



International Business Market- ing Strategy In An Emerging Market Country. Part 1.

Case Study Of The Swedish Amokabel In Chile

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Abstract

This report elaborates an International Business Marketing (IBM) strategy for Amokabel, a Swedish cable manufacturer. The IBM strategy aims at facilitating the company's market entry in the Chilean market.

To understand the company's characteristics and to provide a feasible scenario for the Chilean market, Amokabel's previous experiences in the Indian market are being considered.

The report highlights Amokabel's situation by analyzing how the company adds value to the customers and which capabilities back up Amokabel's operations. The network strategy, linkage strategy and competitive strategy are deconstructed in order to know how the company interacts with its environment. The detailed analysis of the marketing process gives a deep understanding of the steps that have to be done for successfully fulfilling a project. The organizational structure is dissected with the aim of including the new company division into the existing organization.

It is found that Amokabel should enter the Chilean market in two phases. The first phase serves to establish the business in the Chilean market and expanding it to other South American markets. The second phase focusses on deepening the local roots in the new Emerging Market and on leveraging local conditions.

The underlying theoretical models are based on the institutional network approach. The link to the day-to-day business relies on empirical data gathered through an expert interview.

Keywords

International Business Marketing, Network Approach, Emerging Markets, Market Entry, Network Mapping, Internationalization, Embeddedness, Local customer value, Network strategy, Linkage strategy, Competitive strategy, Capability profile, Business Marketing Process, Organizational Structure, Fish Farming Industry, Chile

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List Of Abbreviations

FAO	Food And Agriculture Organization Of The United Nations
FDI	Foreign Direct Investment
GDP	Gross Domestic Product
IBM	International Business Marketing
JV	Joint Venture
OECD	Organization for Economic Cooperation and Development
OSO	One-set organization
MNC	Multinational Company

1. Introduction

Along with the rapid development of science and technology and with the progressive revolution of communication, the influence of the geographical and cultural factors on the international relations between, for example, companies, organizations or financial institutes in different countries, have been largely reduced.

The economic and political relations amongst countries enhance and spread import and export of goods across the world, which facilitates a more effective and efficient use of the world's resources. Furthermore, it sparks competition between mature and emerging markets, and as a result multinational companies (MNC's) will start to exploit the emerging markets' potential for business. The internationalization of companies has created bridges between mature markets and the emerging markets. Those virtual bridges contribute to the development of reliable paths for transferring knowledge and new technologies to the rest of the world.

Emerging markets are the main driving force for global economic growth in today's world. In the mid to the late 20th century, economies in major capitalist countries were constantly growing. Since the beginning of the 21st century, the global economies, and more specifically, the economies of developed countries, were significantly incapacitated by the dot-com bubble burst between 1997 and 2000, and by the global financial crisis of 2007. Between 2008 and 2011, the global growth rate was 1.9%, in this period, the developed countries growth rate was at 0.1%. On the other hand, developing countries were growing at 5.6% on average. Since 2012, the economic situation of developed countries has slightly recovered and is now at an average growth of 1.3%. Developing countries still grow 4.6% on average (United Nations, 2015).

Emerging markets have a huge impact on the global supply and demand of goods (Jansson, 2007). Today, the population in the 5 BRICS countries accounts for more than 40% of the world's total population (The World Bank, 2014). Generally speaking, the emerging markets have high potential because of their relatively low labor costs and their abundance of natural resources. With that said, emerging markets compose a very large and important sector of the world's economy, this makes them very relevant players in the global economy.

Amokabel, the company which this report focuses on, is a privately owned family business which was established in 1992. Amokabel specializes in producing different types of conductors, standard and specialized cables, and consumer packaged products. Amokabel has over 4000 cable designs and the ability to design and produce all types of cables requested by its customers. The company's main focus is on flexibility, quality, expedited lead times, innovations, knowledge and environment (Amokabel, 2015). Today, Amokabel has a turnover of about USD 100 million. They have around 600-700 metric tons of raw materials in stock, which amounts to almost USD 3 million. The company is organized in small units intertwined in a way that ensures a fast decision making process, high flexibility, and expedited lead times. The 3-4 weeks lead time increases Amokabel's competitiveness in the local markets. The quality of the products is

improved constantly and manufacturing steady innovations keep the products up-to-date. This makes Amokabel more tech-savvy by the day. Amokabel uses green energy sources for their production by investing in wind and water power. In today's world, a company's ethicality is one of the main keys to a business's success. The analysis in this report focuses on Amokabel AB which is a division that specializes in customized cable solutions. For the sake of convenience, the company will be called Amokabel in this report (Blad, Interview).

Amokabel has gained some experience in emerging markets from entering both India and Hungary. This report focuses on the case of India. In India, they started a joint venture (JV) with a harness manufacturer by the name of Amelco. At one point, Amelco used to be one of Amokabel's customers. Amokabel owned 49% and the JV partner Amelco owned the other 51%.

With time, local profits decreased and some agreements and contracts were not followed or fulfilled by Amelco. The business relationship between Amokabel and its partner deteriorated. Today, Amokabel only owns 25% of the Indian company and focuses its business on selling their products via distributors internationally; including India (Blad, Interview). This report will not take into consideration the company's relationship with the distributors, as these are not part of Amokabel's internal organizational structure.

Amokabel has recently received inquiries from potential customers in Chile. These potential customers operate in the Chilean fish-farm industry. Amokabel is contemplating the idea of stepping into Chile, as the demand for special cables in Chile for the mentioned industry exists (Blad, Interview).

