internationalization of the actors in Japan, and in turn how this affected IKEA and Haglöfs. These factors will subsequently affect the **external entry force**.

The internal factors will be applied and analyzed as following:

The **network knowledge** factor will allow us to analyze the internal market knowledge that IKEA and Haglöfs possess of Japan, and in turn how this knowledge affected both firms’ entries. The **ambitions and interest** factor will help determine how aligned the ideas and interests from the internal actors of IKEA and Haglöfs were upon entering the Japanese market and how this affected the firms. The **connected relationships** factor will help us analyze how relationships that already existed within IKEA and Haglöfs aided the entry into the Japanese network. Lastly, the **network internationalization** factor will allow us to analyze both firms’ previous internationalization degree and how this influenced their market entry. These factors will subsequently affect the **internal entry force**.

The internal and the external forces will affect the three factors time, number of active actors and focal firm’s activity. These factors, affected by the internal and external forces, will be used to
highlight and discuss the similarities and the differences of the two firms’ market entry in our conclusion.

2.2.4 Critique

The Blankenburg model cannot analyze everything and is missing, for example, current economic environment and cultural differences. Furthermore, Uzama (2009) notes that no models have been developed for market entries into a Confucian society such as Japan. With that said, however, the model can be used to analyze the different factors governing the entry, such as events and network relations, to gain an understanding of the establishing process of the two firms.
3. Method

The following chapter will highlight which methods have been used for the thesis, choice of companies as well as discuss the primary and secondary data used.

3.1 Choice of companies

We wanted to investigate market entries into the Japanese market with this thesis. The companies chosen did not have any requirements other than being of Swedish origin, having entered the Japanese market, being of different sizes and having different experience from previous market entries. But to realize this, the companies also had to be chosen based on if they could provide relevant data. Magnus Nervé, Area Manager for Asia/Pacific at Haglöfs, was willing to contribute his experience from Haglöfs entry. He was also a previous employee at IKEA during their entry and had relevant information regarding their entry into the Japanese market. Furthermore, IKEA had entered several markets amassing considerable experience before entering the Japanese market. Haglöfs, on the other hand, had only entered a couple of European countries in comparison. IKEA, being the bigger company, possessing more resources than Haglöfs to be employed during a foreign market entry. Both these companies fulfilled the given criteria and were thus chosen.

3.2 Qualitative study

The purpose of this study is to investigate, analyze and discuss the difference between IKEA’s and Haglöfs’ market entry process into the Japanese market. The study is retroactive, focusing on the processes both firms had during their establishment on the market.

The explorative nature of this study resulted in a qualitative interview reflecting the need for more in-depth answers from the participant. Qualitative is to be used when there is a need for the participant to explain or build on responses (Saunders et al. 2009:323). IKEA and Haglöfs’ entry is studied chronologically from initiation to the end of the market entry.
3.3 Case study

A case study is used for situations where a contemporary phenomenon is studied with several sources of evidence. A case study is also able to create a rich understanding of the context of the research and process used, and is also good for generating answers for why, what and how questions (Saunders et al. 2009:146). This essay also employs primary and secondary data, both of which can be used within the scope of a case study. In this study, the phenomenon is the difficulty for outsiders to enter the Japan market. Hopefully, choosing two companies enabled a broader, more accurate portrayal of the market entries than if only one was to be used; revealing more variables of the entry. There is information about both companies’ entry situations, creating an opportunity to compare the two and discover which of them were more successful during the different steps of the internationalization. The foreign entry process is an ongoing process, and it is difficult to pinpoint where it begins and where it ends. We have decided, though, that the time horizon for IKEA is from the decision to enter in 2002 until the opening of the first store in 2006. And for Haglöfs this period is from 2011 and 2 years into their entry.

3.4 Primary & secondary data

3.4.1 Primary data

We have chosen to collect primary data by interviewing a representative from IKEA and Haglöfs. Primary data is data that has been collected for the first time and for the purpose of this study (Jacobsen 2002; Saunders et al. 2009). According to Saunders et al. (2009) qualitative interviews are used to find and understand a phenomenon related to the research question. The choice of a qualitative approach is thus based on gaining a deeper insight into the market entry process. The interview questions have been created in a semi-structured way, using an interview guide (Appendix 1). A semi-structured approach allows for flexibility and follow-up questions as well as the ability for us to change the order of the questions as we see fit, this allows for more knowledge to be extracted from the interviews (Saunders et al. 2009). Since semi-structured interviews are changeable and allow for discussion by the person being interviewed we have opted to collect the data gained by our interviews using audio-recordings.

We initially got in communication with IKEA and Haglöfs’ representatives through email and have made sure that our interviewee possesses the relevant knowledge for our study. By doing this we confirm, at least to a certain degree, that the answers we have received can be viewed as
valid and relevant to the purpose of this study. The interview was conducted through Skype due to the interviewee not being based in Sweden. As we did not get the chance to physically meet our interviewee we could not observe and interpret their reaction to our questions. Also, in some cases the interviewee may be less willing to engage in a deeper discussion when the interview is not done physically. However, this was somewhat mitigated by the fact that a video call was used. These factors may lead to less reliability (Saunders et al. 2009). However, as a physical interview would be impossible due to the long distance, this was the only appropriate approach. This has been done by contacting and explaining the background and purpose of the study to the interviewee before the interview. In doing this we strengthened the credibility of our study (Saunders et al. 2009).

This thesis uses only one interviewee to provide empirical data about both companies, which could result in a biased view. We are aware of the problems that can arise from this and have used secondary data to confirm what have been stated whenever possible. Using both primary and secondary data whenever possible can support and complement the research, giving the study more reliability (Jacobsen 2002). However, since IKEA is more renowned around the world in comparison to Haglöfs, we have found more information regarding IKEA. However, as our interviewee was among the responsible for the Japanese market entry we believe that we still have enough information about Haglöfs to make the comparison.

