A Retail Expansion in the UK

- A qualitative analysis of smaller Scandinavian fashion companies expansion options and market potentials in the UK market

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Summary

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Resume
The fashion industry has become an industry with high attention, and in recent years Swedish fashion has become a strong name internationally. At the same time, it is a competitive industry where smaller fashion companies are competing with big clothing chains. For these actors it is important to internationalise and enter foreign markets to be able to grow. This requires resources and capital that many of the smaller fashion companies today is missing; market knowledge, export knowledge and commercial knowledge. This makes it interesting to see what factors are important for smaller Scandinavian fashion companies to succeed in establishing on the international market. The purpose of this dissertation is to evaluate and analyze conditions for three smaller Scandinavian fashion companies’ internationalisation process. The study is based on case studies of these fashion companies.

Theories have been chosen according to the background. These highlights the importance for companies to have knowledge of their market, and how internationalisation is a process of knowledge in which they learn something from each step. Furthermore, how companies in some cases follow a particular pattern and how the establishment can be done in specific steps. It may be important to develop relations with actors in their environment. By different theories, the authors have designed an assumption about what is important for the smaller fashion companies.

In the dissertation we have found that the most significant and important factors are collaborations, available resources internally or externally, and to have knowledge of the market. The expansion of the business as a foreign establishment means that companies need to seek help outside their organization to succeed internationally.
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8. References
1. Introduction

*This dissertation will discuss three smaller Swedish fashion companies’ approach to enter and establish in the international market.*

1.1 Background

According to today’s increasing globalisation, the clothing companies will encounter both new opportunities and threats. Internationalisation is a way to gain competitive advantages, globally and at the domestic market. The problem would be how to integrate and gain sustainable success in these new markets. The focus will be in the market of United Kingdom. UK is still quite an unexplored market for small Scandinavian fast fashion companies, hence the reason for this dissertation.

The world has been attracted by the Scandinavian fashion. The fashion industry has in recent years been noticed and Scandinavian fashion is growing in the foreign market. According to Sweden, the media and press mention fashion as Sweden's next big export and the old Swedish music miracle has become a Swedish fashion miracle. The Scandinavian fashion miracle is a universal trend, not only among the major fashion companies, but also among the smaller players in the clothing business. Several of the smaller Scandinavian fashion companies have more than doubled its exports in recent years (Dagens Industri, 2007).

When a number of Scandinavian fashion companies expand abroad, they became a role model for other Scandinavian designers¹. They have shown that it is possible to succeed internationally, which inspires other companies in the industry to venture to go international. When the curiosity of Swedish fashion has been growing internationally, it also leads to further interest of growing in the domestic market. This creates self-confidence among the smaller fashion companies and opens up new opportunities and aspirations to develop and grow internationally. One role model within this industry is the Swedish clothing retail company H&M. H&M is a company, which is heavily represented in the international markets. H&M started out...
by expanding through heavy representation in the home market, then moving on to Norway, Finland and then Denmark. Exactly the same has been the case for Gina Tricot, Lindex and VILA. After having expanded in the Scandinavian market, H&M started expansions by starting export to the United Kingdom and then further into the rest of central Europe.

As the number of fashion companies are growing, it results in an overflow of players in a market that is too small. Individual clothing stores become fewer and the fashion chains increases. The consequences make it harder for smaller players in the market to operate, since these companies cannot compete with the same amount of volumes and low production costs. The smaller Scandinavian fashion companies need to operate in a market where a low-cost development is becoming more distinct (Sundberg, 2004). This changing situation leads to that the fashion companies create an international market engagement, in hope of increasing growth.

Trade Council, confirms the changed situation for smaller Scandinavian fashion company. They mean that, regardless of in which way the internationalisation process takes place, the companies will face problems. Trade Council mentions the financial difficulties for the fashion companies, which limiting the establishment in general. In addition, they have seen the weaknesses in the smaller fashion companies’ knowledge in marketing and business, and how to build their brand (Swedish Trade Council, 2011).

Finally, it is necessary to identify and take into account the phenomenon of globalisation and the Internet. Globalisation has led to gradually internationalisation and integration, and an increased flow of goods, services, capital and information between countries. This has led to that people and businesses around the world have got an increased awareness of the world around (Ekonomifakta, 2011). The fashion industry is also affected, as well as other sectors, by new technologies and rapid change. With low trade barriers and the Internet growth, the fashion industry has become a global business (Easey, 2002). A greater awareness has been created among both the fashion business, buyers, distributors and consumers and the dimension of global expansion has made it possible for smaller fashion companies to communicate
with foreign markets (Hines, 2001). Internet is a contributing factor to this increased awareness, and may in one way be an alternative market to the physical companies. This creates new opportunities for the smaller fashion companies towards internationalisation. The Internet can be an opportunity and a complement, but not a replacement. Globalisation and the Internet generate cumulatively both new market opportunities and create a new forum for fashion companies to operate in.

1.2 Problem discussion

The events in the background have been a situation for today's smaller fashion companies. Scandinavian fashion is represented in many countries around the world and there has been a Scandinavian fashion international success. Its effects contribute to an increasing number of fashion companies that today dare and are willing to enter new markets, and feel a confidence in their role as an international actor. The Scandinavian fashion market today is relatively saturated and a competitive market. The big clothing chains dominate the market, making it difficult for smaller players to be unconcerned. To be able to increase the volume and grow as a company, Scandinavia is too small and globalisation becomes a natural development.

The companies have been missing knowledge about the marketing and business, which is needed to manage the internationalisation. The extension of the company that an internationalisation means, makes the companies need to achieve knowledge in various areas of entrepreneurship. In other words, it requires more than some knowledge of fashion design for small fashion businesses to succeed internationally. As an actor, it is necessary to identify and take into account the phenomenon of globalisation and the Internet, and how a small fashion company need to respond to these changes. Globalisation is creating new opportunities for businesses, both in terms of an awareness of other countries as well as an opportunity to reach new markets. This leads to; the smaller Scandinavian fashion companies are facing a crossroad concerning its future position in the market.
1.3 Research questions
- Is the UK fashion market a potential market for Scandinavian fashion companies?
- Which factors are important for smaller Scandinavian fashion companies to succeed, when enter an international market?

1.4 Purpose
The purpose of this study is to through qualitative interviews assessing and analyzing the conditions for three smaller Scandinavian fashion companies’ internationalisation process. Further, create an analysis of entering the UK market, and find important factors that are necessary for these fashion companies’ to succeed here.

1.5 Delimitations
The study will be limited to three smaller Scandinavian fashion companies that are all established on the Scandinavian market. All companies are also established on the foreign market and are in some kind of internationalisation. The companies are Lindex, VILA and Gina Tricot. These companies have the same target market, and want to attract the same customer. Further, it will be limited within one international market, the UK market.
2. Frame of references

In this chapter we describe the relevant theories according to the problem and purpose. These are then connected in a theoretical framework. The theories are the basis for the empirical study.

2.1 Internationalisation and its process

Internationalisation means that companies are entering a foreign and sometimes unknown market (Johanson, Blomstermo & Pahlberg, 2002). According to Carlsson (1966) international business has two basic characteristics. They contain the transcendence of political and cultural limits and they make the company dependent of more then one set of environmental factors. The concept of internationalisation concerns a company towards foreign activities and how one does business abroad. The companies develop on the domestic market and internationalisation is a result of individual decisions. Most of the obstacles are reduced by decision making made step by step or through “learning by doing”. The perceived risk in market investments reduces and the internationalisation continues to be stimulated by an increased need to control the sales, the increased supply and demand to expand operations abroad (Johanson & Wiedersheim-Paul, 1975).

A company that is considered to be international have to implement transactions between two or more countries, and to be international the organisations are in most cases big and rich. Most companies and economies are affected by today’s global activities (Eckerborn, Karlsson & Storsten, 2008). Many consider globalisation as an unavoidable path for the future. It is often confused with the concept of internationalisation, which refers to the growing importance of international trade, international relations and alliances. The base unit remains the nation but also the relations between the nations become more necessary and important. The decision to internationalisation and entering a foreign market, a main question of finding the right and most cost-effective strategy that can provide the best possible return on investment (Johanson & Vahlne, 1977).
2.2 The Uppsala model

There are many theories that treat the globalisation process, but the most known is the Swedish Uppsala model (Agndal, 2004). The model requires that the international expansion can be described as a series of sequential steps of increasing commitment. The Uppsala model describes how a company gradually intensify its activities in foreign markets as a process where the company gradually increases the engagement. It contains of four key features: marketing commitment, knowledge of the market, current activities and commitment decisions. These four features are there after divided into state aspect and change aspect.

The key features of both models are the following: The firms first gain experience from the domestic market before they move to foreign markets. Then the firms start their foreign operations from culturally and/or geographically close countries and move gradually to culturally and geographically more distant countries. After that firms start their foreign operations by using traditional exports and gradually move to using more intensive and demanding operation modes (sales subsidiaries etc.) both at the company and target country level.

These four key features are intertwined and affect each other, and equal dependent on each others existence as listed below. In this way the process can be seen as temporary cycles (Eckerbom et al., 2008).

![Figure 1. The Uppsala internationalisation model](image-url)
State aspects are the resources committed to the foreign market; Knowledge about the market and the ability to make commitment decisions have a great impact on the success in an new market and affects to the companies’ risks and opportunities. The Market Commitment makes the degree of involvement and the amount of resources that are committed. Market knowledge helps the management team to make the precise decisions (Hollensen, 2011). There are two kinds of knowledge: objective knowledge, which can be transferred from one market to another and experiential knowledge, which comes from learning by trial and error and is gained by experience. Change aspects are the result of the state aspect. When the company knows about the market and its intercultural differences it can adapt to it and decide how it wants to commit and enter the market. The company will be able to make preparations and plan the current activities it needs to complete the cycle by committing to the market. The Uppsala model is separating four ways of going into a market (Hollensen, 2011): export (direct and indirect), independent representatives, foreign sales subsidiary and foreign production and sales subsidiary.
International activities require common knowledge as well as market specific knowledge, which are required through experience in the specific market field. A direct relation between market knowledge and market commitment is necessary, the better the knowledge about the market, the better the resource can be used, the better decisions can be made.

The psychically distance is the intercultural differences such as different way of doing business, language barriers and economical and environmental differences that affects the flow of information between the market and the company. Research about companies in the internationalisations process has shown that the psychically distance is the key factor. Companies that start their internationalisation often begin with the neighbouring countries, where there is a minimal psychical distance (Hollensen, 2011). When the companies have developed and established themselves on the market, they seek to expand to the geographic surrounding area with similar business culture. The similar business cultures make the processes to adapt to the market easier, as well as preventing problems and obstacles. After established themselves on
the neighbouring markets the companies gradually expand internationally until it reaches more distant markets.

2.3 Environmental analysis (PESTEL)

The purpose of an environmental analysis is to identify the external factors that impact the company, but which the company itself does not influence. This analysis is called the PESTEL framework. The PESTEL-analysis is based on the six PESTEL-factors, which are: political factors, economical factors, social factors, technological factors, environmental factors and legal factors.