Thus, the purpose of this report is to create an IBM Strategy for Amokabel in the Chilean fish-farm industry, and further develop a strategy to penetrate the South American Market. Based on the company's experience in the Indian market and based on the theoretical models presented by Jansson (2007), this report aims to analyze the important aspects, possible challenges, roadblocks, opportunities, and advantages of the immersion of Amokabel in the Chilean market. This report aims to answer what are the lessons learned from the company's experience in India? What does IBM Strategy for Amokabel look like in Chile, taking into consideration the experience in India?

The analyses in this report distinguish between two phases in relation to the Chilean market. Phase A will refer to being present in the Chilean market with a subsidiary. Phase B will refer to the scenario of having a production site in Chile. For phase B it is assumed that phase A has taken place previously.

1.1. Methodology

The report is based on both, primary and secondary data. Primary data has been collected through a qualitative expert interview with Henrik Blad, CEO of Amokabel. The secondary data gathered for this report consist of qualitative, as well as quantitative data. The applied theoretical models are based on Jansson(2007). This data is gathered

via the company's website, scientific databases such as EBSCO, the World Bank, UN development reports. Furthermore, specific information and articles about the country's characteristics, cable industry and the fish farm industry are considered.

2. Introduction of the Chilean Market

In order to analyze the potential for Amokabel in the Chilean market, this chapter will give an insight on characteristics of Chile as a country. The first part highlights general facts about Chile and its economy, whereas the second part of the chapter takes a closer look on the fish-farm industry.

Chile lies in the South American continent and its capital city is Santiago. Chile borders with Perú and Bolivia from the north, Argentina from the East and East south, and the Pacific Ocean from the west. The country has a special geographical stretch along the continent with around 4.300 km in length, making it the longest country in the world and a narrow width of around 200 km. Chile is not the largest in size, it does however have a geographical advantage for the fishing and fish-farm industries. The Chilean peso is the local currency used most commonly in the country. The country's population in 2014 was estimated to be around 17 million as explained by Britannica (2015).

Moving on to figures, Chile's economy has been one of the most stable economies in Latin America with a relatively high growth rate for the past 20 years. As shown below in Figure 1, Gross Domestic Product (GDP) has been on a growth phase at an average of 4% except for 1999 crisis and the 2009 financial crisis (The World Bank, 2015a). One very important factor behind Chile's rapid growth was the liberalization of its market and becoming more politically open to the world. Prior to 1979, imports were taxed 105%, which then was changed to 10% instead (Muñoz, 2008). Another important factor was the free trade agreements signed with the U.S. (2003), Canada (1996), EU (2002), South Korea (2003) and regional economic agreements with neighboring countries which eventually showed a rise in exports from only 10% of GDP in 1973 to 40% in 2000 (Muñoz, 2008). Foreign Direct Investments (FDI) went on its hike after 2006 doubling USD 3.8bn to USD 7bn in 2007 which were mainly invested in four sectors: Water, electricity, mining and gas (ECONOMY, 2008).

The Chilean Peso has weakened, it has depreciated around 30% between 2013 and 2015 along with a considerable drop in copper price. Surprisingly, there has been an increase in GDP from 1.9% in 2014 to 2.4% 2015, and forecasted to grow at the same pace at around 3% for the next few years due mainly to drop in oil price and increased FDI in the country (Latin American monitor, 2015).



Figure 1: GDP Development Chile

According to the Ministry of Finance in Chile (2014), the three main export sectors in the economy are mining 55%, manufacturing 38% and Agriculture, forestry & fishing 10%. Chile is considered the world's first supplier of copper where almost 15% of its GDP consists of copper exports (Chile country profile, 2015). Chile is also a major supplier in fruit, fish products, paper and pulp, chemicals, and wine. The fish-farm industry is a well-developed industry in Chile making it the second biggest in the world after Norway (Ernst & Young, 2011). According to Market line report (2015), Chile has noted a strong growth in the past 20 years lifting out millions above poverty line.

Another vital factor is the country's political state, which favors the country's economy. Chile is considered to have one of the strongest democracies in South America and a very low political risk compared to its neighboring states. According to Country Reports (2015), on a scale of 1-5 where 5 is the maximum risk, Chile scored a 1.75, that is described to be low. Where Santiago, the capital is said to be the safest city in Latin America, which makes it a favored destination for foreign investments (Country Risk Report, 2015).

The business climate in Chile is very well developed compared to its neighboring countries. Chile is ranked number 41 among all countries in the Doing Business Ranking of the World Bank in 2014 (The World Bank, 2014). The legal system in Chile facilitates doing business in the country, given that it works independently and is based upon a solid legislative structure. Furthermore, the proceeding privatization of companies and the increase in Chile's exports allowed the country to develop economically. The government favors FDI and contributes to eliminating entry restrictions for foreign companies, this makes it relatively easy for these firms to enter the Chilean market. As part of the Latin American trade agreement MERCOSUR and the membership in the Organization for Economic Cooperation and Development (OECD) Chile has a good starting base for international business. In general, the Chilean economy welcomes foreign business activities, recognizing that they contribute to the country's economic growth and that they open up new business opportunities (PricewaterhouseCoopers, 2008).

A very significant factor, which was considered by the company, when deciding on the entry of the Chilean market, is the high demand for electric water-proof cables used for the salmon fish-farm industry.

In regards to the customized cables industry, there are only few foreign companies producing locally, there are also other MNC's that do business through setting sales offices in Chile or by cooperating with distributors. Until now, Nexans, the French cable manufacturing giant and the American General Cables are the only two MNC's that have production plants in Chile.