Lastly, Saunders et al. (2009) state that reliability of the study is of high importance when doing qualitative studies where, depending on different circumstances, the reliability of our studies can be affected by how participants answer our questions. Example of circumstances that may affect the person being interviewed is the interview environment, where they might not want to give certain answers in public (Saunders et al 2009). We have tried to avoid this by allowing the interviewee to decide the time for the interview and preferred environment. Another aspect that can affect our reliability is how we ask our questions, which may lead the interviewee to answer in a certain way or make them defensive. We have formulated and asked the questions in a manner that will help mitigate this problem. Firstly, the questions have been designed to study a network perspective and specific factor, but without being too specific, and allowing the interviewee to provide an answer they see fit but still within the scope. Secondly, the questions have been asked in a neutral tone, as to make the interviewee comfortable with the questions and not feel overwhelmed or at unease.
3.4.2 Secondary data research

This study also uses secondary data. Secondary data is information that someone else has collected or created in another context (Saunders et al. 2009). The secondary data was collected to complement and extend our empirical data. The thesis’ secondary data includes collecting, reading and processing news articles, business journals, reports as well as previous studies. This secondary data was collected through databases, webpages, libraries as well as business information from firm’s websites. Searches in databases have included some of the following keywords: Internationalization process, network internationalization, Japan internationalization, Swedish market entry Japan, Haglöfs Japan, IKEA Japan.

3.5 Theory operationalization

Our interview questions have been shaped in accordance with Blankenburg’s network approach. The questions were inspired by reviewing the interview guide of Blankenburg in her studies from 1995 as well as an earlier thesis that used the Blankenburg Model (Blankenburg 1995: Månsson & Persson 1999). However, Blankenburg’s interview guide incorporated a qualitative and quantitative, based on statements and not questions, approach and it was therefore important that we reformulated the questions to take a qualitative approach.

We have limited ourselves to only do a qualitative thesis, as previously stated, and have not used the quantitative part of Blankenburg’s statements. Opting instead to remake these statements into questions. We do believe, however, that the answers we get will be just as reliable and valid without the quantitative part, as the questions will allow for deeper reflection and discussion. Even though the questions have been operationalized to connect it with our theoretical model we have avoided using terminology that may confuse or mislead the interviewee. The questions have been adapted to fit someone without academic background. It is important that the interviewee understands the inquiries, or else the questions might be misunderstood, and the given answers will be irrelevant. However, an effect of having a qualitative semi-structured approach where the interviewee can answer somewhat freely to the questions asked is that some questions are answered before they are asked. Some questions in the interview guide have therefore not been asked during the interview. The appendix will clarify which questions have been asked and which have not.

The statements were redesigned to questions that capture the aspects of internal and external entry forces, such as the factors, and in turn the foreign market entry process for IKEA and
Haglöfs. External entry force aspects include questions related to conflicts of interests, activeness, network structure, visibility and degree of internalization. The internal aspects have questions related to network knowledge, ambitions and interests, connected relationships and network internalization. The questions were asked in Swedish, but with an English translation in the appendix.

An example of a statement is: *Competitors on the given market have a negative view of our market entry.* Remade to: *What was the competitor’s view of your entry?*
4. Empirical review

This chapter will describe our empirical data that has been collected. It describes both IKEA and Haglöfs’ market entry process and what factors, actors and important events that have affected the entry process. This is done chronologically when possible.

4.1 Japan

"Japanese consumers are in the process of embracing the concept of value." (Bloomberg 2006). The Japanese population have had a reputation of being quality conscious, where the general population view high prices equal to high quality. However, the country had a shift towards becoming more cost-conscious and understanding that value exists in lower priced products as well. According to business analysts, a decade of deflation and rise of discount retailers in Japan helped changed the general view of the population (Bloomberg 2006).

Japan has a low degree of internationalization, with both its companies and workers unaccustomed to international firms (interview, Nervé 2016). Between 2011 and 2015 international trade as percentage of GDP was 39 % for Japan (World Bank 2016). Making Japan’s trade with foreign countries less common than, for example, Sweden with an 85% trade to GDP ratio. Other European nations also have a higher share of trade as percentage of GDP than Japan (World Bank 2016).

There are numerous permits needed for purchasing land in Japan, and to do so, the areas where firms build their stores need to be categorized as a commercial area. If, for example, the area where a company wanted to build a store on was categorized as a residential or industrial zone they would need to apply to the city council to change it to a commercial zone. To receive building permits and get approvals on a number of things, network connections with the concerned authorities are needed (interview, Nervé 2016).

4.2 IKEA

IKEA was created 1943 in Småland, Sweden by Ingvar Kamprad and sell furniture and home furnishing products (IKEA 2016; Jetro 2015). The company follows a franchising structure with 328 stores in 28 countries and 155,000 employees. Furthermore, the company includes sales offices, distribution centers and production factories across the globe, making the company active in more than 48 countries (IKEA 2016). The company had already done an unsuccessful attempt
at entering the Japanese market in 1977 through a quasi-franchising agreement with a Japanese furnishing seller that would run the IKEA stores in Japan (Interview, Nervé 2016). Ingvar Kamprad even stated that the Japanese had no need for IKEA at that time and exited the market shortly after entering it. In 2002 they decided to retry again and opened the first two stores during 2006 (interview, Nervé 2016). Since then, IKEA have opened eight stores and plan to have 14 stores by 2020 (Jetro 2015).