The PESTEL framework is a tool for analysing and scan the macro-environment where the company operates. It provides a comprehensive list of influences on the possible success or failure of particular strategies. It is an important part in the value creation opportunities of a strategy. Some macro-environmental factors can differ per continent and country, so normally a PESTEL analysis should be performed per country (Kotler, 2008).

Kotler gives some explanations according to the different environment factors; Politics refers to the role of governments; Economics refers to macro-economic growth rates around the world; Social factors include changing cultures and demographics; Technological influences refers to innovations such as internet; Environmental stands primarily for ‘green’ issues; and the Legal part embraces legislative constraints or changes.

Many of these factors are linked together. For managers, it is important to analyse how these factors are changing now and how they are likely to change in the future. The analysis is designed in that way that it is primarily based on historical data, which is one of the model’s weaknesses. Despite this weakness it is a useful tool to create an overview of the business external environment. The PESTEL framework is an important element that helps answer the first part of the paper and the summary in the SWOT analysis.

According to Lynch (2009), the PESTEL framework is a useful tool for understanding market growth or decline, and as such the position, potential and direction for a
business. It is a tool for reviewing a situation, but also a tool that can be used to review a strategy or position, direction of a company, a marketing proposition, or an idea. The PESTEL can be used for business and strategic planning, marketing planning, business and product development and research reports.

2.4 Porters five forces

Michael E. Porter developed Porter’s five forces in 1979. The model is a business model, which determines the competitive structure in the business and gives you a good survey of the situation of the market. P5F is an analytical tool to evaluate the company’s position and attractiveness in the business or industry, where the company operates. The model researches the company’s competitive position from five forces: the bargaining power of customers (buyers), the bargaining power of suppliers, the threat of the entry of new competitors, the threat of substitute products or services and the intensity of competitive rivalry. The model therefore evaluates attractiveness of the industry by examine how the competitive forces affecting industry stakeholders and how strong the company stands in relation with others.

The model has been criticised to be static in nature and to be oversimplified. It is being criticised for only providing a snapshot of the industry in a given time and not a dynamic image of the forces that affect the industry (Kotler and Armstrong, 2006). Other theorists argue in certain situations there are factors that should be omitted in the model, since in some situations it can be impossible to distinguish between competitors and substitutes. This is particularly true for the fashion industry. When it comes to clothing items it can be difficult to define what is proper substitutes, since for this product group there are no substitute products that can go in and meet and cover the same needs (Lægaard and West, 2005).

Further discussion among theorists is whether the model’s five existing factors are enough to give a true industry condition. Downes argues that P5F is outdated and identifies three new forces, which he believes is about to surpass the original five. These are digitalisation, globalisation and deregulation. Digitalisation has led to that information about customers and competitors today spread like rings on water, both locally and globally. Globalisation has brought improvements in distribution logistics and communications have allowed a large number of companies to buy, sell and operate on a global level. Deregulation has made it possible for companies to
outsource and restructure in a much greater extent and pace than before (Recklies, 2001). The condition in the market is decided mainly by the above forces and thereby gives a more complex and predictable image of the industry. Among other critics it is also suggested that by adding additional factors, the model would better be able to reflect the industry’s current situation. An appropriate extension of Porter’s model is the input of a sixth dimension called concept of complementary. This model is also known as Porter’s Six Forces. Concept of complementary as a sixth dimension can be used with the local company’s products, which can cause dependence between the company and its complementary businesses. There may be correlation between both the supply and the demand. Over time, the complementary companies end up being a competitor, if one of the parties chooses to diversify their product portfolio (Grove, 1996; Brandenburger & Nalebuff, 1998). It is argued that there is just one group in the fashion industry that has great influence on the industry conditions; these are ‘trendsetters’. This group of players consists mainly of public persons. The group of trendsetters have in common that they have an influence in the people known from the public sphere. Through their influence in the public spheres, they are able to influence the consumer’s preferences and choices of materials to such an extent that there may be argued that they should include them in the overall analysis of industry conditions (Oelkers, 2004). It should be noted that the presence of factors which complement companies and trendsetters, not necessarily are assessed as a further intensification of the competitive conditions in the industry, as these not need to constitute a threat. It is more of an expression that the structural complexity is intensified. It continually emerges new business conditions and opportunities that place the company facing challenges in the strategic planning. It can be concluded that the critic about P5F mainly concerns about the models lack of capacity to explain the increasing complexity in the world, which is characterised in the global industry. The model should be adapted to each situation in which it is used. In addition to the criticism of the model’s static nature, the criticism is often about whether the model should be given more factors and whether factors in certain situations should be omitted. Among critics, there is a general belief that an individual industry is influenced by individual characteristics, which factors should be adjusted. This is acknowledged by job types, through using the model, take it into account and thus adapt the model to the current industry. The model is however, despite its criticism, a very useful starting
point in analysis of the outside world, including industry analysis. It is valuable because of the topics it comes around in a logical and structured manner and the model is still heavily used in the overall strategic planning (Lynch, 2009). The project framework with a horizon of 1-3 years contributes to a dimming of the problem with the static design of the model. It is therefore considered that the model’s conclusions are useful in the analysis of the external environment and industry analysis.

One conducts the second correction of the model to adapt it to the current branch. The corrections are designed to make the model more contemporary and relevant to the given industry, while retaining what is the original purpose of the model, which is to create a single view of the industry. The factor ‘threat from substitute products’ is omitted in the model, as it can be extremely complex, finding substitutes for clothing and thereby the fashion industry. Instead of substituting products the factor ‘competition within the industry’ is expanded, so not only assessed on direct competitors, but also indirect competitors. The influence of globalisation, deregulation and technology is corrected, for the PESTEL analysis, where distant environment is analysed. These factors are a summary of the relevant elements in the analysis of the external environment. The industry analysis is provided in comparison to the community, one additional factor called ‘the concept of complementary’, including corrected influence of the trendsetter, the media, interest groups and complementary businesses (Brandenburger & Nalebuff, 1998). With this P5F is combined with Brandenburg and Nalebuff’s competitive analysis model ‘value model’. With the extensions of factors the model is rewritten to Groves (1996) ‘Six Forces Model’. The rewriting of the model is somewhat in line with Freeman’s Stakeholder theory, called ‘The Stakeholder Perspective’. These arguments are about that the company has the responsibility for prioritise the key issues, which means that there should be a broader view on the business, relevant stakeholders and an equal focus on the economy and integration of both ethical and social interests. With the made adjustments, the model is kept secure with five factors that give a good overview of the industry (Grove, 1996).
2.5 Ansoff’s Matrix

Ansoff’s matrix is illustrating the growth strategies that the management can follow, for the realisation of the established growth targets. Ansoff’s starting point is two variables: product and market, each divided into current and new. The matrix is used for describing what strategic growth opportunities and risk are based on product- or market combinations. Including the companies various opportunities for launching new products and moving into new markets but also the ability to withdraw from markets (Lynch, 2009). Ansoff’s matrix operates with four strategic initiatives; 

*market penetration, market development, product development and diversification.*

The diversification strategy is considered to be an independent strategy implement, but is by Ansoff a growth opportunity for a new product in a new market when the company believes that there is growth potential in other industries (Kotler & Keller, 2006). The model is widely exercised through marketing literature. It has gained popularity through its clarity and simple design and regarded as an important part of marketing literature. The model is frequently used in the prescriptive part of strategy
formulation, but growth is one of the basic strategies for most clothing companies positioned as low price and medium quality brands, and the growth matrix will connect with the task used descriptively. Shaw and Goodrich (2005) points out that from a marketing perspective there are two problematic cells in Ansoff’s matrix, in cases where there is an existing product to an existing market. In those cases Ansoff suggests market penetration that is defined as an increase in sales without any differentiation in the current market strategy. Ansoff fails to provide any useful information on how the strategy is used in practice to increase demand and hence avoid compromising its original strategy. An additional criticism of the model, also discussed by Shaw and Goodrich (2005), is based on that the model has an outdated starting point in the product company that doesn’t take an account of enhanced corporate focus on brand and service.

![Ansoff’s matrix](image)

#### 2.6 Entry mode

When a company decides to target a foreign market, the question arises as to which establishment is the best way. The establishment chain suggests four steps in the establishment process. There are several different start-up options. The authors have decided to describe the types of establishment that are most relevant in establishing the companies in the UK (Hill, 2001).
2.6.1 Export
Export is the most common foreign establishment. It means less degree of risk, cost and knowledge about the foreign markets (Cavusgil & Knight, 2008). Most companies start their foreign establishment in this way before they change to another establishment strategy. Export is a good way to test the market that the company wants to enter, and increase their revenues and profits (Hill, 2001). The advantage with export is that it is usually the cheapest form and it avoids huge investments in the start of the establishment. One more advantage is that the export helps the company to get experiences in a particular market. There are also some drawbacks. The first one is about transport costs and tariffs. If these costs are too high, the export will be unprofitable. It can also be a bad idea to use an agent. Agents use to sell products from competing companies too, this means that the sell will not be as great as it had been in direct sales (Hill, 2001).

2.6.2 Licence
Licensing means that a company sells permits to another company to manufacture its products. The licensee pays a fee, royalty, to the licensor, which gives them the right to use intellectual property such as patents, formulas, designs and trademarks during a given period. Licensing is most useful for companies that do not have enough capital to enter a new foreign market (Root, 1998). The licensing means lower costs and avoids risks related to the establishment in new countries. As a disadvantage, the companies have less control over production, marketing and strategy. Another disadvantage is that the licensees may not use the profits in one country to support competitive trials in another. The last advantage to mention is that the risk related to the company may lose control of its technology and of its production tools that are used as competition tools.

2.6.3 Foreign Direct Investment
This is an internationalisation strategy where the company set up a physical presence through the purchase of assets such as capital, technology, workforce and equipment etc. (Cavusgil et al, 2008). FDI occurs when a firm invest directly in facilities for production and to market a product in a foreign country (Hill, 2001). This is the most advanced and complex foreign entry mode. It implies a high level of control strategy,
since the company has to invest with its own capital or share capital abroad. Among other reasons, enterprises will have access to raw materials, receive technical and administrative knowledge or even reduce production costs (Cavusgil, 2008). There are several types of FDI’s, the most important are greenfield and mergers and acquisitions. Greenfield is a direct investment with purpose to build new facility instead of acquisition of existing firms (Cavusgil, 2008). M&A is a direct investment where one purchases an existing business or a firm. FDI as an entry mode is good for companies that develop a series of similar products and is suitable for new products on a far distance market (Bradley, 1995).