After summarizing the important factors that include the geographical, political, social, demographic and the economic state of Chile, we will now get into more details about the industry that are most relevant to Amokabel for their market entry – the Fish – farm industry.

2.1. The Fishing Industry in Chile

(The following sub-chapter is mainly based on Food and Agriculture Organization of the United Nations (FAO), 2014a)

Given that the fish-farm industry in Chile represents a potential entry market for Amokabel, we will study the characteristics of this industry in depth (Blad, Interview). As mentioned before, Chile has an expanded coastline which gives direct access to a broad variety of fish. The geographical location of Chile allows it to exploit the vast potential of the sea easily.

The fishing in Chile started to expand rapidly since the 1970s and the country represented the 10th biggest fishing nation in 2012 providing 2.573 tons of a total of more than 91,3 million tons of fish and sea animals caught globally (Statista, 2015) (FAO, 2014a) (Wehbe & Dhont, 2014). Chile belongs to the most important fish exporting countries today (Wehbe & Dhont, 2014). Different types of salmon represent the major part of fish production in Chile, and for the most part, it is mainly farmed in so-called raft-cages along the coastal areas (FAO, 2015). From the amount of fish and sea animals caught by Chile in 2012, more than 1.072 tons have been obtained from fish farms (corresponding a value of USD 5,9 bn.), this amount counts for 42% part of the entire Chilean fish farming in 2012. The fish-farming in Chile focusses “mostly in coastal marine environments, and secondly, in freshwater environments (lakes and rivers)” (FAO, 2015).

The world's population keeps on growing at an exponential rate, and hence, the need for additional food procurement sources augments as well. Seafood represents one of the possibilities to assure peoples alimentation in large parts of the world. Also the fishing industry is expected to grow all over the world. In general, Latin America is one of the regions where fishing in fish farms grew a 10% from the year 2000 until 2012 (FAO, 2014b).

To exploit the full potential of the fish-farm industry in order to contribute to the satisfaction of global alimentation needs, it is necessary to equip existing fish-farms with cutting-edge technology to improve the water quality and to be able to breed fish at capacity in each cage. Also, new technologies are needed to run offshore fish-farms profitably.

In the special case of Chile, it is necessary to assure the competitiveness in comparison to other salmon producing countries, such as Norway. This competitiveness sparks the need for large investing to upgrade existing salmon farms and to build new fish farms further from coast (FAO, 2015) (FAO, 2014b).

New technologies play a crucial role when it comes to the future of the fish-farms in Chile. Therefore, the electricity supply needs to be safe and secure in order to run the complex fish farm sites efficiently and uninterruptedly. The harsh weather conditions and the forces of the water require high-quality material resilient to extreme surrounding conditions. This is why special cables tailor-made for the fish-farm industry are essential for successful, profitable, and at the same time, sustainable fish farming.

3. Local Customer Value

Based on the interview with Mr. Blad from Amokabel, we know that their customers usually have very specific requirements when it comes to cables. In India, the company's ability to offer highly customized cables for every industry and every business is highly appreciated by local customers.

Amokabel usually earns a deep knowledge of the customers' value generating process, due to a close cooperation with its customers in the project development phase. This is crucial to learn what the solution for the customer should look like (Jansson, 2007).

According to Jansson(2007), value is perceived differently by every individual. The consideration of perceived benefits and perceived sacrifices determines whether a customer will purchase a product or service. This decision depends on product properties, subjective values, and the individual emphasis. Value is created through the interaction of customers and Amokabel, the supplier (Jansson, 2007). As mentioned before, Amokabel has a good starting position to create perceived value for their local customers, this is caused by working closely together with their customers to develop a tailor-made product for the customers' specific needs.

3.1. Local Customer Value in India

In India, Amokabel particularly provides value to Amelco. The agreement between the companies initially planned for Amokabel to add value to external customers by selling 50% of their sales externally. Though, this agreement has not being respected.

Amokabel particularly provides value to Amelco by supplying them with tailor-made cables that fulfill their specific requirements. Amokabel can achieve this because of its

deep technical knowledge and a deep understanding of Amelco's business. This means that the availability of the product itself delivers value to the customer (Owusu, 2015).

The relationship to the customers has been established. Amokabel does not change the contact persons frequently but creates trust by keeping the same contact person for a long time. This shows the Amokabel's interest in creating long-term relationships and in satisfying the customers' needs.

Amokabel accepts a rather bad cash flow by having idle lines and equipment in their production facilities. Having this idle equipment gives Amokabel the ability to react rapidly to the customers' demands. Hence, the company is able to supply spare parts within expedited lead times. The previously mentioned aspects can be grouped under the utility of the product, which also adds value to the customer (Owusu, 2015).

Usually, the price accounts for one of the most important sacrifices when it comes to the perception of customer value (Owusu, 2015). This is not the case for Amelco as Amokabel sells the cables to them at an internally discounted pre-agreed price. Hence, the discount of the sales margin can rather be grouped under the perceived benefits.

One perceived sacrifice is that Amelco has to reveal a lot of information about the functioning of their business in order to receive a tailor-made solution from Amokabel. However, this sacrifice is necessary to receive the required cable.

When analyzing the perceived benefits and sacrifices, it is concluded that Amokabel creates a positive local customer value to Amelco within their JV.