4.2.1 Entry process

Since Japan is the world’s second biggest consumer market as well as third-biggest home furnishings market, IKEA’s global board decided on conducting market research on the feasibility of a possible entry (interview, Nervé 2016). Extensive market research was done in Japan during the years prior 2002 to decide whether there was a demand for their products in the Japan. The research included the small size of a Japanese home, who the inhabitants of said homes are (families, singles, age et cetera) and how much time they spent there. Following this research, IKEA realized they had relevant know-how as they already operated in markets that had the same living environments, such as New York, Paris and London (Jetro 2015). IKEA’s global board finally concluded that there was a business opportunity and subsequently opened the company’s Japanese branch in 2002 (interview, Nervé 2016)

Complementing IKEA’s market research was their experience from previous market entries (interview Nervé 2016; Jetro 2015). Since IKEA is an international company, and had entered several countries before Japan, there are manuals/standard procedures for most of the establishing process in a foreign market. These include, for example, how to approach purchasing land, layout of the stores, testing of all IKEA products and dealing with regulations and approvals from governmental authorities. There are manuals for most almost everything that IKEA needs approved by regulatory authorities in foreign markets, and this was utilized during and after 2002 to prepare for the first store in 2006. The manuals/standard procedures also include how to hire the 500 workers between 2002 and 2006. Half of its initial personnel of 10 had expert knowledge the firm needed, such as logistics management experience from earlier market entries, to simplify the entry. The other half of the initial workforce was hired because of Japanese market knowledge and/or had an extensive network in the country (interview, Nervé 2016). IKEA had, consequently, a basic understanding of possible problems that could arise and how to mitigate those based on previous market entry experiences. Also, IKEA develops their employees on all levels to share values that are in line with IKEA. Peter List, IKEA Japans President & CEO
describes this in an interview “So, really, it’s about developing our coworkers and their competence within the company. If you want to do something, it’s not about your education or qualifications; it’s about your passion and your interest in life at home, and your interest to grow and develop. That is what we believe in for all our coworkers.” (Japan Today 2015).

There are numerous permits needed for purchasing land in Japan, and to do so, the areas where they build the stores need to be categorized as a commercial area. If, for example, the area IKEA wanted to build a store on was categorized as a residential or industrial zone they would need to apply to the city council to change it to a commercial zone. Furthermore, there were other issues that were prevalent only in Japan, such as special regulations on product certification and labeling, as well as restrictions on the importation of food products for the IKEA restaurants (interview, Nervé 2016; Jetro 2015; Japan Today 2016). To receive building permits and get approvals on the previously mentioned issues, network connections with the concerned authorities are needed (Interview, Nervé 2016; Jetro 2015; Japan Today 2016). Peter List describes these relationships as the only way to overcome the bureaucracy (Japan Today 2016).

4.2.2 IKEA in Japan

IKEA was already known among many of the consumers that had read about or visited IKEA abroad and was wanted by the municipalities (Interview Nervé 2016; Jetro 2015). This is also exemplified by their grand opening ceremony which attracted approximately 35,000 people (Bloomberg 2006). The municipalities were interested in their entry for three reasons; firstly, an IKEA store in their area would increase employment directly and indirectly, both of which are positive for the municipalities. Secondly, bringing IKEA to the municipality would increase the politicians’ popularity among the electorate, since there was a demand for IKEA among the population. Thirdly, the female governor of Chiba, where the first store is located, gave the company her support since IKEA promised to make life easier for women and stimulate family life (SvD 2007). The Japanese family life is seen as somewhat disconnected, where men and women spend relatively low time together, with lower than 20% of men arriving home to their families by 6 PM. One of IKEA’s goals was therefore to influence the Japanese to spend more time with their family by making their home cozier, which was also well-received by former prime minister Junichiro Koizumi. The idea was that by creating the opportunity for the Japanese to spending more time at home with their families could spur an increase in childbirth to compensate for Japan’s aging population (ibid).
Before opening the store in 2006, IKEA wanted to convince the consumers that they understood the unique Japanese demand. For example: “IKEA transformed a gingko tree-lined boulevard in Tokyo's trendy shopping district of Aoyama into an open-air museum. Fifteen box-like structures, each the size of a typical Japanese room, are fitted out with Ikea furnishings. The display is part of the company's effort to convince Japanese consumers it understands small-scale living.” (Bloomberg 2006).

There were similar chains already operating in Japan such as Nitori, Japan’s biggest furniture and home furnishing chain, which were initially uneasy with IKEA’s entry (Forbes 2010: Interview, Nervé 2016). Another chain, Tokyo Interior, described the quality of IKEA’s products to media as only lasting for a few years and aimed towards the low-end market (Japan Times 2006). The company’s CEO noted that only they, who knew the Japanese lifestyle, could satisfy Japanese customers (Japan Times 2006). There were a few actors that actively tried to hinder their market entry. In hindsight, however, Nitori admitted that IKEA’s entry is the best thing that had happened to them with increased sales in the Japanese market (interview, Nervé 2016). Lastly, IKEA Japan’s former CEO Tommy Kullberg stated in an interview that his team enjoyed the competition because “the more people talk about furniture, the more we sell” (Japan Times 2006).

One hinder, though, was the neighbors to the new IKEA store citing, among others, constructing noise and heavy, congested traffic. IKEA’s employees made sure to personally communicate their intentions to these neighbors as an important gesture to show humility (SvD 2007). Showing humility toward the Japanese population and other actors has been described as important for IKEA as this helps to create good relationships (SvD 2007; Jetro 2015). Another example is when IKEA decided to postpone their construction of the first store because 5000 rare birds were breeding on the site. Disturbing them would have given IKEA a bad reputation, but since they delayed construction for 3 months they generated positive PR throughout the country (SvD 2007).

Though the municipalities themselves were eager for IKEA to enter, their time-consuming processes were another hinder to the entry (Interview, Nervé 2016; Jetro 2015). IKEA also had difficulties hiring Japanese workers with English proficiency, making it a bottleneck for its Japanese operations. Internally, IKEA had few hinders to the Japanese market entry process with a positive attitude across the firm toward it. The only internal disagreement to appear was between the Japanese branch and the main office about whether IKEA should localize their products to the Japanese market (interview, Nervé 2016).
What makes the Japanese market unique for IKEA is how the customers are used to, among other things, higher customer service – much more so than European or U.S. customers. As an example: If an IKEA package is missing a screw, European customers would be told to return the next day to receive new ones’, while this would be unacceptable for Japanese customers. In Japan, IKEA employee will be sent out to deliver the missing screw and apologize for the error made and for the time wasted assembling the item only to find out a screw was absent (interview Nervé 2016). The expectations from consumers that demand higher quality and service, in comparison with previous company experience, made the Japanese market more difficult to enter (interview Nervé 2016; Jetro 2015).