2.6.4 Joint venture
Joint venture is a cooperation of two already existing independent companies that start a new business together, often for a specific purpose. The most common structure is that each company owns half share of the new company. This entry mode has been more common in recent years (Cavusgil, 2008). The partnership is most effective when the company choose a partner that already exists on the market one want to enter. Then the company uses the local partner’s knowledge of competition, the country’s culture, language, political systems and business systems (Hill, 2001). Cooperation allows the foreign company to gain knowledge of the market, access to customers and distribution system and to achieve greater control over local operations (Cavusgil, 2008). Costs are reduced because they are shared between two or more companies. Joint venture can help companies with political obstacles when entering foreign markets. Having two, or more companies together can also include risks. One disadvantage is that the companies might have to share unique technology, competence and knowledge with others. These problems can be reduced by agreements. Another disadvantage is that it is common that it occurs conflicts between the various parties (Hill, 2001).

2.6.5 Subsidiary
To start up a subsidiary is the most advanced step in the establishment process. This means that the parent company owns the new company. The entry mode can consist of either the company founded a new company or the company acquires a previously established company. Companies that have chosen one of these two options are
usually big (Molnar, 1990). High-tech companies choose to establish by subsidiaries since it reduces the risk that their core competence will leak outside the company. Another advantage is that the parent company has more control over its operations abroad. To set up a subsidiary is the most expensive entry mode. The parent company is responsible for all costs and risks that includes in operate abroad (Hill, 2001).

2.7 SWOT

The SWOT- analysis is used to analyze the internal and external environment of the company to figure out the competitiveness, in terms of the strength, weaknesses, opportunities and threats (Kotler et al., 2002). The SWOT analysis is close to a PESTEL analysis. When the PESTEL describes the whole macro environment, a SWOT can describe even a single product or service, a smaller objective or a situation. SWOT analysis tests the strengths, weaknesses, opportunities and threats of a specific subject of a company. According to the opportunities and threats, the managers need to identify the main threats and opportunities to make important developments that can have an impact on the firm (Kotler, 2008). The strengths are potential opportunities for growth and the weaknesses suggest a need for more focus and development.
3. Methodology

Method is how to collect data from the real world. This chapter presents the approach to the dissertation. The reason of chosen companies will be described, and further describe the choice of approach. The data collection, and the paper’s validity and reliability will also be described in this part.

3.1 Choice of method

Bryman & Bell (2005) stresses that a qualitative research approach differs from a quantitative approach. The qualitative approach concentrates on collecting and analyzing data by words and are interpretative and constructionist in nature. This is also confirmed by Denscombe (2000) who argues that a qualitative research method is designed to transform and interpret the observations and then records them to the written word. The authors therefore believe that a qualitative research approach is best suited for our study. According to Starrin & Svensson (1994), the aim of a qualitative approach is “to identify and determine the yet unknown or unsatisfactory known phenomena, characteristics and implications for variations, structures and processes”. According to Davidsson and Patel (2003) the ambitions with a qualitative method is to discover phenomenon and to interpret and understand these phenomena.

Holme & Solvang (1997) argue that the key with using a qualitative method is the collection of information in different ways to create an understanding on a deeper level about the problems that have been chosen to study. Repstad (2007) is of the same opinion and emphasizes the importance of creating closeness between the researcher and the chosen environment, or person, to be studied. If the one holding the interview is able to create this closeness during the interview, the results of the interview will be of satisfaction to both parties.

The author’s motive of a qualitative research approach is that they want to give a detailed picture of the topic and problem area that they are investigating. During their working process they assume that they continuously will change and correct their purpose and the questions to reflect a more accurate picture of the study. This approach characterises, according to Holme & Solvang (1997), the qualitative research method. The authors believe that this research strategy is best suited to fulfil their purpose.
According to Davidsson and Patel (2003) there are three different ways for the researcher to work, to relate theory and empiricism. These are, deduction, induction and abduction. Davidsson and Patel (2003) says that deduction is an approach that is characterized by the researcher to have knowledge and has a starting point from existing theories and general principles, to then apply them to reality. Bryman and Bell (2005) argues that the deduction is the most common approach to demonstrate the relationship between theory and empiricism. From the existing theory the researcher deduces one or more hypotheses, which are then empirically tested and examined in the present case.

Induction includes, according to Bryman and Bell (2005) that the researcher goes in the opposite direction compared to the deduction. This means that the researcher will study the object without previous theoretical foundation. Instead a theory based on the collected empirical data is formulated. Davidsson and Patel argues that using this approach, there will be a risk that the researcher doesn’t have the knowledge about the size of the topic and generality as a result that is based on an empirical basis.

The third way to relate scientific work to theory and empirical work is termed by Davidsson and Patel (2003) as abduction. According to the authors abduction is seen as a combination of the deductive and the inductive approach.

Alvesson and Sköldberg (2008) claim that abduction provides brand new and own parts. The abductive approach differs with advantages from the other explanatory models, because it involves the understanding and e.g. gradually develops the empirical scope and adjusts and refines the theory. Further, Davidsson and Patel (2003) highlights that the abduction from a particular case, formulate a hypothetical pattern that can provide a proposal for a theoretical depth of the structure. This first step is regarded as inductive. The next step the scientist work deductive when this hypothesis or theory is to be tested on new cases. To give a more generalised image of the study, this original theory or hypotheses can be developed and broadened. The advantage of an abductive approach is that the researcher becomes more flexible and not as tied as with a strict use of an inductive or deductive approach.

### 3.2 Choice of company

We consider contacting the Scandinavian Trade Councils that have great knowledge
in internationalisation and establishment process. We believe they can give us tips and ideas on which companies that can be interesting to investigate. We intend to use the availability criterion for choosing companies. This means, according to Christensen (2001), that there is a group you can identify and reach through selection of records, such as their names addresses or phone. It is best suited for us, when the choice of companies is going to be chosen from the register of the Scandinavian Trade Council, by visiting their websites and sending them emails.

The author’s choice of companies has been based on fashion companies that are already established on the Scandinavian market, and are undergoing some form of internationalisation. The three companies that have been chosen are Lindex, VILA and Gina Tricot. All these companies are representatives of the Scandinavian fashion and have in recent years received considerable media attention. These will fall in under our definition of small fashion companies. The generalisability of the study is that the research should be able to be transferred to other related situations, which is particularly true of qualitative studies (Johannesson & Tufte, 2003). That is why the authors have excluded single fashion stores, on the ground that the study becomes more difficult to generalise.

### 3.3 Interview procedure

In a study one distinguishes secondary data from primary data. Secondary data means that you have gathered information that previously existed. Secondary data means that there are scientists who collect information directly from the source, but information is already collected previously by other authors for different purposes. Using the primary data means that the authors collect information for the first time by making direct contact with the primary source of information (Jacobsen, 2002).

The authors will use primary data in the personal interviews and in the interview guide. In order to acquire understanding of the subject, we will use secondary data like literature, scientific articles and reports. This method of collecting data is a so-called document examination. This means that words, thoughts and statements have been collected or written by other researcher than the authors (ibid.).
After have choosing the topic, the authors will start to collect secondary data and will start search for previous research and general knowledge about the subject of the internationalisation process in England. Further, a theory adapted to the problem will be found. During the search for earlier surveys, additional information will be complemented. Part of the theory will be used by data from the course "Eksportmarkedsføring". In the research of theoretical sources, the authors will use several electronic databases.

Literature research will be made primarily through CBS, Malmö and Lund libraries. Keywords that have been used in researches are; Internationalisation, International Marketing, Foreign companies’ establishment in England, Fashion Industry, UK market.

The secondary data will help the authors to gain a better understanding of the problem and will help the authors to formulate interview questions and to conduct the interviews. The advantage of primary data is that the authors will collect the most current and relevant information according to the problem. In addition, this material will be more credible. A disadvantage with primary data is that the method is more expensive and time-consuming. Secondary data are more cost and time efficient, but the disadvantage is that the information can be outdated and that useful data can be missing (Christensen, L et al., 2001).

Starrin and Svensson (1996) points out that a qualitative interview is the result of an interaction between at least two people, where the interviewer and the respondent interact and facilitate a discussion. The interviewer’s role is to be co-creators to the interview results by interacting with the respondent to develop a coherent and understandable discussion. Bryman & Bell (2005) argues that the ability to find "new" information is higher during qualitative interviews. It gives the respondent a greater space of interpretation of the world around.

According to Jacobson (2002), there are four different methods in qualitative data collection: observation, individual open interview, group interview and document search. Observation involves gathering information by observing one’s attitude in various situations. The method is suitable when one are really interested to register anyone’s behaviour, which does not match the purpose for this thesis. A group
interview involves interviewing a group of people at once, and want feedback, consensus and disagreement within the group. This is impossible in this case, because the respondents are in the same place. Instead, the authors will choose to use the individual, open interview. Jacobsen (2009) argues that the collection method is most suitable when few units are examined. One wants to understand the individual study unit setting, and when one is interested in how individuals interpret and understand a particular phenomenon. This fits what the authors want to achieve, to interview people who are directly related to the business establishment process.

The different types of interviews include personal interview where the interviewer controls and leads the discussion and the respondent is also active and respond to questions, phone interview where respondents answer questions by phone, or an interview via emails (Christensen, et al, 2001). The face-to-face interviews are more flexible. According to Jacobsen (2009), the interviewers ask more complex questions, they have more control over the interview situation and the ability to show materials. Disadvantages include of higher contact cost between the interviewer and the respondent, and it is time-consuming (ibid.). According to Christensen et al. (2001) the advantage by having a telephone interview is the time saving, it is fast to implement. E-mail interviews can be used to produce large quantities of information at low cost. The advantage of this method is that it goes faster when one does not need to book a specific meeting and can easily mail all the questions to the respondents, and then wait for the answers. The respondent may also have time to think through the questions and provide more detailed answers. It is easy to communicate even though there is a distance between the interviewer and the respondent. The authors believe that this method is more cost effective when everything is done electronically. The disadvantage of this method may be that there will be no personal contact with the respondent, and the body language will be missed. The respondent can choose to not answer some questions.

The authors have chosen to do personal interviews with the companies in Scandinavia and use e-mail for interviews with chosen organisations.
The questions to the companies will probably be based on the four variables in the Uppsala model. We will try to include concepts such as *market involvement*, *knowledge of market* and questions such as “How attractive is the market?”, “What previous experience do you have in this market?”, “Have previous or existing networks influenced the choice of not establishment in this market?”

The questions will be open and linked to each other. We are going to use a list, interview guide, with questions within the theme. Then the order of questions can vary from interview to interview. The questions will be clear, and expected to have descriptive answers to why England is a difficult market to enter, and the factors that have influenced this. In an attempt to get a better picture of companies’ establishment and development of the English market, there will be multiple answers to the same questions. The respondents will have the opportunity to express their opinions and share their experience freely (Christensen et al., 2009).

### 3.4 Interview process – documentation

Denscombe (2009) argues that researchers who want to remember what was said during an interview, not only can rely on their own memory. This can result in incorrectness’s and distortions of the collected data. To avoid this, two relevant instruments while recording an interview are notes or tape recordings. If the respondent does not want to be recorded, then one can use the notes. Tape recordings can provide a permanent and complete documentation of what was said in the interview. By recording the interview, one can be sure that all the information is available for analysis and further development. The disadvantage of tape recordings is that one cannot reproduce the nonverbal variables that occur in the interview, e.g. how a respondent behave in a specific situation.