Summing up, the perceived benefits from the purchase of special cables from Amokabel outweigh the sacrifices Amelco has to accept. The need for a special solution is the most important criteria for their purchasing decision. If Amelco does not give the detailed information about their needs to Amokabel, they will have to reveal this information to another company that might work with main competitors as well or that might not treat the data as confidential as Amokabel.

3.2. Local Customer Value in Chile – Phase A

Based on the analysis of the Chilean economy and in particular the fish-farm industry in the previous chapter, we know that the customers in this market have very challenging requirements. It is also important to mention that each of the big industries in Chile, including mining, manufacturing, and agriculture need specific cables adapted to very different needs. After speaking with Mr. Blad, it is known that the specific types of cables needed in the fish-farm industry are not available in the Chilean market (Blad, Interview). This is why in the fish-farm industry, the presence of Amokabel itself adds value to the customer. The company's interest in long-term relationships will be very important in Chile, above all, in the beginning. Acquiring solid relationships in the Chilean market will help achieve a good standing in the industry, it will also help show the great value Amokabel offers, and that the sacrifice of a relatively high price is worth taking on. When it comes to perceived sacrifices for the Chilean customers, the first one is the just monetary aspect of value – the price (Owusu, 2015). Amokabel produces

highly customized products and the costs involved in this process are large. Second, the sacrifice of revealing information to Amokabel will be important to the local customer value in the fish-farm industry, yet this revealing of information may be unwelcomed as Amokabel also works with Chile's main competitors such as Norwegian fish-farming businesses. Lastly, a very heavy perceived sacrifice in phase A is the long lead times. The finished products will have to travel from Sweden to Chile, this sacrifice will outweigh the benefits significantly.

3.3. Local Customer Value in Chile – Phase B

The critical sacrifice of long lead times in phase A will vanish in phase B. By having a production site in Chile, Amokabel will be able to recapture the ability to deliver customized cables at expedited lead times.

In Phase B, Amokabel will get directly involved in the local economic development. The Chilean customers will welcome a company that hires local people and helps develop the region around the production site. The tangible presence itself will add to the customer value. The reliability and faster responsiveness because of a local presence will create value as well.

4. Capability Profile

The following capabilities are the ones found from observing the operation in the local market. These capabilities will also apply to the new emerging market once Amokabel has established itself in it.

1. Technical Expertise

What makes Amokabel stand out is the variety and complexity of cable technology they have worked with, customized, created, and being exposed to. This technical expertise is a tremendous valuable asset to Amokabel. Additionally, Amokabel focuses on cables and cables only. This allows Amokabel to utilize all of its resources and skills to become an expert in the cable manufacturing industry. When speaking of customer specialization, Jansson mentions that “engineering is the key word” Jansson(2007, p. 74). Amokabel delivers customer value by having extensive knowledge, skills, and know-how when it comes to customized cables.

2. Strong, Stable, and Lean Board

Amokabel is a second generation family business. The members of the board can look at each other in the eye and speak freely for the benefit of Amokabel without fears of repercussions. Amokabel is very easy-to-adapt and can make large decisions in the day of (Blad, Interview). This is made possible by the way the hierarchy is structured and also by accessibility and relaxed attitude of its board. Being a strong, stable, and lean board is a strong competitive advantage because Amokabel’s competitors cannot match this. The competitors might be too big or possess a hierarchal structure that does not allow all relevant members to meet, discuss, decide and plan quickly enough. This lack of responsiveness and efficiency let’s Amokabel add tremendous customer value and shine among competitors.

3. Expedited Lead Times

Although customization of cables does take some time, Amokabel strives to make the lead time as short as possible to add customer value. Amokabel keeps equipment and manufacturing lines open for random orders. It also keeps raw material in inventory ready to be used. Most of Amokabel’s customers are usually involved in creating and building large infrastructures, such as airports, stadiums, plants. These specific customers are, for the most part, extremely dependent on time and deadlines. The combination of having equipment and raw material at disposition allows Amokabel to deliver and be very competitive on lead times. “The make-to-order system is often faced with a complex assembly system including several stages of manufacturing and assembly operations. In such conditions, in addition to a competitive price, getting a competitive delivery time (lead time) is typically vital for satisfying customers’ needs and not to lose market to competitors” (Yaghoubi et. Al, 2013).

4. Financially Strong and Stable

Few factors show that Amokabel is healthy and stable financially, those factors are: solid year over year sales growth, smart reinvesting of their capital to decrease cost uncertainty, they focus greatly on keeping overhead costs to a bare minimum. Amokabel is wise to have become energy independent. It is a win-win situation for all participants and the environment. By becoming energy independent, Amokabel can control costs closely and therefore plan and forecast more clearly. Being energy independent, apart from being financially strong and stable, is a strong competitive advantage as not many competitors can mirror this development as they may lack enough capital to do this, competitors might just be too big to become energy independent all at once, or competitors may have long-term contracts with energy providers.

5. Product Customization

This is one of Amokabel's greatest capabilities as it comprehends that "Technology is a useful servant, but a dangerous master" (Lange, 1922). Product customization offers buyers peace-of-mind and suppleness, these two are necessary when buyers embark in high-tech systems and projects. Product customization is a strong competitive advantage because competitors give preference to mass orders instead of small one-time customized orders. Competitors are not experts in cable customization, therefore, Amokabel is wise to embrace and nourish this capability. Amokabel understands that "The main feature of the customer specialist's capacity profile is that the problem solving is directly oriented at the specific needs to certain customers" (Jansson, 2007, p. 74). The main problem customers in this industry have is that they lack a specific cable to solve a very specific situation. Amokabel can produce that specific cable; this is how Amokabel offers massive customer value to those customers.