Business relationships are also not too visible in Japan because of its risk averse business culture. IKEA made business proposals to companies but got declined without understanding why, but this was because Japanese firms already had long term relationships. Japanese companies tend to prefer long, and safe business relationships based on trust rather than create new, even if the new deal is more promising. IKEA had problems observing these relationships because they are based more on relationships than on profit driven business (interview, Nervé 2016).

4.3 Haglöfs

Haglöfs is a Swedish company developing and selling outdoor goods including clothing, footwear and hardware (Haglöfs 2016a). The company was started in 1914. Haglöfs is currently active in 25 markets in Europe and Asia, with approximately 200 employees (Haglöfs 2016b). Haglöfs was bought by the Japanese sporting goods company Asics in 2010, with the head office still in Sweden (interview, Nervé 2016).

The first real international expansion for Haglöfs started in 1998 when they entered their neighboring Nordic countries. Starting with subsidiaries in Finland, then in Norway and lastly in Denmark. After that Haglöfs entered the Central European market in 2003 starting with Germany (Interview Nervé 2016: Haglöfs 2016a). Haglöfs first came in contact with the Japanese market in 1998 when they started exporting some of their products through an agent (interview, Nervé 2016). However, this process was considered a full “hands off” process where direct contact with the market did not exist; the agent would make orders and Haglöfs would ship it. After having physical presence in the Nordic and parts of the European market, they decided in 2010 that the next step would be to enter the Japanese and South Korean markets. To gain full control of their operations Haglöfs themselves started subsidiaries in the two countries during 2011. Haglöfs
entry into South Korea and Japan was the first market entries outside of Europe (interview, Nervé 2016).

4.3.1 The entry process

The decisions to enter the Japanese market was made by the board of directors in 2010. Haglöfs generated a business plan involving a five-year strategy for entering the Asian market, where Japan was included, starting from 2011. The strategy outlined the goals of how many customers, stores and employees they required as well as each year’s financial targets (interview, Nervé 2016).

Haglöfs as a company did not have any previous direct experience of the Japanese market, but they did initially gain indirect experience through reports from their distributors. The reports included information regarding clients, end-customers as well as market data. However, these reports were described as presenting general facts about the Japanese outdoor market (interview, Nervé 2016).

Haglöfs first step toward entering Japan was to employ Magnus Nervé as country manager based on his previous experience from IKEA. The previous experiences include managing the process of a foreign market entry into Japan, such as business enquiries, legal issues and general country knowledge. These experiences were then used to provide less friction during the Japanese market entry. The initial difficulties for Haglöfs was coming in contact with important customers who would be willing to sell the company’s products, as well as deal with cultural and business differences between Japan and Europe (interview, Nervé 2016).

4.3.2 Haglöfs in Japan

“We have learnt a lot from our expansion in Europe and our financial resources. The new possibilities offered by Asics buyout will provide us with a direct entry into new markets via our own company.” Nicolas Warchalowski, former CEO of Haglöfs (Fashionmag 2011).

As the company was preparing to enter the Asian market in 2010, Asics, a Japanese sporting goods company, acquired Haglöfs. Haglöfs introduction to the market was aided by Asics already existing network, introducing new potential clients and relevant network actors, such as real-estate firms that could sell or lease stores to Haglöfs. Furthermore, Haglöfs gained network knowledge by hiring executives with Japanese market experience and relationships, for example having hired a sales executive from Nike Japan (interview, Nervé 2016).
General business climate in Japan is considered as very strict with delays being unacceptable. Magnus Nervé contrasts this to Europe where such aspects are viewed as less strict in comparison. Thus, Nervé emphasizes the importance of hiring the right employees during the entry process, giving someone with relevant connections as described above, or local Japanese employees with business knowledge as examples. These employees would deal with day-to-day business aspects such as interacting with local clients. When dealing with Japanese personnel, clients will feel more understood, in contrast with international personnel that does not understand Japanese business culture. Haglöfs, subsequently, prioritized hiring Japanese personality. This is best described by the following quote from Magnus Nervé explaining a customer’s concern; “Say Haglöfs send us 20 jackets, and there is a problem with 5 of them. Will Haglöfs understand that we want to return them or not?” (Interview, Nervé 2016). As such, adapting to the domestic market is considered very important for foreign firms entering Japan.

Apart from the high number of competitors in the Japanese outdoor market, the general market-network structure is described as generally open for new firms to enter without major difficulties. Haglöfs have positioned themselves on the market as being a Nordic outdoor brand with quality products. Relationships among and between actors such as competitors were easily identified for Haglöfs when entering. This openness is specifically prevalent on the outdoor niche business-to-consumer market, which Haglöfs operates in. Nervé contrast it to entering the industrial market of Japan, where there might be more difficulties that exist, as that market is led by closely knit networks, making it difficult to enter (interview, Nervé 2016).

In comparison to other markets, the Japanese still only accounts for a small amount of Haglöfs sales. However, the Japanese market is considered a hub for the rest of the Asian market in designer and general clothing trends. Furthermore, the Japanese outdoor product market is still growing, while the European market growth is minimal, forcing firms to take market shares from each other. The Japanese market is therefore seen as an important to future company growth (interview, Nervé 2016).
5. Analysis

In this section we seek to analyze and compare the internal as well as external factors from Blankenburg (1995) that have affected the entry process for IKEA and Haglöfs.

5.1 External forces:

5.1.2 Degree of conflicting interests

IKEA’s degree of conflicting interests was low to medium during its entries, where regulation, bureaucracy and complaints from surrounding neighbors regarding its stores are the most notable conflicting interests. Nitori was, at the time of the entry, the biggest furniture and home furnishing company in Japan and thus IKEA’s biggest competitor. Another competitor was Tokyo Interior who tried to spread an image of IKEA’s furniture as being of low quality in comparison to theirs. Although none of the companies hindered IKEA’s entry to any significant degree. Furthermore, IKEA entered at the right time since the population had started to realize that value existed in lower price products. This meant that the consumers were supportive of their entry and in turn created a lower degree of conflicting interest. Also, the government itself did not actively seek to hinder its market entry process, but government regulation and bureaucracy was considered a hinder. Particularly the decision processes are slow on the municipalities side because of heavy bureaucracy. The prime minister was supportive of their entry because IKEA wanted to increase family time at home. The female governor of Chiba was also supportive since IKEA promised to make life easier for women by stimulating family life. The external entry process was weakened because of bureaucracy, although it was somewhat, but not fully, offset by the support IKEA enjoyed.