### 3.5 Source criticism

**Validity and Reliability**

Bryman & Bell (2003) discuss reliability and validity. Denscombe (2002) describes the reliability as the research process ability to provide unchangeable results in each case the research is being conducted and the result remains the same regardless of who conducts the research. Yin (2007) exemplifies that in a qualitative studies, the respondent can be in different moods depending of what day the interview is
conducted. It is important to ensure the reliability in the context and judge it based on the current situation. The purpose of reliability is to minimize the chance of an error in a study. It is important to document the researcher’s work. Without documentation, it becomes difficult to carry out the same survey again.

Validity is defined as a form of measurement of the investigators mean measure. It assesses the extent to which the result is consistent with reality (Merriam, 1994). Further, Jacobsen (2002) split the validity into intern and extern validity. The internal indicates that the data the authors will collect and the material they will write is true, and the external validity is more related to the qualitative survey. To increase the validity of the study, the authors will select secondary data with regard to the material of direct relevance to the essay topic.

The authors will look for present data and relevant to the topic, which they will receive from established and credible organisations. They will also find information from relevant books with trustworthy sources and on Internet sites that are updated, to avoid invalid data, though they are conscious about finding not usable data.
4. Empiric Data Collection

This section aims to give the reader an idea of what choices regarding the collection of empirical data collection. It will include a description of the studied companies and a presentation of the collected information and the interviews. This forms the basis for the upcoming analysis.

4.1 Chosen companies

4.1.1 Lindex

Since the beginning in Alingsås 1954, Lindex has expanded and become one of the biggest fashion retailers in North Europe. Lindex has in recent years had a rapid international expansion and sales growth, and has today over 400 stores in Scandinavia, Baltic countries, Russia, central Europe, Bosnia-Herzegovina and the Middle East. Today head office is located in Gothenburg, Sweden. Lindex has production offices in China, India, Hong Kong, Bangladesh, Pakistan and Turkey. The company does not have its own production facilities and instead co-operate with around 250 suppliers who produce at over 400 factories. By doing so they are involved in creating jobs for more than 135,000 workers, largely in Asia. In Europe, a large proportion of their hosiery range is produced in countries such as Italy and Turkey (Lindex, 2011).

Today the Finnish retailing company Stockmann, which is listed on the Finnish OMX Stock Exchange, wholly owns Lindex. The Company runs four business units in the retailing sector: the Stockmann department store group, the fashion chains Lindex and Seppälä and the mail order company Hobby Hall. The company was founded in 1862 and has currently over 15,000 employees. The Group’s sales in 2008 was in total €2.3 billion (Stockmann Group, 2011).

The Lindex business concept is to offer inspiring and affordable fashion. Over 90 per cent are women and the average age is 32. Their range covers several different concepts within women’s fashion, lingerie, children’s wear and cosmetics, which are sold through the company’s stores and on the Internet in Sweden. Their collections include both pieces of high fashion and basic clothing. Lindex has in recent years worked hard to raise the level of fashion in their collections and collaborated with
4.1.2 VILA

VILA is a fashion company that want to sell trendy quality-clothes at competitive prices to the woman who is proud of her feminine identity. Their customer’s are girls and women between 15-40 and have a taste for feminine and natural design. VILA works within 6 main collections and 8 Express collections a year. Furthermore they offers 6 basic collections a year. Styles are constantly updated and all their customers have a selection of the new items to choose from every single day. VILA clothes design is a mixture of fine prints, delicate cuts and feminine details. The VILA designers are constantly up to date with the latest trend forecast regarding style, qualities, colours and patterns. The designers work closely with the buyers in order to make the best final product.

VILA clothes price range is approachable and all women to dress fabulously without compromising with style quality and the latest trends. VILA offers a total price range from € 9,95 for a top to € 159,95 for outwear (retail prices). Their range of mark up is between 2,8 and 3,5.

VILA do not own producing factories, they cooperate with a number of independent suppliers in Europe, the Middle East and Asia who manufacture their styles according to their specifications. Production is controlled and regulated through purchase offices located in these countries (VILA Brandbook, 2011)

4.1.3 Gina Tricot

Gina Tricot has a position as the fastest growing clothing retailer in the Scandinavian market. Jörgen and Annette Appelquist founded the company in Sweden in 1997. The company motto is ‘more fashion for less money and new clothes every week’. Gina Tricot is focusing on cost minimizing and efficiency through its whole value chain. Right from the beginning, Gina Tricot led an aggressive growth and expansion strategy and one of the company’s goals is to be among the largest ones in the markets they are represented in. Within a month after opening the first store, the company had no less then twelve stores in its home market Sweden. Through export the company is now represented in Sweden, Norway, Finland and Denmark with more than 135 stores.
and even more to come. In 2009 the turnover was approximately 2, 3 billion SEK, which is an increase in turnover by 0, 7 billion in contrast to a 1, 6 billion in turnover by 2008. In order to keep up with the aggressive growth and expansion strategy of the company, Gina Tricot will eventually have to look for new markets to enter.

Gina Tricot’s products are aimed at a broad spectrum of women of all ages, focusing products in Gina Tricot’s product portfolio can be divided into three sections: clothing for women, accessories and jeans. Clothing for women can be divided into two sections basic and fashion. Basic are products that you always will find in the assortment of Gina Tricot. These are produced in large quantities and arrive in the stores in the colour of the season. The fashion section is characterized by small quantities. Fashion is small lines with high fashion degree. Unique collections that follow fashion trends. You can find these in the shop just for two weeks more or less after they were designed. New styles according to the latest trends arrive in a limited number and it arrives new lines to the stores each week. Accessories represent a wide range of products adapted to the collections and concept, and follow the latest trends.

The jeans category contains a big choice of different jeans. This includes the traditional models for jeans, which follows fashion styles and cuts within the area (Gina Tricot, 2011).

4.2 The UK market
Great Britain is situated in the Atlantic Ocean, west of Scandinavia. It is the largest contiguous region in the United Kingdom and consists of geographical parts England, Wales, Scotland and Northern Ireland. The country has an area of 244.820 km2 and has a population of approximately 62 million people and approximately 9 million lives in the capital London. London is argued to be the second most significant business and commercial centre in the world, behind New York in the US. The GDP in UK is three quarters composed by service, and one-quarter industry (Enterprise Europe Network, 2009).

4.2.1 Politics
UK is a constitutional monarchy governed by the head of the state, Queen Elizabeth II. In addition, it is a Parliamentary democracy, governed by the Prime Minister David
Cameron, as head of government. The country is controlled by the Parliament, which consists of Queen Elizabeth II, the chambers "House of Lords" and the "House of Commons". It is the Labour Party, which has the power in Britain, with Prime Minister Cameron in the top. In early 2008 the British government presented their four overall foreign policy goals:

- Terrorism/ non-proliferation of WMD weapon
- Conflict prevention and resolution
- Low carbon/ High growth
- Reform of the international system and the wider use of the central political position in the international collaborations, including the EU.

Overall, the Labour government attempted to run a pragmatic European policy, where alliances and cooperation with individual or a group of countries has played an important role in their strategy. Britain’s close relationship with the U.S. continues to play a major role in foreign policy, as one of the five members in the UN Security Council, there will be also placed great weight on strengthening of the peace-keeping forces. They are also members of NATO and G8, they represent major part of the European Union, but remain outside of the economic and Monetary Union, EMU (Swedish Trade Council, 2006).

Great Britain has since 1973 been a part of the European Union, but as Sweden and Denmark, Great Britain has chosen to be outside of the monetary union. The British population are very sceptical towards the EU cooperation, hence they don’t want do be a part of the monetary union. Their largest trading partners are other countries in EU, which together account for over half of the total foreign trade. Second largest partner is USA and there is also an increased focus on markets in Asia and the Middle East. There is a focus on the expansion of EU and the non-explored markets in the developing countries, that can help open up new doors to economic gains and that may influence the industry in the long run (European Commission, 2011).

Custom barriers, technical regulations, standards and conformity assessment producers can be obstacles for the trade development. The EU-commission carries out bilateral dialogues in the industry politics and related matters with developing countries, in order to facilitate industrial and commercial conditions. The deregulated
market affects the British industry, including the garment and textile industry, because it makes it possible to access the markets, which increases the competitive pressure. Domestic businesses have greater access to cheaper raw materials and lower wages as a result of the deregulation inside the EU. Although it makes it easier for foreign companies to access to the UK market too. This will provide another competitive pressure in the industry. The dialog between the clothing- and textile industry and the Euro- Mediterranean region is particularly important. This region has a strategic role to keep a geographic closeness to the textile- and clothing industry, product chain (ibid.).

4.2.2 History and Religion

The British Empire has had a great impact on the modern world through the spread of democracy and the parliamentary governance, and of course the English language and its culture. During the history, UK has been very powerful in the world as they were an exploring country, a trade and colonial power, and had a strategic position during the world wars. During the 1800s, Britain was the dominant commercial and maritime power in the world with an empire that covered over a third of the world. It covered India, Canada, Australia and large parts of East Africa. As a result of this, the British monarch is still head of state in many former colonies. GB was also a leader in the development of parliamentary democracy. The British Empire developed, controlled and systemized the international and global trading business. It happened within the colonial structure. This trading activity had a decisive influence on the development of today’s global world. The two world wars in the first half of 1900-century weakened the UK’s strength seriously, but this led to the dismantling of the empire and made it possible for Britain to re-establish itself as a modern nation. Still, today the UK is considered to be a country of great power in the world.

Since 1558, the majority of the population in Britain have been Protestants. Today, all regents swear that they will defend and maintain the Anglican faith, and it is expected that the regent marry a Protestant. Despite this, Britain is a multi-religious society that holds religions like Catholicism, Buddhism, Hinduism, Judaism, Islam, etc. (Enterprise Europe Network, 2009).
4.2.3 Export to UK

Britain is one of the top largest export market for the Scandinavian countries. It is an easy market to enter for Scandinavian companies because of the culture, law and the geographical distance.

Since 2007 the economic situation in Britain has been unstable, and the financial crisis has led to recession in the country, causing high unemployment and rising inflation. The government’s budget must keep inflation on approximately 3% and unemployment 6%. The government has also taken various actions like banking packages that lower interest rate, job plans to get more people into work and boost the economy again.

Despite UK’s economic crisis, there is still great export opportunities for Scandinavian companies, because the UK economy remains one of the world’s largest with 60 million consumers (ibid.)

4.2.4 Branches and sectors in focus

The infrastructure, defence and health are the branches that it is most focus on, and there it invests most public pounds. These sectors are therefore most worth to focus on for Scandinavian companies. Danish companies provide primarily for retail trade, transport and within various service sectors. Within the retail sector, demand for luxury products has been downward in recent years. From the government, there is also a great focus on energy and environment. To comply with EU’s environmental requirements, there will be focus on renewable energy sources- especially windmills (ibid.).