6. Close and Strong Relationships with Customers

Amokabel embraces and understands the fact that a close and strong relationship with customers leads to sustainable, positive, and repetitive business. Also, it leads to great customer satisfaction. The person of contact in Amokabel that connects with buyers is very well-established and has developed friendly, open, and well-rooted bonds with buyers. This is a strong competitive advantage because Amokabel has managed to keep its customer relationships very open, transparent, and friendly. Larger competitors may have a hard time competing against this as the sales team may vary often and their buyer base may be too large. A large buyer base makes it relatively impossible to keep close relationships with manufacturers. At Amokabel, "each customer is treated individually; business marketing activities are specialized at the individual customer level. And information is collected about specific customer needs" (Jansson, 2007, p. 74).

7. Flexible Manufacturing Facilities

The business style that Amokabel practices allows them to keep some of its equipment

and manufacturing lines idle, this way they can be ready and utilized for when a customized order comes in. Having flexible manufacturing facilities is a strong competitive advantage as most competitors cannot afford to have idle equipment, usually because overhead costs are high and these large competitors share a mentality of volume production. There are very few companies that can manage to run an ever-changing manufacturing facility that can create thousands of different cables. Nevertheless, Amokabel has achieved to create this type of manufacturing facility. The own existence of a company that can succeed in being so flexible adds value and solves a specific industry problem.

8. Globally Recognized Quality Certifications

“All the manufacturing companies within the Amokabel group are certified according to the Quality Management System ISO 9001, and the Environmental Management System ISO 14001.” (Amokabel, 2015). By holding these certifications, Amokabel holds itself to a predetermined level of quality of standards. With that said, Amokabel is able to offer a level of certainty and peace-of-mind to the customers; this is priceless to the customers in this industry.

9. Corporate Social Responsibility

Amokabel displays social responsibility by being environmentally friendly with their production, by having built their own renewable energy facilities, by becoming a friend company to the Swedish Childhood Cancer Foundation (Amokabel, 2015), by developing and building structures that benefit those towns it works in (Blad, Interview). This is a great capability as these behaviors and actions, inadvertently, make Amokabel become more socially responsible in the eyes of the public, this directly affects relationships and sales, it can boost word-of-mouth, and it shows a level of integrity and responsibility to current and future customers.

4.1. Capabilities Regarding the Immersion in Emerging Markets

In addition to general capabilities, Amokabel possesses some capabilities that might not matter much in local markets, but they weigh considerably in a global scheme when trying to enter an emerging market. Those capabilities are:

10. Established and Proven Business Model

Buyers from emerging markets are more likely to buy from an established business that is operating successfully for decades in a mature market versus buying from a local competitor that has not competed in mature markets yet. Buyers may opt to buy from local sellers only if price difference is sizeable to weigh out the risk taken by dealing with a local seller. This capability creates a perception of reliability for Amokabel.

11. Reputation of a Swedish Business

Sweden has a generalized global reputation for its honest and transparent business ways. Sweden is a country in which reputation and integrity are expected, therefore, this capability allows buyers from emerging markets feel safer and more willing to do business with a Swedish business. Organic growth and recurrent business prove that Amokabel is a seller that buyers trust and prefer. Amokabel's organic growth also shows that word-of-mouth is positive and it creates Amokabel's sizeable growth.

12. European Board

This depends to each emerging market, but for the greater majority, the western European educational levels are much higher compared to the educational levels in emerging countries, this capability allows Amokabel be admired and perceived as a "smarter" company by emerging markets, such as Chile. To give an example, a Chilean customer is more likely to purchase from a European business versus a Colombian business, even if both businesses offer the same product, value, and price.

It is important to mention that these last capabilities listed are crucial to the immersion in emerging markets. Simultaneously, most of the general capabilities displayed at home will highly likely act as strong competitive advantages once Amokabel has arrived and settled in the emerging market.

4.2. Amokabels' Capability Profile

To Amokabel, "delivery time, quality and flexibility are the most important qualities of a good supplier" (Amokabel, 2015). Amokabel does business with the following guidelines: Flexibility, quality, short deliveries, innovations, knowledge, and environment. As it could be perceived, all of the mentioned benefit the customer (see chapter 3 Local Customer Value). The first four guidelines mentioned above add value to the customer immediately and directly, and the last two guidelines mentioned add value to the customer indirectly.

After taking a close look at the whole gamma of capabilities of Amokabel including those for local markets, and the ones for immersion in emerging markets. It is resolved that Amokabel acts as a customer specialist as all of their efforts focus immensely on creating value for the customer. Amokabel does not put much effort or focus on distribution, production, and networks. Creating customer value is Amokabel's North Star.

"The capability profile describes the mix of capabilities found at a local company for a certain IBM strategy" (Jansson, 2007, p. 72). The specific capabilities that add value towards being a customer specialist in all markets are: having technical expertise, having a strong, stable, and lean board, having expedited lead times, offering customer customization, having close and strong relationships with customers, having flexible manufacturing facilities, and possessing globally recognized quality certification. The specifics to these capabilities are mentioned above.

4.3. Roadmap to a Sustainable Competitive Advantage in Emerging Markets

After the previous experiences with JV's in emerging markets, Amokabel and its management team is strongly settled on only entering emerging markets as a full owner of the venture (Blad, Interview). It does not desire to do a JV of any kind. One thing that is also clear for Amokabel is that it desires and plans to be present in the major emerging markets (Blad, Interview).