Haglöfs degree of conflicting interest was low to medium as they did not have any actors that actively tried to hinder their market entry process. Yet, they received help into the market through being acquired by Asics. Asics actively helped them with business connections and relevant market knowledge making the entrance relatively easier. Furthermore, the outdoor market in Japan had many competitors, however this did not create any conflicting interest as the market was still growing. A growing market allows for leeway for new brands to enter without the market becoming overcrowded, which can cause firms to outrival each other and in turn cause a higher degree of conflict. In sum, the low degree of conflicting interest strengthened their external market entry.
5.1.1 Activeness

For IKEA, actors in Japan were easy to discern because of their activeness, most of the consumers were, for example, eager for them to enter since they had heard about and visited the stores abroad. IKEA did, consequently, not have difficulties with the consumers when they entered Japan, if anything the consumers’ enthusiasm for IKEA helped their market entry. Secondly, another actor that was enthusiastic about the entry was the municipalities, as IKEA would increase employment and economic activity. Thirdly, politicians were also interested in their entry since this would boost their popularity among the electorate. The high activity among the consumers made it easy for IKEA to discern a demand for them from the consumers. Also, willing municipalities and politicians were highly active and thus easily seen, which made it easier to choose a construction site for the stores.

For Haglöfs, the activeness of the actors in the network was low for most part, with the notable exception of Asics who actively helped Haglöfs. All other actors, irrespectively of whether they were aware of Haglöfs entry or not, had a low activeness in their actions toward the company. This includes competitors, retailers, customers and governments. The actor’s low activeness most probably originated from their disinterest as Haglöfs was a small company entering among hundreds of others. Haglöfs also had troubles identifying actors willing to buy their products since there were none, or few, who actively showed interest. Activeness among the external actors are thus deemed to be high for IKEA and low for Haglöfs.

5.1.2 Network structure

The Japanese market structure is seen as a tightly structured network which should make the entry of a new actor difficult, mostly attributed to fact that Japanese firms value long term business relationships. However, IKEA’s external entry force was not noticeably weakened since the firm was wanted by most actors.

The case was a bit different for Haglöfs. The business to consumer outdoor market in which they operate in is described as a loosely structured network, mainly because of the high number of competitors. If there is a demand for the product retailers will buy them. The biggest obstacle is then to persuade retail companies to buy Haglöfs products and prove there is a demand for it. Accordingly, Haglöfs positioned itself as a high quality and, presumably because it is considered exotic in japan, Nordic brand. Overall, though, the company did not face much obstacles with the
Japanese structured network, but that was mostly through the aid of Asics’ network and contacts throughout the market.

5.1.3 Visibility

IKEA’s degree of visibility was high, given its record of earlier internationalizations, which increased the actions taken toward the company. There were some actions that tried to hinder IKEA’s entry, such as when a competitor tried to degrade IKEA’s products in the media. However, since most visible actors in Japan wanted to bring IKEA to the country the actions taken were generally positive; aiding their entry. Additionally, actions that showed humility during their entry also increased IKEA’s visibility, such as letting the rare birds breed before constructing the store. IKEA’s personnel personally also visited the neighbors around the new stores to listen to their concerns. Another factor that aided their visibility was IKEA’s eagerness to show their understanding of the unique Japanese demand. These factors have increased their visibility in the Japanese market and the high visibility is believed to have strengthened the firm’s external entry process.

The visibility degree of Haglöfs was low because the firm was relatively unknown on the market. This means that there was a smaller chance that actions would be taken toward them, either helping or hindering actions, by other actors in the network during the entry process. However, Haglöfs tried to further their visibility by establishing their own brand stores in the country. This strengthened their entry force as they went in without much resistance from other actors while receiving help from Asics.

5.1.4 Degree of internationalization

The degree of internationalization is low for most of the actors in Japan. This could be attributed to Japan’s trade to GDP is relatively low in comparison with European nations, where Japanese businesses have less contact with foreign companies than the average Swedish firm. However, IKEA was not affected by the low degree of internationalization on the market.

The low degree of internationalization is also exemplified in Haglöfs dealing with actors such as local clients preferring to interact in day-to-day business aspects with other Japanese natives. Since they know what they can expect from them, local clients felt more understood and comfortable in dealing with other Japanese companies. This made Haglöfs entry a bit more difficult. Asics involvement, however, is believed to have decreased the effect of this.
5.1.5 Summarizing external differences

IKEA had to deal with more government regulations than Haglöfs and thus a higher degree of conflicting interest. However, most actors supported IKEA’s entry, such as both populace and politicians, since it would increase economic activity in their region. Haglöfs, meanwhile, only had the support of Asics. Haglöfs also faced less bureaucracy issues than IKEA mainly since IKEA had to receive more approvals regarding products, stores, and building permits, among other things. Furthermore, IKEA was well known amongst the Japanese and can thus be concluded to have had a high visibility in the market. Haglöfs, on the other hand, was mostly unknown. The result was that IKEA had actions taken towards it that aided its entry, while Haglöfs’ visibility was low and had little to no actions, aiding or hindering, taken toward it. Also, the activeness of the actors in IKEA’s network, in example being wanted by the consumers and the politicians, contributed to strengthen the entry force of the company and offset some of the negative impacts of the complicated bureaucracy. Japan does have a low degree of internationalization, but IKEA was still known before their entry while Haglöfs was not. This is the result of the different sizes and how renown the two companies were, which meant that even though Japan, in general, are not too internationalized they are familiar with big international firms. The market network structure is generally seen as tight in Japan, making it difficult to enter the network unless the actors in the network want a particular company there. As previously mentioned, the populace and politicians were actors who wanted IKEA, while Haglöfs had its owner Asics as support. However, looking at Haglöfs, the outdoor market is described as loosely structured due to the high number of competitors with low entry and exit barriers. IKEA, on the other hand, faced a more closed network structure but was able to enter successfully due to the will of the network actors. IKEA had, overall, a higher external entry force.