4.2.5 The British business culture

To make a good impression and sell its products in Britain, it is important to know the business culture. There are some primarily things one should be aware of in connection with the initial sales meeting; it can be difficult to get in contact with the operator, who usually has the final decision, as the work culture is characterized by the hierarchy and instead one gets contact with the vendors. At a sales meeting the British expect a conservative costume, suit and tie. A product’s benefits are highlighted very clearly, with a large selection of promotional material. The British are very polite and still use ”Sir” and ”Madame”. The British have humour, but there
are some themes that should be avoided; Northern Ireland, religion, royal family, the EU, Middle East, personal matters referred to race and sex. When trading with Scottish, Irishmen and Welshmen one should be observant that they will not be called Englishmen, they call themselves British. The culture in the UK is believed to be deeply rooted and valued by citizens.

(ibid.).

4.2.6 Doing business in the United Kingdom

London Chamber of Commerce argues that UK is the leading trade power and the world’s 6th largest economy, behind USA, China, Japan, India and Germany. The UK is a popular access country to the European market for companies outside of the European Union. London Chambers of Commerce and the Swedish Trade Council have listed the most attractive factors to access in the UK:

- Low business costs, which includes the lowest utilities costs in the European Union. There are also low corporation rates, and no additional taxes on profit.
- The UK has great transport links. The infrastructure support the strategic position as being close to Europe, by having access to container ports, toll-free road and rail networks to industrial centres, and the channel tunnel to mainland Paris and Brussels and the European continent.
- London is one of the most economically strong cities in the world.
- The high skilled, flexible and English speaking workforce.
- Standards of education are high.
- The labour laws and regulations are flexible and staffing costs competitive.
- They are connected to the European laws, regulations, and standards in such matters as environmental assessment, equality at work, air pollution and access to environmental information.
- There is a highly sophisticated banking and financial-service system with lots of financial instruments to raise funds and manage financial risk (PKF, 05).
- It is specific pointed by the Swedish Trade Council that there are good political relations between the UK and Sweden. The perception of Sweden, Swedes and Swedish industry is also very positive.
According to the accounting firm PKF in the journal “Doing business in the UK”, there is high potential for a foreign company to enter the UK market. Since the UK is a member of the European Union, they promote international business and movements by integrate the legislative and public trade barriers. They are also engaging in International Financial Reporting Standards (ibid.).

The UK has a unique legal entity structure which include limited company, branch, partnership, joint venture, or via a trust structures. First, a limited company for instance, is protecting the overseas investors from exposure to claims "made in the UK", as it is a separate legal entity. The second is about the taxation. It differs regarding how the business and profit is registered. In general, the profit of UK trade is taxed in the UK, no matter the company-law. The third means that the legislation of ceasing work in the UK is complicated. This in turn, would influence organisations to establish in the UK through agents, distributors, direct sales or e-commerce. The fourth and last, there can be some considerations when sending foreign people to work in the UK. Even if they are members of the EU, and it is straightforward for immigration of citizens within the EU, there are some specific HR requirements when employing within the UK (ibid.).
5. Analysis

This chapter includes an analysis and interpretation of the empirical data that is structured along the elements of knowledge, resources and experiences. Further, this is analyzed along the variables from the theoretical framework.

5.1 Analysis of the internationalisation process

The internationalisation process model predicts that the firm’s internationalisation process serves as an interaction between knowledge and between growing foreign involvement (Johanson, Blomstermo & Pahlberg, 2002).

5.1.1 Market knowledge

The knowledge that the company had from earlier establishments gives you two important facts. One of them is knowledge about the market and the relations between market knowledge in one specific country. The other one is internationalisation knowledge that is based on experience that is relating to the company itself and its ability to build and run an international business (Johanson et al., 2002). The internationalisation process involves significant investment in foreign markets and it is crucial to utilize the assets created in the form of market knowledge and market positions when going forward in its internationalisation (ibid.). All of the companies find it important and essential to have earlier knowledge about the market and that it will make the process of internationalisation in the UK or anywhere easier. The trade council considers prior knowledge as a necessary tool in principle to assist and support businesses in the initial phase. The companies have all previous experience of internationalisation and establishment in different countries, which would provide them a basis for an establishment in the UK.

5.1.2 Market commitment

Market commitment refers to how dependent the company is of a particular market. Commitment is closely related to market knowledge and ongoing activities. Ongoing activities on a market, reinforce the progressive involvement of the market. Market engagement describes in other words how firms are tied to the market (Johanson et al., 2002).
5.1.3 Commitment decisions

According to the Uppsala model the decisions to invest abroad is a result of perceived business opportunities or problems, which in turn is based on experience (Johanson et al., 2002). Problems and opportunities are assumed to be dependent on experience or even a part of experience. The company’s experience and market experience is relevant (Johanson & Vahlne, 1977). This means that it usually tries to make interventions in markets where the company has already worked with (Johanson et al., 2002). Gina Tricot, Lindex and VILA have all opened up stores in similar market environments. They all started their first expanding in Scandinavia, then close countries in North Europe (except Gina Tricot). UK has a very interesting market with a big demand. In the fashion industry you must always have some knowledge about other markets, even though you do not have your business there your self. VILA has some more knowledge of this market, selling some of their products to chosen retail stores in the UK and Ireland. The companies identify potential opportunities in the UK market based on the experiences of other foreign markets. Commitment decisions help the companies to solve export problems and seize the opportunities that exist to get into the market. According to UK Trade & Investment the UK market is Europe’s easiest place to set up a business. The benefits are the UK’s open, transparent and business-friendly system that makes it easier to start up a new company and there are no separate rules for foreign business entities. It is important to look at the financial part. Due to the unstable financial market, sharp changes in exchange rates can still go on and developments in financial markets have a significant impact also on the general economic developments in the euro area.

What is important in the Uppsalta model is that investing in foreign markets is influenced by these experiences that you have, as a result of the activities the companies are engaged in or has conducted there. It is because of the past experience that companies can identify new business opportunities (Johanson et al., 2002). Because of the globalisation and the trade union with the other countries in EU, activities for all retail companies have changed from several years back. Today the importing and exporting process is much easier. The market potential is good but aggressive with a lot of competitors.
5.2 Analysis of PESTEL

The analysis of the companies’ external environment includes all aspects surrounding the companies themselves. The analysis therefore includes not only the economical and political environments (which can vary markedly from country to country), but also its competitors, customers and suppliers. There are elements in the companies surrounding environment, which may have indirect influence on the conditions of behaviour on the English market. In the industry there are general factors that has direct influence on the companies and the companies themselves can influence on these factors.

5.2.1 Political factors

The conservatives and Labour Party have alternated in power after the war period. The main issue has been that everyone should have the possibility to work, which Labour has processed by continuing working on the flexible labour market that was established during the 1980- and 90’s, when the conservatives had the power (Sweden Abroad, 2011).

During some periods there has been a debate concerning the asylum policy, but with UK’s low unemployment, they are in a need of imported work force. 2004 it was decided by the government to not establish any limitations on work force from the new EU-membership countries (ibid.).

UK has an individual exemption from the EU’s working directive. The exception says that the workers are free to choose whether they want to work more than maximum 48 hours per week, which is set in the directive. It is a sensitive issue and the British government has so far ought to retain this exemption. They consider that a flexible working schedule is the key to economic growth. Critics argue that employers use the exemption and that worker’s freedom is limited (ibid.)

The state income taxes in the UK are very different from Sweden. A comparison between Britain and Sweden’s taxes show that the Englishmen generally have a lower tax burden than the Swedes. For a Swedish company to break into the market are recommended to contact an adviser as the British taxes are not always easy to deal with (ibid.).
Great Britain and Northern Ireland are since 1973 members of the EC and the Custom Union that was established under the European Community. The open economy makes the UK dependent on international trade and the government is pressing a head with the development of global trade and the liberalisation of investment (ibid.).

5.2.2 Economical factors

The British economy is based on the capitalism after the Anglo-Saxon model, with market liberalisation, low taxation and regulation. The British economy grew faster than average in the euro zone through most of the past decade. Its market was embossed by the credit crisis and the global economic slowdown since mid 2007. A few years ago when the stock market collapsed, in the third quarter of 2008 the British economy ended in a recession. This led to a collapse for almost everyone in the retail sector. UK was affected more then other countries because of the countries big finance sector and the unemployment increased. The consumption was declining as a result of the problems on the real estate market and the financial crises. The saving rate raised as the confidence of the consumers fell sharply. Another result of the economic situation is a reduction of the disposable income from consumers. The disposable income over the past few years has been under attack, this is partly due to higher inflation and rising fiscal pressure. This combined with increase in the consumer’s budget and economic slowdown has had a significant impact on sales of consumer goods. This has led to that consumer goods, as fashion, has experienced a slower growth then normal. Further, this has helped to move consumer’s focus on smaller and cheaper products. Sales of specially accessories was increasing, because the consumers were still willing to buy, but on a much tighter budget. Accessories are often a product group that is dependent on impulse more than on planned shopping. The trend of the decreasing consumption and the increasing of savings has influenced the retail sector, including the clothing sector. So in a general context, when we are in a boom, we have a higher consumption of fashion. In general, the British consumers are those who spend most money on clothing and fashion in Europe. The amount is approximately 5 % of the disposable income, which in 2008 was 21,60 pound a week (approximately). This supports the increased demand for cheaper products. The British price level is in general lower then the Scandinavian and the rest of North
Europe (Global Marketing Information Database, 2011). The goal for the inflation, set by the government, is at 2.0 % and could until 2007 keep a margin within +/- 1 %. However during 2007 and again in 2008 the inflation increased and in the latest inflation rapport from the Bank of England (from December 2009) it was 3.5 (Office for National Statistics). The unemployment in the UK rose to 6.1 % (2009) from an average below 5 % and it is expected to reach approximately 9 % in the coming year. A key goal for the budget 2008-09 has been to bring stability to the UK market. In present time, the British government has launched a comprehensive economic “stimulation package”, two business packages and a job plan. These include economic incentives for companies to re-recruits and job training schemes. In the fourth quarter of 2009 the British economy saw a slight recovery of 0.1% and an increase in GDP of 4 %, with a total GDP growth rate of -4.8% in 2009. Consumers are still cautious, but a strong trading period since Christmas 2009, has added a growing confidence in the retail sector (ibid.).

5.2.3 Socio-cultural factors
Great Britain has de third highest population numbers in EU, just after Germany and France. The largest cities are London and Birmingham, where more than 8 million of the inhabitants live. For many years there was a tendency that a big part of the population moved to the city, but today the trend is the opposite. Many people move away from the big cities than moving to them. Great Britain is a multicultural country, only in London more than 300 languages are spoken. Unlike many other big economies in the EU, UK is open to unrestricted immigration from the new member countries, but receives also immigrants from many other countries, such as from China and India. The overall economic impact from the immigration has been positive. Though, the increased immigration may have had a social influence in areas such as education and welfare and the terrorist attack in 2005 in London has led to social tensions in cities with many Asian inhabitants. However, there are prospects of a slowdown in immigration due to the economy, and the impact of improvements in low-economies after admissions in the EU (Global Marketing Information Database, 2011).