It is suggested that Amokabel exploits the mentioned capabilities and its customer specialization to create a sustainable competitive advantage in emerging markets. The capabilities that will give Amokabel a sure edge and a sustainable competitive Advantage are: Having a strong, stable, and lean board, taking part in Corporate Social Responsibility, being an established and proven business model, having the reputation of a Swedish business, and having a European board. Although Amokabel possesses other relevant capabilities, the five mentioned in this paragraph cannot be duplicated easily or timely, and some cannot be duplicated at all by competitors.

There is an absolute need for Amokabel's offerings in new emerging markets. The world's population is growing at exponential rates and technology just as fast. "Technology made large populations possible; large populations now make technology indispensable" (Krutch, 1967).

In sum, entering an emerging market should be relatively easy and straight forward for Amokabel. Amokabel has learned that an emerging market is a challenging field and it is less hectic to go into it as a full owner, this knowledge should be applied unflinchingly.

5. Network Strategy

As explained by Jansson (2007) the network strategy is about how the MNC's interacts and establishes relationships with the market network that includes buyers, suppliers, competitors, financiers and government. Entering an emerging market is a brave and complex task, yet the rewards usually payoff. In order to find out how Amokabel should react to the market players in Chile, this chapter creates a network map based on their prior experience in India, and also develops network maps for phase A and B in Chile. The network maps below display the vertical, horizontal, and diagonal dimension only taking into consideration the 1st tier clusters, due to the business nature of Amokabel and due to a lack of information on the 2nd tier clusters. The vertical dimension illustrates the suppliers and customers who are basically the value adding product chain. The horizontal dimension shows the competitors in the market, and finally the diagonal dimension refers to the government and financial institutes involved in the network (Jansson, 2007). The network maps give a better analysis of the ways that Amokabel can follow to achieve a comprehensive market understanding of the network nature.

5.1. Network Strategy in India

Amokabel had already entered India, which is one of the largest emerging markets in the world.

India is not been a very positive experience for Amokabel, due to their failure in establishing a concrete market presence there. Their 49% ownership in the JV ended up making Amokabel lose the power over the control of the company. Amokabel's aim was to enter the market with someone who had a better understanding of the Indian market and who already has profound existing relationships.

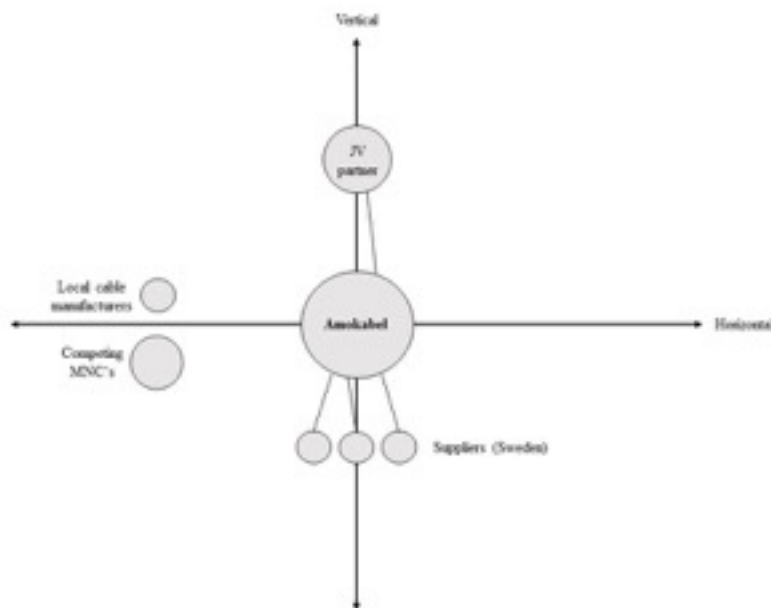


Figure 2: Network Map India

As illustrated in Figure 2, the vertical dimension shows Amokabel's customer and supplier network. Amokabel's presence in India and their JV did not help the company to acquire new customers. Decisions and agreements had to be made mutually with their partner who refused external sales and preferred keeping the resources for internal use. On the supplier's side of the JV, Amelco had a relatively good supplier base. Amelco's main challenge was the 70% of copper cables needed in their production and that was what made them go into a JV with Amokabel. By doing so, Amelco managed to reduce the production cost and compete in the market. On the other hand, Amokabel managed the relationship with the copper suppliers in Europe. Moving on to the horizontal dimension of the network map, many multinational competitors were present in the Indian market either by producing or setting sales offices in India. Despite the competition in the market, Amokabel did not compete in this market as there were no external sales. The diagonal dimension of the network map does not exist in this case, since Amokabel had no relations with financiers or government institutions.

5.2. Network Strategy In Chile – Phase A

Considering that Amokabel has potential customers in the Chilean market and that the company refuses to have another JV with local companies due to their bad experiences in India, Amokabel prefers a dyad entry mode by establishing a sales subsidiary in Chile. As explained by Jasson (2007), a dyad entry mode is when the MNC decides to enter the market by FDI, JV or establishing a subsidiary. This sales subsidiary could work as a local hub and at a later stage evolve to a regional hub for doing business in South America. Establishing a sales office in the region makes it much easier for Amokabel to access the market and understand it, be recognized, take opportunities in new regional projects, and to create relationship networks.