5.2 Internal forces

5.2.1 Network knowledge

In the Blankenburg model, network knowledge is only truly attained from being active on the market and cannot be perfectly mastered before then. A way to increase it artificially is to hire staff that already possess domestic knowledge and utilize their old network relationships in the market. This is what IKEA did since half of their initial workforce of 10 was hired because of their network knowledge. The first person to be hired, Tommy Kullberg, was notably there because of his extensive network relationships with Japanese authorities and knowledge about the
Japanese market. By using these individuals IKEA could also hasten the future acquisition of network knowledge in the Japanese market.

When entering the Japanese market, Haglöfs did not have any relevant network knowledge. However, they received superficial market knowledge through their communications with agents. To gain direct market knowledge internally, they also hired a few employees with relevant network knowledge to aid their entry process, such as Magnus Nervé with his experience from IKEA’s earlier market entry. Also, as Haglöfs was acquired by Asics they gained network knowledge internally through that relationship, providing Haglöfs with network knowledge that aided their FME process.

5.2.2 Ambitions and interest

IKEA’s global board made the decision to enter Japan. The decision was described as positive across the firm, with all employees understanding and being in line with the goals of entering Japan. This is also prevalent as IKEA sees the importance of aligning passion and interests across the firm by developing the IKEA mindset for all their coworkers. IKEA’s entry was thus easier since there were few conflicting ambitions and interests within the firm. One notable difference in ambitions, however, was if and to what degree IKEA should localize to the Japanese market. They opted to do so, making IKEA stores in Japan one of their most localized in the world.

The decision to enter the Japanese market for Haglöfs was also taken by the board of directors. This decision was positively received across the firm. Although there were periods when the firm had to learn and adapt to new regulations, they strived and worked internally towards the market entry. Their aligned ambitions and interest can be related to Haglöfs being a small firm and an internal excitement to expand to new foreign markets. Haglöfs internal ambitions and interest were therefore mostly aligned.

5.2.3 Connected relationships

IKEA made notable contacts with government officials as explained in the network knowledge part, where the hired staff provided relevant connected relationships. These connections helped IKEA deal with building permits and receive approval on several applications. Also, this enabled important network relationships and knowledge to be transferred from the employees to the company. The connected relationships provided by the staff were of importance for enabling a quicker market entry process for the company.
Haglöfs connected relationships was based on Asics and experienced newly hired employees. Asics introduced Haglöfs to potential clients and other actors on the market, with their relationship proving beneficial for Haglöfs in acquiring new clients. Haglöfs saw the importance of hiring employees with relevant connections as this could help the firm acquire new clients as well as new important relationships. The hiring of Magnus Nervé, experienced from the IKEA entry, provided connected relationships from the previous entry. Asics and the hired employee’s market relationships and knowledge were, over time, transferred to Haglöfs. The relationships and knowledge provided were vital for an easier market entry.

5.2.4 Network internationalization

IKEA have entered several countries with different cultures before Japan and possessed relevant internationalization experience. Their network internationalization degree was therefore high, with experience from previous market entries being used with, for example, having operated in countries with similarly small living spaces as Japan. There is also the fact that all their previous experience has led the company to develop back office manuals and standard procedures on how to handle market entries. Which basically encompass all aspects of the entry, from purchasing land and dealing with regulations to the layout of the store. Moreover, IKEA hired employees with extensive market and network knowledge to provide a smoother entry.

Haglöfs internal network internationalization degree is seen as relatively low. Before entering the Asian market, all operations were based in the Nordic countries and Europe. They did not have a back office with relevant knowledge, nor did they have many employees with experience from earlier entries similar to the Japanese market. This is part of the reason for hiring external experts with knowledge about the Japanese market. However, Haglöfs was assisted by Asics knowledge about the Japanese market. Haglöfs learned step-by-step how to deal with the Japanese business climate, with a jump start from Asics and the hired employees’ market knowledge.

5.2.5 Summarizing internal differences

Both firms had prior network knowledge before entering Japan, with IKEA conducting thorough market research and Haglöfs having received market data from its agent in Japan. Though both are deemed to be superficial, according to the Blankenburg Model, it was a necessary step in order to prepare for the entry. Both companies hired actors with knowledge about the country’s market network. These had old contacts and relationships considered to be of value to the company and its entry process. Half out of IKEA’s initial workforce of 10 were there only
because of their market knowledge or networks, while Haglöfs hired two; one employee from the previous IKEA entry and a Sales manager from Nike Japan. One of the differences is believed to be derived from the two companies scope of entry, Haglöfs’ entry was much smaller and required less manpower, while IKEA had much more at stake. Furthermore, Haglöfs with its significantly lower number of employees is assumed as having an easier time streamlining **ambitions and interests** across the firm. However, both IKEA and Haglöfs had positive ambitions and interests which aided their process. This could be due to the fact that IKEA, with the help of their selective hiring and the continuous development of their employees, aimed to create company-wide ambitions and interests. Haglöfs have, regarding **connected relationships**, used their connections with Asics as well as making sure to hire a few employees with relevant relationships. IKEA on the other hand made sure to employ more staff, relative to Haglöfs, with important connections, partially because the firm had a lot more invested in Japan and that they did not already have a connection with a Japanese firm. This resulted in that IKEA relied on their connected employees to produce meaningful relationships while Haglöfs could use both Asics and the few connected employees they had. The differences between the two is considered to be big, as IKEA’s connected employees produced an impressive result in a more difficult scenario mostly caused by the Japanese bureaucracy. Lastly, this was Haglöfs’ first market entry outside of Europe, whereas IKEA had operated on several markets across the globe. IKEA had, thus, a higher **network internationalization** degree than Haglöfs based on the previous market entries. A tangible comparison between the two can be seen in IKEA’s back-office manuals and procedures that guides everything from purchasing land to handle government regulations, something which Haglöfs lacked. IKEA had, in other words, a higher internal entry force than Haglöfs.
6. Conclusion

This section will help conclude our thesis statement: to investigate, analyze and discuss the differences and similarities between IKEAs and Haglöfs’ market entry process into the Japanese market.