The education level is in general high among the population. 51 % of the population are women and 49 % are men, however this numbers are expected to even out over
the next years. The total population is increasing because of an increase in the birth rate and also due to the increase of immigrants from the majority of the world (ibid.). Despite the multicultural society there is a strong national pride among the English population. One reason is the history of the country but also their industrial history, which to some extent influences consumer preferences. They have great confidence in the products of domestic origin. This can lead to a preference among the population for national products (Knight, 1999). The English style of clothes can be described as European, as the supply in the UK market doesn’t differentiate itself that much from other Western European markets. The English population has in recent years increased their interest for fashion. With a higher interest in fashion people tend to seek for more shopping options, which is an advantage for foreign fashion companies.

5.2.4 Technological factors
UK is a highly industrialized country and was one of the first countries (if not the first one) that were included in the Industrial Revolution. That makes their textile industry to one of the oldest one. The English infrastructure is extremely efficient and the distance between the country’s major cities is reasonable, which is an advantage in relation to distribution and marketing. There are several big airports located around the country’s biggest cities and they have a tunnel between England and France that allows distribution between the countries.

The communicational infrastructure is very high developed. Larger parts of the population own a cell phone and have access to both TV and radio. 70 % of the households had in 2009 access to Internet and the number is steadily increasing (EU-Upplysningen). Purchases through the Internet is growing and growing throughout the retail sector and covered 21 % of the purchases in 2008 and is expected to increase by an additional 14 % until 2013 (Undenrigsministeriet, 2011). The access to Internet, TV and radio gives great export possibilities for domestic and foreign companies. It also gives possibilities to expansion of sales channels through the Internet that is providing an increase in the competition intensity (Enterprise Europe Network, 2009).

5.2.5 Environmental factors
Great Britain is an island and is therefore surrounded by an ocean, which is the reason
to a varied climate. The English climate is known to be maritime temperate, which means it is mild and the temperature changes frequently. The effects of the climate are via the Atlantic Ocean, located in northern latitudes, and the Gulf Stream. They have four seasons that are equal to the Scandinavian seasons. Hence, the demand for fashion and clothing follows the changing seasons.

The English textile and clothing industry accounts for the emission of 3.1 million tons of CO$_2$ annually. That generates 2 tons of waste and about 70 tons of sewage. This made the English government to launch a campaign at London Fashion Week 2009, which requires to an increased focus on the environment. This weight on the environment derived largely from the production of cheap clothing that has become very popular lately with the “disposable” culture. Now the focus is on that the clothes are to be produced, sold and disposed without harming the environment (BBC News, 2009).

5.2.6 Legal factors
UK has three separate set of legislation: The English law of Wales, Nordic law and Scottish law. The House of Lords is the upper house of the Parliament of the Kingdom, the United Kingdom’s national legislature. The House of Lords as an Upper Chamber has the primary purpose of scrutinising Legislation proposed by the Lower House (one of the two chambers of a bicameral legislature, the other chamber being the upper house) through the form of debate and through proposing amendments to legislation. The Parliaments are to be critical to government policy and administration, adopt the country’s laws and to actively intervene in debates on current topics. The Judicial Committee of the Privy Council is one of the highest courts in the United Kingdom and of appeal for several independent Common wealth of Nations, Great Britain’s Territories and Crown colonies. It was established by the Judicial Committee Act 1833. On 1 October, the Judicial Committee moved from the Privy Council Chamber in Downing Street to the former Middlesex Guildhall, which was refurbished in 2007 both for the Judicial Committee of the Privy Council and the newly created Supreme Court if the United Kingdom. An exporter from another EU country will rarely meet barriers to trade in the British market because of technical, environmental and other regulatory requirements. The market is characterized by
deregulation due to free trade agreements that are affecting the English industry, including the textile and clothing industry (Privy Council Office, 2011).

In the United Kingdom there is a legal requirement for labelling of textiles for clothing. The label shall have an accurate description of the fibre content and this is a mandatory labelling requirement. Washing instructions and the size of the garment is optional information, but should not be inaccurate or misleading. In the UK market free competition is a principal rule. Laws of price manipulation and etc. cover the sale of goods and services and the way goods are described. The Competition Act 1998 has from the 1st March 2000 made the English system for the competition rules in line with the European regulations. The Office of Fair Trading monitors the execution, which are able to intervene when there are unfair sales conditions. They are also responsible to monitor issues concerning trade practices within certain industries, advertising, monopolies and mergers, competition law and pricing etc. (Den Danske Ambassaden, London, 2010).

Products and import goods that are originally from EU circulate for free in the EU and do not have an import fee. VAT on inter- EU trade is settled by the rules of the common EU VAT system, so are the consumption taxes. The consumption taxes are charged in accordance with the domestic tax law. Other import regulations for importing goods from third countries follow the common EU rules, as determining which quantitative limitations there are for specific products (ibid.).

One area that differs significantly from other EU matters and that could have affect and be of importance to the exporters when they are dealing with the contracts is the judiciary. In the UK this is based on partly on laws adopted in the House of Lords and administrative notices, and partly in previous scenarios that have created cases or customary laws (Common Law). In addition, they are also independent and often different regulations in England, Scotland, Wales, Northern Ireland and the Channel Islands.
5.3 Analyses of Porter’s 5 Forces

5.3.1 The Bargaining Power of Buyers

Fashion is basically a product of the individual preferences and attitudes. This makes the recruiters in the UK market able to be seen as individual actors in the market. This means that there are infinite (segment size) many recruiters with individual attitudes and preferences. Each actor represents a minimal fraction of the total potential market, which helps, reduce buyer-delivering power. The British are generally a very fashionable and fashion are therefore a high priority. Through fashion and style, it is possible to signal personality, attitude and identity. Through fashion, it is possible to express who you are, how you want to be perceived and thereby sending a signal to the outside world (Global Marketing Information Database, 2011). Fashion can be attributed to an emotional and sometimes existential needs and link the customer to a specific product. This helps to reduce customers' power further acquisition situation (PBS, 2010). Consumers are able to switch providers or brand without any significant economic costs to the customer. This represents strength to the consumer's advantage. This strength may be contingent upon the buyer's preferences and loyalty to individual brands. The UK market is a market with a relatively low degree of differentiation between market providers. This is especially true for the larger providers. The low differentiation level between the offered products can be seen as a strengthening of the customer's bargaining power. Furthermore the receivers' preferences for specific brand increase customer bargaining power. A preference for one specific brand makes it worse for another provider, who is able to cover the same needs of customer. Trends and style changes can help to increase the customer's bargaining power for a short term, but the fashion industry is very changeable and adaptable and this strength with customer decreases rapidly. Each customer's bargaining power is assessed overall, to be low.

5.3.2 The Bargaining power of Suppliers

Lindex, VILA and Gina Tricot offer only their own brands and products in their stores. These are produced in cooperation with their independent contractors. Production and delivery are from suppliers located in Europe and Asia. According to Gina Tricot, which purchases work centrally from HQ in Borås and in contact with suppliers outside of individual factories. Decisions for the following month made on a
monthly basis and logistics are handled without traditional central warehouse, direct from the factories out of the individual stores (Gina Tricot, 2011). The British textile industry has for years experienced the decline and producers have come in a competitive squeeze from foreign low cost suppliers, the competitive weakness is a reduction in domestic distributor's bargaining power (Jones & Hays, 2004). The British textile industry is due to the crisis, relatively fragmented and there is no player in the market, which can be seen as a further weakening of bargaining power. Producers of raw materials and fabrics are combined in various associations representing their interests and thereby strengthens dealer (Business and Government Association, 2010). It is assumed that it is inherent low cost of retail businesses by changing manufacturers, which helps a reduction in suppliers’ bargaining power. It is often the buying company that puts a number of requirements for the producer of a certain quality, delivery, capacity targets and not least the demands on working conditions for employees in production, demand for social accountability, and behavioural requirements (Kotler & Armstrong, 2006; Gina Tricot, 2011). The trend in the industry is that retailers outsource production to countries where wages and the total production costs are lower, so that costs can be kept to a minimum. The production is mainly outsourced to Asia and Eastern Europe, and this has pushed the British textile industry, which has decreased through the past decade (Jones & Hayes, 2004). With globalisation and the trend towards outsourcing of production, there are a larger number of manufacturers available, which serves to weaken the bargaining power of suppliers. The suppliers have the option to integrate forward in the supply chain and thus be in competition with the retailers they work with, this is seen rarely in practice (Kotler & Keller, 2006). In situations where the retailer and supplier have a close logistic cooperation, there may be associated big administrative and financial resources with the cooperation, and this can cause trouble at a break in those situations, there will be a partial balanced power between the parties since they are mutually dependent. The comparison of consumers’ preferences for goods produced abroad or at home, by both foreign and home businesses, shows that consumers often have a preference for domestically manufactured and produced product. They are often willing to supply consumers that have a preference for domestically manufactured and produced product, and often are willing to pay a higher price. First when the imported goods are of much higher quality, the consumers will pay more to
get them. Today, products that are produced in the home country are important to consumers who have a preference for domestic product (Knight, 1999). Overall, the suppliers bargaining power assessed to be low.

5.3.3 Threat of New Entrants

The market structure in the UK market for fashion is influenced by several years of consolidation and there have been major shifts in the nature of the retailers. The Great Britain’s clothing industry is the most competitive and fragmented retailing in the UK, and the market is dominated by chains including; Arcadia Group, Asda and Mosaic Fashion (Verdict, 2011). The market for women's clothing is dominated by retailers' own brands. Market competition is fierce, partly can be related to that between the major players in the market are numerous similarities. Furthermore, competition is about to conquer the customers affected by the customer to easily and economic costs can switch between the different actors with common features such as low prices, wide selection etc. (Udenrigsministeriet, 2011).

Capital costs for the actors in the fashion industry are assumed to be low, since few of the players get their products produced from own production. Instead, many opted to outsource this part of their value chain to external producers. The low capital costs in the industry leads to the market’s relatively low mobility barrier. The low mobility barrier makes it relatively easy to both enter the industry but also to leave it again. The cost of this industry lies in the procurement, development and innovation of products. They have in recent years been increasing pressure on this part of the value chain. This has been an increase in costs which helps to eliminate easy access to the companies that are considering establishing a subsidiary or own retail set-up a more profitable trading environment for retailers in general. Internet shopping has in recent years increased its value dramatically by up to 21% and 2008 had a value of 16 billion pounds. Internet commerce is an element of competition in the industry. As an extension of physical shops, online shops, creates the opportunity for the customer, to shop anytime, anywhere. Many of the actors in the market, including Lindex, VILA and Gina Tricot and their competitors Top Shop and H&M, offers online shopping as an extension to their physical presence in the market.
The market competition is primarily based on low prices and a wide and deep range that can hit a wide audience. This are the main differentiating factors in the market, followed by quality and service. Quality and service is still of relatively high importance to the customers, but is secondary compared to the price and assortment broad and deep. A study by Verdict describes that following years will be a changing trend in the industry for women's fashion. At present it originates in a low price, low cost and high volume model that will move towards a demand for better quality in smaller quantities. But as the market today is overweight in the demand for more fashion at low prices, which dovetail with the "Use and throw away culture" which characterizes the overall picture at the moment (The Independent, 2007). This concept is also known as "disposable clothing" and implies that the clothes used a few times, then it is discarded. This spindle's have especially benefited brands like Primark, Top Shop and H&M (Global Marketing Information Database, 2011).