Customers

Customers are said to be the most important player in the network according to Jansson (2007). By being present in the market, a different and more unique relationship would be created between the potential customers and Amokabel. A relationship that can be on a more personal level instead of doing formal business from Europe and that might lead to even further business opportunities. Knowledge of the market, the culture and the organizational behavior in Chile is very essential for any MNC to establish successfully. Amokabel's presence in the region would also help understand the specific market needs. As mentioned before, a sales representative from Amokabel in Chile is vital. A sales representative can go on site visits, answer inquiries in a more direct way, send quotations adapted to the local conditions and review the customer's financial standing.

Suppliers

Since the supplier is so crucial to the customer, it is one of the most critical players in Amokabel's network. Varying prices of commodities makes it a complex task to deal with commodities and to submit bids, forecast fluctuations in prices or to know how much raw material to store. Building up a good relationship with the suppliers might take years, especially in the commodity industry. Nevertheless, it helps to maintain and sustain an efficient flow of raw material on time. Amokabel did very well in establishing a profound relationship with their copper suppliers in Europe.

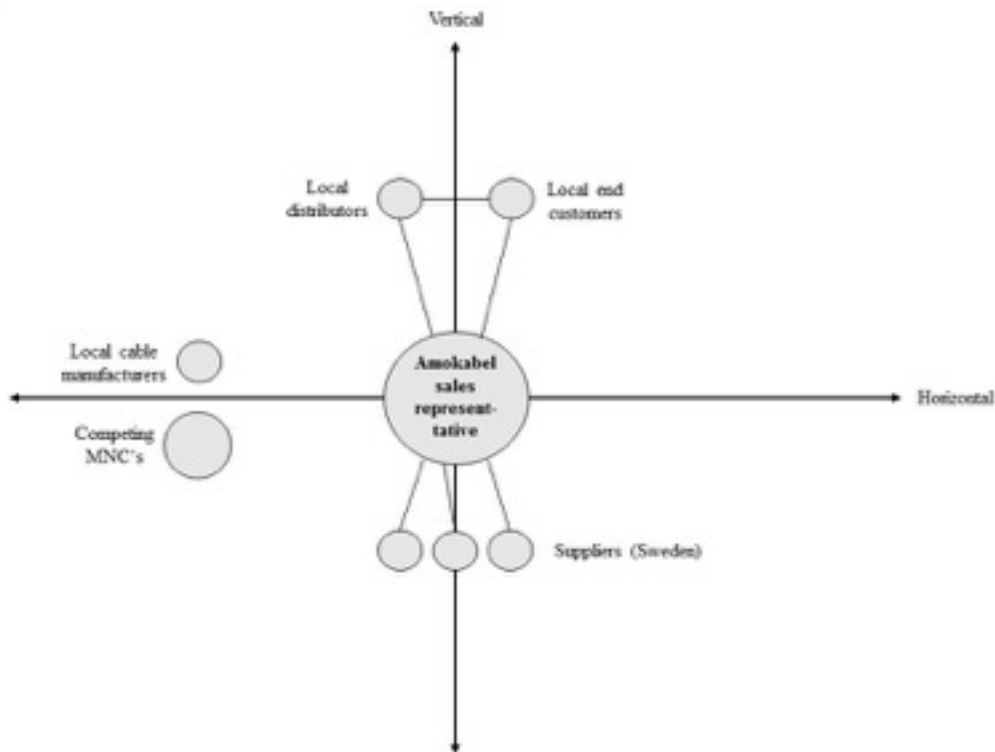


Figure 3: Network Map Chile – Phase A

Competitors

The horizontal dimension in Figure 3 illustrates the competitors that are directly related to Amokabel and can influence the company's presence in the market. After an extensive search for manufacturers of cables in Chile, it is found that there is a low presence of MNC's in the market. Nexans, the French cable manufacturing giant and General Cables, the largest American cable manufacturing company, were the only two MNC's manufacturing locally. Other large competitors had regional distributors such as the Italian Prysmian Group and the Japanese Sumitomo. This can be seen as an advantage for Amokabel, given that they have the advantage of adjusting to the customer's needs more compliantly than their competitors. This is possible since Amokabel is a family owned business and decisions can be made quickly. Other important competitors are small local companies that compete on price. These competitors would have a great influence on Amokabel during phase A as Amokabel is still building their reputation in the market.

5.3. Network Strategy in Chile – Phase B

Customers

As mentioned before, it is assumed that Amokabel passed phase A before going on to phase B. In phase B, Amokabel will have built a robust and strong network of customers in the region. Having a sales hub in the region for a few years gives the company a better understanding of the market, its business culture, and the existing opportunities. In phase B, there will be a higher probability that local customers contact Amokabel for inquiries, as these customer know that Amokabel is producing locally.

Suppliers

Moving on to the supplier cluster, Amokabel will have a broad network of suppliers too. Amokabel relied on their suppliers in Europe to buy copper until now, whereas Chile is the world's first supplier of copper (Chile Country profile, 2015). While looking for sales opportunities in the region, Amokabel should also look for suppliers and build a relationship with them. By doing so, the market penetration will be much smoother through broadening their suppliers network. Once local production gets started, the company will have the opportunity to buy raw material locally at a lower price. This will also permit to compete with expedited lead times again.