6.1 Summarizing conclusion

We observed the differences between Haglöfs and IKEA’s market entry using Blankenburg’s external and internal factors in the analysis. Summarizing the differences between the two firms in relation to time, number of active actors and focal firm's activity we see the following results: IKEA had a longer process for entering the Japanese market spread over a longer period of time; it took them four years for the first store to open. Haglöfs entry had been shorter, as they decided to enter in 2010, and operated on the market in 2011. However, the definition of entering a new market is different for both firms. IKEA’s entry means opening a brand-new store, while Haglöfs entry refers to operating through different sales channels as well as smaller stores. When looking at the number of active actors there have been more actors that IKEA has had to deal with both internally and externally. This is previously discussed and is mainly the result of that IKEA is larger in terms of employees as well as internationalization degree, among other things. Firstly, comparing the two firm’s focal firm’s activity, IKEA had to deal with more decision-making and action-taking in their internationalization process. Again, this is because their larger corporation. Secondly. IKEA had to deal with more bureaucracy in comparison to Haglöfs. Thirdly, IKEA was more prepared for the entry, having entered several countries with varied business cultures. Haglöfs, on the other hand, possessed no back-office manuals and procedures and had to rely heavily on Asics and their employees with network knowledge.

The main differences between both firms in their entry process have thus been their sizes and history. IKEA’s entry, which had many big hurdles caused by its size and product regulations, was destined to be longer than that of Haglöfs’. The furniture giant offset this somewhat with its back-end structures, employees with relevant connections, international experience and the backing of external actors such as politicians and the populace. These have been the differential factors between IKEA and Haglöfs’ entry. The main similarities between both firms have been their use of connected relationships, were both firms used externally hired employees. There have been a lot more differences than similarities between the two firms, were IKEA had a stronger
internal and external entry force than Haglöfs’ that aided its FME process - decreasing the amount of time needed to successfully enter.

6.2 Further studies

The study can be further expanded using more companies to create a more comprehensive understanding of entries into the Japanese market. Furthermore, studies can be done to investigate one of the internal or external factors more closely and its influence on a firm's FME process. Lastly, the same study can be done on two different sized firms but incorporate other theories such as psychic distance, were a deeper understanding of entering foreign markets with different cultures could be reached. This could then be applied on a study of big and small firms to observe how different firm sizes are affected by different cultures, and whether it aids an FME or not.
7. Sources


7.1 Interviews

Nervé, Magnus. Area Manager Asia/Pacific at Haglöfs AB, Hong Kong, April 27, 2016, Haglöfs, Uppsala/Hong Kong, Skype Interview.
Appendix 1

The first part of the appendix is an English translation of the questions while the second part is the Swedish original.

English - Question Guidelines

General Questions

We explained the thesis statement and the purpose of this study before the interview.

Do you wish to be anonymous?

Do you wish for the companies to be anonymous?

Is it okay if we record this?

- Presentation of the interviewee and its role in the company. What responsibilities/what role did you have in the companies (IKEA and Haglöfs) entry in Japan?
- What year did you start doing business in Japan? Tell us about the process that entailed the decision. What did you know of the market before the entry process began? What preparations were made?
- From who did the initiative to start the entry come from? Which people within the company were of importance during the entry? Other actors of importance for IKEA/Haglöfs?
- Did you have any connections of importance in Japan before entry? Which external actors have had an importance for the entry and in what way? What connections have the company had with these?
- Who were the leading external actors (which also included a definition of external actors)? What have their role been in the entry? How have they affected the entry? Hinder? Have the external actors actively tried to help or hinder IKEA/Haglöfs- entry process?
- Have important actors outside the company been open and cooperating or have there been difficulties to establish a position in the market?
- Do you think important actors in the Japanese market was hard to detect?
• What experience do the Japanese actors have of international business? Have this affected the company’s entry?

• Have there been a change in an actor’s position during your entry process? Have any of these actors or authorities appeared as more important than you first believed after a while of being in contact and doing business on the market?

• Tell us about IKEA/Haglöfs’ entry process. How has the entry process proceeded? Have the entry process changed and in that case why? What have the greatest difficulties been during the entry process?

• What distinguishes the Japanese market? What have been the greatest difficulties with the Japanese market? What possibilities were there?

• What was the company’s own strength? Has earlier international activity within IKEA/Haglöfs affected the entry?

• What new business opportunities have arisen from the entry? In what way?

• Have new actors and relationships been created during the entry?

• How important has your earlier experience from the Japanese market been at IKEA? How important has your earlier experience from IKEA been at Haglöf?

Questions regarding the External Entry Force

The degree of conflict between external and internal interests

• What was the competitor’s view of your entry?

• What was potential customers’ view of your entry?

The firm’s degree of visibility for external actors

• How well known was IKEA/Haglöfs at the time of the entry?

• How was the attention from the potential suppliers at the time of the entry?

• How well known were you among the customers at the time of the entry?

Degree of external actors activity

• How did your competitors react at your actions in the market? (Did they open a new store, began to sell new products etc.?)

• How was the activity among the customers and suppliers at the time of the entry? Did it increase/decrease?
Degree of structure in the foreign network

- How was the market overview, is it easy/hard to see business relationships? Is the relationships between suppliers and customers long- or short-term? Why? Are relationships based on tradition?
- How was it to make business in Japan? What did the customers/competitors think of a new actor? (I.e. what did they think of possible threat to existing business relationships?)