The market competition is evaluated as high, to very high. The high competition due to the many players in the market, with low differentiation degree and the market competitive nature, combined with growing pressure from both department stores and hypermarkets.

5.3.4 Threat of Substitute Products or Services

For this part of the industry analysis, it will evaluate four elements. These are complementary businesses, media, trendsetters and interest groups. Those are involved in the analysis because the English market is a range of factors affecting the industry. The network of "complementary" is big and complex, and the actors in this group have a particular impact on the industry. Complementary businesses are businesses in the market related to the industry of clothes/fashion. Complementary businesses are important for companies that have clothes as their core product. They can both be competitors but also potential partners and they are good on the function of trend inductors. These complementary businesses include companies that have products as footwear, headgear, leather, fur and knitwear, accessories including eyewear and perfume and cosmetics products. These elements are all objects adder to the look and enables consumers that differentiate themselves and create personality in their looks and their style. Complementary businesses are important especially as the
style and trend indicators as these provide some indication of trends, and trends in fashion industry. Complementary companies can also have the role as a competitor, in particular making applies toward the focal firm that offering a wide assortment of different types of accessories that differs the company's core products. This is however not to have decisive influence, which is justified by the market's fragmented structure.

Media have many ways to influence the fashion industry. The latest media initiatives are fashion blogs that might unexpectedly have a major influence in the fashion industry. It is mostly ordinary people who have a strong interest in fashion that write these blogs. They can be interested in high fashion or fashion clothes for cheap money. Bloggers have the advantage that they can upload the latest thing immediately, they are not as magazines waiting for a release date. Fashion bloggers are nor subject to any editorial line and can write just what they believe and want. They are free to choose a niche without regard to a major magazine or specific goals, and can even control how much or little they want to go deeper. Fashion blogs have managed to create great interest and their readers show their faith in them. They have a constant supply and update the content on fashion, and there is a real person behind it. Bloggers have achieved high status and are largely accepted as a part of the mainstream fashion press. Bloggers are often quoted by fashion magazines and has taken seats at major fashion events like Fashion Weeks. They have gained a powerful and influential position in the fashion world and are able to influence the industry in a certain degree.

Other media that is influencing on the English fashion photos, are consumer and fashion magazines. Fashion Trends in the UK market is partly dependent on consumer lifestyles. Designers use fashion magazines as a word of mouth, they give designers the opportunity to indicate the current trends and fashion. This is done by journalists, by their writings are influencing what fashion, style, trends and what are up coming in fashion. Fashion magazines are more aimed to the appropriate audience than for example television, Internet and radio. Magazines can be seen as a greater extent to a stylist. A survey among frequent readers of consumer magazines shows that consumers find advertising in magazines is more credible than advertising through
other media. Magazines are a better dissemination source of fashion and trends, as consumers do not feel they are being forced to something, but that they themselves have elections and they have taken the choice to invest in the magazine. Consumer Magazines have usually a new release every week/month, and are sold in large quantities and evaluated thereby to have a particular relevance and influence on the fashion industry, which is assessed based on sales volume. Among the most popular magazines for women include Vogue, Elle, Marie Claire and many more (Global Marketing Information, 2011). Media like TV, Internet and radio has also impact on consumers, who thus often characterized by trendsetters.

Trendsetters are those who lead the fashion or create a style. It is people that have influence on fashion, and through its influence setting trends. The trendsetter’s influence can be achieved through idolizing. The position a trendsetter occurs is especially with a background in popular culture and fashion, and through music industry's influence. Trendsetters are often celebrities, models and designers, or the latest phenomenon fashion bloggers (Oelkers, 2004). This is a phenomenon in Britain too. National stars have been elevated to style icons, usually motivated by a kind of national pride. Several of Britain's trendsetters are internationally famous stars such as fashion models, actors, sports consumers that are seen on events such as movie premieres and fashion shows etc., and through publications in the traditional media (Global Marketing Information Database, 2011). Companies can, through their marketing use idolizing of known people called 'celebrity endorsement' and can have a significant influence on the specific brand (Kotler & Keller, 2006).

In the UK market there are many potential interest groups, who acts at different levels and affect the industry through differential channels. A trade association is a lobbying, this is motivated politically and seeks to influence politicians and other decision makers directly in a particular case relating to the current industry. In the top of the trade association for textile industry in England one will find British Apparel And Textile Confederation (BATC). BATC was established in February 1994 and aims to assist the region's clothing & textiles businesses to handle challenges of a rapidly changing industry. BATC generally performs the political interests textile industry (East Midlands Textile Association Ltd, 2007) and The British Retail Consortium.
(2010) takes care of overall retail interests. Organisations like these have particular interest in strengthening the domestic manufacturers in the industry through their political agenda. The same is true for organisations involved in industries closely related to the textile industry, such as wool, weaving, and leather industry. These may have motives and try to influence the political influence in a direction to protect domestic producers, and in doing so, makes it harder for international producers to penetrate inside the market. Unions defend employees’ interests. Most of the British trade unions come under Trades Union Congress. Besides helping to defend employees' interests through topics such as wage negotiations are unions typically politically motivated. The connection to the trade unions has during the last years been decreasing, suggesting a declining influence.

The general trend is an increased focus on the environment. This is not only amongst the British Government; the European Union has a greater focus on the subject, but also among the general population. In this context, environmental organisations are experiencing increased interest from businesses that seek advice about a greener corporate governance and sustainable production. Environmental organisations have an influence on the industry, both through the lobbying work they perform through campaigns, but also through the advice and consultancy services they provide. Furthermore, a number of organisations that focuses on the behavioural aspects of production such as working conditions, wage levels, child labour and welfare. These organisations are organisations like PETA, WSPA, Amnesty International and others, all to some degree affecting the textile and fashion industry through their focus.

Organisations are assessed to have a relatively low impact on the fashion industry, while complementary companies assessed to have a medium to low influence. Trendsetters and media form of bloggers, as well as lifestyle and fashion magazines etc. estimated to have a high degree of influence on the fashion industry in terms of indicating trends in the market and influence consumer choices and preferences. Overall, the influence of 'Concept of complementary' is assessed to be medium, with preponderance towards the high end of the scale. This is due to the high influence of trendsetters and media.
5.3.5 The Intensity of Competitive Rivalry

As mentioned above, the fashion industry in the UK market characterized by low mobility barrier that can be attributed to the industry's low capital costs for deployment. The low capital costs in the industry are helping to make it attractive. Further, the fragmented market that is not marked a decidedly dominant player in making the market attractive to a potential “enterer” in the market. Despite the fragmented market, it is characterized by a dominance of chains and department stores, which represent a wide range of brands that offer both ends of the price scale. Those already established brands have achieved a strong market position and has been caught by customers.

Consumers have either proven or have proved assigned to the individual brand value and have formed a perception of the brand and products in this brand product portfolio. This can lead to that some potential customers have already built loyalty and preference, directed against a specific fire. This is called brand loyalty and should, as a new player in a market not underestimate its value and influence of consumer loyalty to brands. Brand loyalty can have a significant impact on the profitability of a company. A new entrant in the market should result in massive marketing campaigns to draw attention to the new brand, creating awareness and not least arouse interest among potential customers and thereby try to convert preferences and ultimately take market share from existing brands (Kotler & Keller, 2006). Beyond customers' knowledge of already established brands in the market, they have the advantage that their ultimate distribution channel for the end user already has spread across the market and having advantageous locations of their shops and department stores. The location of a shop can have a big influence on how well a company performs in a new market. An attractive location can be a strength because it can increase the attractiveness of the store and the brand with the customer, or be located so it arouses curiosity and interest. The UK market is dominated by chain stores that are known for the success and wide distribution network. It is the same for the indirect competitors like department stores and hypermarkets. The already established brands, chains and department stores, etc. has also a knowledge of the market, the trends in the market and what trends are selling in the rankings. This can
be an advantage because they can customize the content in their range under the specific trends in the area where their stores are located. Finally they have the experience in the market.

The consolidating market structure that has been growing in recent years and is expected to increase further in the future, have eventually come to have an impact on the financial strength of the market. It may eventually be an important factor when the market competition is intensified and strengthened. This may influence the mobility market in the future and increase it. The existing players in the market represent a threat to a newcomer in the market. Existing players have the advantage in terms of their built brand loyalty, their recruited-established distribution network and their location in attractive areas, such factors should be taken of the direction. The threat from potential competitors assessed to be medium/high.

5.4 Analysis of entry modes
There are a variety of channels one can use to present its products or services on the UK market. As mentioned in the Theory chapter, these are typically: Export, Licence, Foreign Direct Investment, Joint venture and Subsidiary.
According to the Danish Embassy in London the majority of Danish companies prefer to operate in the UK through a UK subsidiary in contrast to an establishment. About 400 Danish companies have established subsidiaries or business in the UK (Udenrigsministeriet. Danmarks Ambassade, London, 2011).
The decision about which legal entity that is most suitable should be determined by each company's individual circumstances and strategy in the market. However there are some general issues and traditions that pull in the direction of a direct presence in the form of establishing an own organization.
Since Britain is a conservative market with close customer-supplier relationships, it is generally recommended that suppliers are present in a way that is credible and long term. For marketing purposes it can sometimes be more beneficial and credible to act as a British company than a foreign company, as the "national" element often plays a role. Especially larger companies often prefer to speak directly with the supplier rather than an agent who also often considered costly intermediaries.
Decision-making processes in British companies will often involve several people or layers in the organization. Even if one can benefit from using electronic media for certain types of decisions, important negotiations still often require its own on site to direct personal contact.

A direct presence will help to control market processing completely, whereas with an agent can be forgotten or unsecured in the agency portfolio. By using an agent or distributor, its also limited access to end users and the feedback from them. By establishing its own business one get direct contact with the market and thus greater influence.

If the market has sufficient potential, or one has already achieved significant sales, further expansion often requires an own establishment (ibid.).

It is recommended to involve professional advisers early in the decision-making process and the strategic considerations when enter the UK market. In addition to technical competence, they hold local knowledge, which will take a long time to build on their own. With professional advisers, one can avoid the costs of expensive roundabouts and costly mistakes.