Degree of Internationalization of the foreign network

- How did you perceive Japanese authorities (how was their experience of foreign companies)?
- How was the supplier's attitude towards you in contrast with domestic firms? Do they prefer domestic/foreign companies?
- What is Japanese customer’s view of foreign companies

Questions regarding the Internal Entry Force

- What conflicts where there within the firm towards the entry? What was the biggest obstacle regarding the entry?
- What was, internally within the firm, the reason behind your success (if there is one)?

Degree of network knowledge

- What insight did you have within the company about the Japanese market and customers at the time of the entry?

Degree of Ambitions, interests and ideas within the company

- How important was the Japanese market entry for the company?
- How was the company affected by the market entry?
- How big was the interest within the company regarding the entry?

Connected relationships

- Did you receive any help in the market? How/why?
- Did earlier connected relationships help? How?

Degree of network internationalization
• How many earlier market entries had been done before entering Japan? How did that experience help you in the entry?

Swedish Questions

Generella frågor

Vi förklarar syftet och problemformuleringen med uppsatsen före intervjun.

Vill du vara anonym?

Vill du att företagen är anonyma?

Vi kommer att spela in detta, går det bra?

• Presentation av respondenten och dennes roll i företaget. Vilket ansvar/vilken roll har ni haft i företagets (IKEA och Haglöfs) etablering i japan?

• Vilket år började ni göra affärer med Japan? Berätta om processen som föregick beslutet. Vad kände ni till om marknaden innan etableringen påbörjades? Vilka förberedelser gjordes?

• Från vem kom initiativet till etableringen? Vilka personer inom företaget har haft betydelse för etableringen? Andra aktörer av betydelse inom Haglöfs/IKEA’s koncernen?

• Hade ni några tidigare kontakter i japan av betydelse som påverkade etableringen? Vilka externa aktörer har haft betydelse för etableringen och på vilka sätt? Vilka kopplingar har funnits till dessa?

• Vilka är era främsta externa aktörer (definiera externa aktörerna)? Vad har dessa haft för roll i etableringen på marknaden? Hur hur dessa påverkat etableringen? Hinder? Har de externa aktörerna aktivt försökt driva på eller hindra IKEA/Haglöfsatt etablera sig på marknaden?

• Har viktiga aktörer utom företaget varit öppna och samarbetsvilliga eller var det svårt att etablera en position på marknaden?

• Upplever ni att aktörer av betydelse på den japanska marknaden är svåridentifierade?

• Vilken erfarenhet upplever ni att japanska aktörer har av internationella affärer? Vad har detta betytt för företagets etablering?
• Har någon omdefiniering av någon aktörs position skett under resans gång? Har någon aktör eller instans framstått som mera viktig är vad ni först trodde efter att ha varit i kontakt med och verkat på marknaden under en tid?
• Berätta om IKEAs etableringsprocess. Hur har etableringsprocessen fortgått? Har etableringsformen förändrats och i så fall varför? Vilka har de största svårigheterna vid etableringen varit?
• Vad utmärker den japanska marknaden? Vilka är de största svårigheterna med den japanska marknaden? Vilka möjligheter finns?
• Vilka är företagets egna styrkor vid etableringen? Har tidigare internationell verksamhet inom IKEA/Haglöfs haft betydelse för etableringen?
• Vilka nya affärsmöjligheter har etableringen gett? På vilket sätt?
• Har nya aktörer och relationer genererats under resans gång?
• Hur viktig har din erfarenhet från IKEA varit för Haglöfs?

Frågor angående externa inträdesfaktorer

Graden av konflikt mellan externa och interna intressen

• Hur var konkurrenterna inställda till ert inträde?
• Hur var de potentiella kunderna inställda till ert inträde?

Företagets grad av synlighet för externa aktörer

• Hur välkänt var IKEA/Haglöf vid marknadsinträdet?
• Hur var uppmärksamheten från de tänkbara leverantörerna vid inträdesförsöket?
• Hur var kundernas kännedom om er vid inträdet?

Grad av externa aktörers aktivitet

• Hur reagerade era konkurrenter på era gärningar/handlingar på marknaden? (Öppnade de en ny butik, började sälja ny produkt etc.?)
• Hur var det med aktiviteten bland kunderna och leverantörerna vid inträdet? Ökade den och varför?

Struktureringsgrad hos det utländska nätverket
• Hur är marknadensöverblicken, alltså är det lätt/svårt att se affärsrelationerna? Är affärsrelationen mellan leverantörer och kunder lång eller kortsiktiga? Varför? Är den traditionsbunden?
• Hur var det att försöka göra affärer i Japan? Vad tyckte kunderna/leverantörerna om en ny aktör (tex. Tyckte de att nuvarande affärsrelationer äventyrades)?

Internationaliseringsgrad av det utländska nätverket
• Hur uppfattade ni japanska myndigheterna (hur var deras erfarenhet med utländska företag)?
• Hur var leverantörernas attityd mot er gentemot inhemska företag? Föredrar de inhemska/utländska företag?
• Vad är japanska konsumenternas förhållningssätt gentemot utländska företag?

Frågor angående interna inträdesfaktorer
• Vilka motstridigheter fanns inom företaget gentemot marknadsinträdet? Vart fanns det största hindret mot inträdet?
• Vad var, inom företaget, orsaken bakom er framgång (om det nu fanns någon sådan)?

Graden av kunskap om det externa nätverket
• Vilken insikt hade ni inom företaget om japanska marknaden och kunderna vid inträdet?

Graden av ambitioner, intressen och ideer i företaget
• Hur viktig var satsningen för företaget på den japanska marknaden?
• Hur påverkades företaget internt av marknadsinträdet?
• Hur stort var intresset inom företaget gällande inträdet?

Kopplade relationer
• Fick ni hjälp in på marknaden? Hur/varför?
• Hjälpte era tidigare förbindelser/relationer inträdet? Hur?

Internationaliseringsgraden i företagets nätverk

• Hur många tidigare marknadsinträden hade företaget gjort innan Japan? Hur hjälpte den erfarenheten vid inträdet?