Typically it is faster, easier and cheaper to set up a UK subsidiary in relation to establishing a business of a Scandinavian company. The creation of an English company can also be implemented online.

Establishing a business in England is much more expensive and time consuming, because the English authorities require the submission of the Scandinavian company's constitutional documents and certified translations (ibid.).

5.5 Analysis of the Ansoff’s matrix

Lindex, VILA and Gina Tricot are all three fast growing fashion chains, which makes the growth strategy an important and essential part of their core strategy set. The analysis is based on Ansoff’s growth matrix. This procedure describes intensive and diversified growth (Kotler & Keller, 2006).

5.5.1 Market penetration:

The basic element of this growth strategy is that authors want to achieve growth through further penetration into an existing market. All three companies have a goal
to increase number of stores in existing markets. Both Gina Tricot and Lindex are expanding in a high speed and the same rate of expansion is expected to continue in 2011. There is a growth opportunity with an increased focus on promotional activities that are supposed to boost the companies distance sales on their websites. This will provide an opportunity to increase sales in some existing markets and reach the customers who are geographically located with large distance to the company’s other distribution channels.

5.5.2 Market development
The basic of this growth strategy is to try selling already existing products into a new market. It is specially this strategy that the dissertation’s problem is based on. There is an opportunity for growth through geographic penetration in new countries. Further, there is a growth opportunity by getting contact with new audiences.

5.5.3 Product development
With this growth strategy the companies are providing new products to an already existing market. The opportunity for growth lies here by expanding its product range, the latest developments from the product portfolio flow of accessories, which is an extension of the range depth. Further steps could be shoes or products with a focus on sustainability and environment. As H&M, Lindex has during the last couple of years put a lot of focus environmental efforts, like using special certified cotton and work with CSR, Corporate Social Responsibility.

5.5.4 Diversification
The basics of diversification are that there is an opportunity for growth in other industries, by a new product into the new markets. A presumption for this strategy is that there must be a synergy between the businesses (Kotler and Keller, 2006). There is a concentric growth opportunity to expand the range with items like men clothing for Gina Tricot and VILA (Lindex has already men clothing) or items for the home for Lindex. The companies can use their existing knowledge about design, fashion, production and logistic functions to introduce new brands in their portfolio targeted at emerging markets. The new brands can usefully be based on the existing business concept of “more fashion for the money, and news every week”. Because of that a
synergistic effect is created between old and new business areas. Horizontal new products can be added to the collection, products that are related to the old customers, it could be a cosmetic line or footwear.

5.5.5 Integration
Here one seeks growth through efficiency with vertical or horizontal integration (Kotler and Keller, 2006). Gina Tricot is using a forward vertical integration; the stores are owned and operated by the company itself. Lindex is bought by the listed company Stockmann and VILA by Bestseller. They all practise to some degree a vertical backward integration, through their strategic cooperation with suppliers in Europe and Asia. One possible action that can be described as a perspective of backward integration is to let style icons or famous designers designing collections for themselves and thereby get the benefits from the ‘Celebrity Endorsement’.

5.6 SWOT analysis
The authors have decided to summarize the analysis part, the companies’ internal and external environment, by using a SWOT analysis. The SWOT analysis includes the strength, weaknesses, opportunities and threats. The opportunities and threats are those factors about the external environment that are discussed in the PESTEL analysis. There has also been a discussion about some opportunities and threats according to competitors and the competition on the market for fashion industry. The strength and weaknesses are discussed in the internal environment analysis, where the authors chose to use the Ansoff’s Matrix.
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<td>Low mobility barriers</td>
<td>• Market consolidation</td>
</tr>
<tr>
<td></td>
<td>Seasonal fashion and seasonal chronology</td>
<td>• Low differentiation degree between products</td>
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<td></td>
<td>Cooperation with domestic suppliers</td>
<td>• Domestic product preference</td>
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<td>Negotiation with domestic producers</td>
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Figure 4. SWOT Analysis
6. Considerations before entering a new market

Based on the external and internal analysis, it is estimated that the UK market represent a potential market for Lindex, VILA and Gina Tricot to enter into, and that is possible for the companies to gain a competitive advantageous position in the market. Before entering the market, a number of considerations should be made from the companies. First, the companies should decide what kind of ‘entry mode’ to be used for the entrance into the new market. Overall, the choice of ‘entry mode’ should be based on the expected contribution to the company’s profits. There are four specific factors that are affecting the decisions of ‘entry mode’; the internal and external factors, the transactions specific and desired ‘fashion’ characteristics. Through these characteristics, it is possible to assess whether the way in the entering the new market tends toward ‘export fashion’, ‘intermediate fashion’ or ‘hierarchical fashion (Hollensen, 2011). The companies should define their parameters including; mix, product and branding-, distribution, communication, pricing and service strategy. Next step, the companies should judge whether they could use a standardized parameter mix, by entering the market as they have done in the Scandinavian markets, or in Lindex and VILAS case, in the other European countries, or whether it is necessary to adapt and adjust a new one related to the new market.

The companies should plan and evaluate the objectives for the new market. They should plan the economic targets, including the revenue targets and goals for market share and marketing goals. Control and feedback on these can contribute to a better alignment of goals, if they don’t reach them after entering the market. The companies should evaluate why they wants to position themselves in the new market and what strategy they will pursue in trying to gain market share.
7. Conclusion

This chapter presents the results that can be gathered from the analysis and intends to meet and answer the purpose. The authors will review the study and the sources, and provide suggestions for future research.

The dissertation's main study question is whether it is attractive for smaller Scandinavian fashion companies to enter the UK market for fashion. The question that is assessed and responded in the first part is whether the UK market for fashion constitutes a potential market for Lindex, VILA and Gina Tricot. The results of the analysis of the external conditions show clearly that Britain is a potential market opportunity for the companies. The macro level in the market shows a wide range of factors that add attractiveness in the UK market, which includes an increased focus on internationalisation and trade. It is also including preferences toward cheaper products among the population who are fashion conscious, and therefore have a high consumption of clothes and fashion. One more result is the growing population that creates the basis for a continued large consumer market. The country's global culture leads to streamline the market demand. Further there is deregulation as a result of free trade agreements that facilitate exports into the country. The British fashion industry is attractive since it is a fragmented nature and has low entry and exit barriers that make it relatively easy to enter the market and establish itself as a company. From a micro level, it is estimated that at present time it is not optimal for companies similar to Gina Tricot to enter the UK market, since it is a brand and a company that only acts on the Scandinavian market. Lindex and VILA have the advantage of their expansion all over in Europe. They have to decide if they are going to use the same internationalisation model for this new market, which they have used before. In our study we can note that mainly, theories are consistent with reality, so models are of use in the internationalisation process. The Uppsala model, which is a base for decision-making and planning when it comes to internationalisation doesn’t determine how a company should perform its internationalisation, but it provides a number of proposals on how the company should perform its internationalisation process and which circumstances that are reasonable to think of when a company develops its operation abroad.
When entering a new foreign market for the first time, fashion companies need to focus on huge marketing efforts towards the target market. This is, to raise awareness of the company; its brand and concept of 'more fashion for little money, and news each week' and thereby create preferences for the company’s concept of cheap clothes of good quality. According to the market, the companies’ parameters of price and quality, is placed close to its closest competitor, H&M. This competitor is well known from the domestically Scandinavia, where all companies have domestic market. According to Gina Tricot they have an advantage over its nearest competitor in terms of its extremely short turnover rates. The short turnover rate is partly due to that all decisions are made on a monthly basis, and that the turnover rate at Gina Tricot can be held on two weeks, from the day the design occur until the finished product in stores. This results in that Gina Tricot are among those who can deliver latest fashion first. The market offers a range of threats, which the company should consider when entering the new market. Gina Tricot and VILA have a narrower and not so deep product range compared with their potential competitors, since they deal only with the female segments. Market competition is intense and the already established businesses in the market have become more competitive, especially in price. This has happened as a result of increased outsourcing of production. This market, as the rest of the world, were affected and influenced by the economic crisis. This has created a preference for cheaper products, since the buying desire still exists. There is a preference among the population for domestic products. Similarly, it is expected to be obstacles such as brand loyalty to existing players in the market. The market is constantly conditional to a number of critical success factors, which is a prerequisite to generate success. These are the factors that are unique to the industry, and determine success in the British fashion industry.

The internal analysis is conducted in order to answer the question of the ability for small Scandinavian fashion companies to achieve a favourable competitive position by entering into the UK market. The result of the analysis shows that it is possible to achieve a favourable position in the UK market. Lindex, VILA and Gina Tricot all have a healthy product portfolio, which shows readiness for further expansions and entering new markets. The companies also have the opportunity to meet the critical factors of success located at the end of the external analysis. These can be met by the
signification strengths of the company; among these strengths are the core competences of the company, cost minimizing and lead-time. Furthermore, they have the potential of using some of the most significant opportunities in the market and the industry to set off some of the most significant threats that the market contains. In addition, there is a consumer demand for service. However this is not a significant risk due to the fact that a lot of the possible competitors in the UK market have a similar low customer service profile.

In the light of the analysis of these three companies it can be concluded that the market makes a possible new market for small Scandinavian fashion companies. Due to its internal condition and the opportunities in the market place, it is possible to achieve a favourable competitive position in the market. If a company decides to enter the market, they should decide which entry mode to use and plan their objectives both financially and with the marketing. They should plan how to position themselves and how to achieve market shares. Furthermore they should plan their distribution, communication, pricing, service, product and branding strategy.

7.1 Self-criticism

Since we had big problems to arrange interviews with employees from the companies, and we have only been in contact by e-mail, the reliability can be confirmed as low. If we have had the opportunity to meet in person and been able to interview several employees at the company, the reliability might have been strengthened. We found out during the process, that it is not easy to write the essay on distance from the tutor. It requires a lot of discipline. The coordination has also been affected by the fact that we had the examination periods at different times.

7.2 Criticism of the sources

Many of the sources of fashion as a phenomenon today, are not easy to find in books. According to this, we needed to use a lot of oral sources and Internet sources. This may have led to a less accurate picture of the reality, since these sources are of a lower degree of objectivity. Furthermore, the theories we have based the study on are founded in the 1960-70s. Since those days, the phenomenon of globalization and the Internet have grown and become a huge part of today. These are parts, which may
explain why the theories in some parts can be inadequate. The theories have not been updated together with the developments in the fashion market. This makes it more difficult to apply them to the study.

7.3 Future research

Since we have been able to demonstrate the importance of cooperation between smaller fashion companies and agent, distributor and retailer, it would in a future research be interesting to analyze this more deeply. Through a case study of an individual fashion company examine these relationships. It would also be interesting to do a comparative study between even smaller fashion companies, such as individual designers/brands. These kind of companies use to be more expensive, therefore it would be interesting to see if they are consistent in their thoughts and actings about the internationalisation. Another way of analysing companies in the same industry can be to analyse companies entering markets with a longer distance. It would be interesting to see if there are any similarities and/or differences, when to enter a market on another continent with much more different cultural aspects.
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