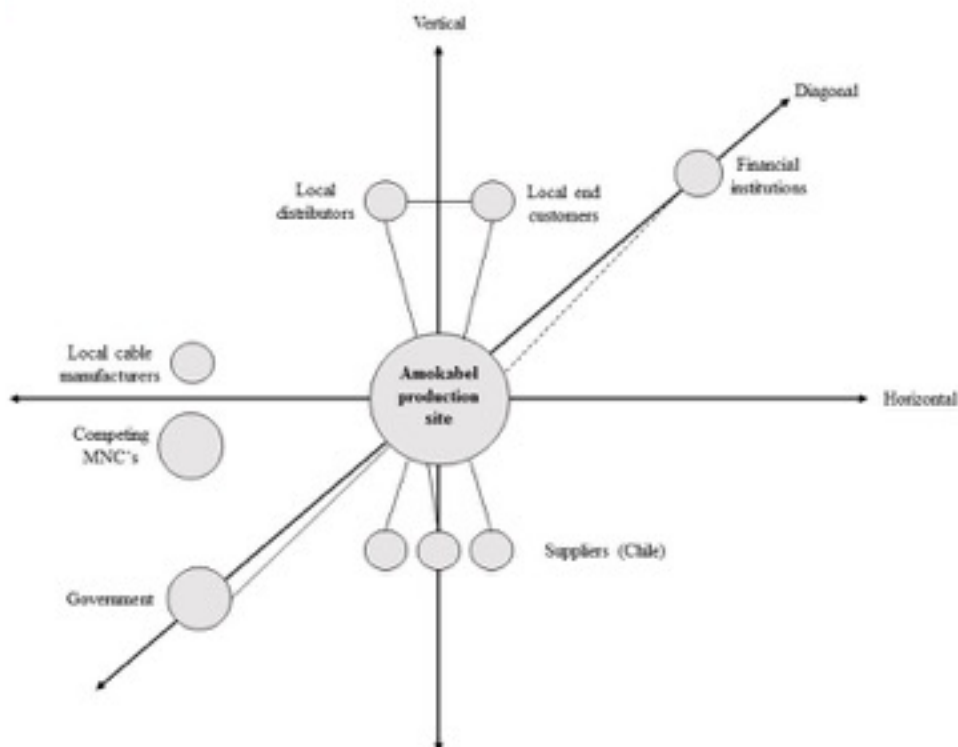


Figure 4: Network Map Chile – Phase B

Competitors

In phase B, Amokabel will have the same competitors in the region as in phase A. Whereas, small local competitors would play a less influential role at this stage as Amokabel had already established a strong market network, have a better knowledge of

the market and established their reputation. Nevertheless, Amokabel has relatively high prices compared to its competitors, which might make them lose on some customers that are price sensitive.

Government

At this phase, Amokabel is required to interact with the government in many different ways. First, to establish a factory they will have to go through a registration process to license their business in Chile. The relationship does not end here, they will have to renew the license periodically and probably they will have to acquire special permissions for the production. Furthermore, there will be the possibility of fetching government projects. When hiring for the new factory, Amokabel will have to interact with the labor department to make sure they meet the country's rules and regulation in terms of employment. Another relationship that might rise would be the one with the government-owned copper supplier. Building a strong relationship with the mentioned areas in the government will be of great importance.

Financial Institutes

To start a production plant in Chile, Amokabel is required to invest a large amount to get it running. As explained by Blad (Blad, Interview), Amokabel prefers self-funding and organic growth instead of depending on loans. Nevertheless, the high amount of capital needed might force Amokabel to take on some loans in order to built the production site. Therefore, it is essential to build a relationship with some relevant financial institutes in the region. Amokabel will also need financial institutes to check on financial standing and credibility of a new customer.

6.Linkage Strategy

This chapter analyzes Amokabel's linkage strategy in India and infers later on possible linkage strategies for the company when entering the Chilean market.

The analysis is based on the model of linkage strategies presented in Jansson(2007). "[...] the linkage strategy relates to a part of the network [...]" (Jansson, 2007, p.66), which means that the linkage strategy refers to a bilateral relationship between two parties or between specific groups of parties. A linkage strategy includes various aspects of the relationship between two parties: The product linkage, the financial linkage, the information linkage, the knowledge linkage, and the social linkage. The aim of all relationships of the vertical value chain of a business is to add value to the product sold (Jansson, 2007). The specific information about Amokabel and its linkages taken into account for the analysis are based on the interview with Blad (Blad, Interview).

6.1.Linkages in India

In India, as mentioned in the chapter 5 Network Strategy, Amokabel entered the market with a JV. Also, now the company maintains relationships to other exclusive distributors in India, independently from their JV. In the following, the relationship to the partner in the JV is analyzed.

Amokabel established direct linkages to Amelco already before agreeing on the JV, Amelco was already a buyer of the Amokabel's cables. By the time they started the JV, they maintained this direct linkage and agreed on adding indirect linkages to other end customers via local distributors. However, since these relationships have not been developed very well (see chapter 5 Network Strategy), they are not considered in this analysis.

The linkage between Amokabel and its partner started as a personal, friendly and formal relationship but turned in to a personal, distrustful, and informal relationship. By turning into the latter, the linkage became highly emotional in a rather negative way. The different types of linkages in this bilateral relationship can be described as follows:

- Product Linkage

The product linkage between the partners is very pronounced. Given that 70% of the value of the Amelco's products is created by the cables included, this was the decisive argument to work together closely.

- Financial Linkage

The two companies had a tight financial linkage in the beginning of their JV. Amokabel owned 49% of Amelco. However, profits have been low and problems deteriorated the general atmosphere between the parties, Amokabel lowered its ownership to 25%. This is why now the financial linkage is rather loose.

- Information Linkage

The information linkage has been intense in the beginning of the JV. Both companies exchanged information to come to an agreement on how to work together. Throughout the cooperation this changed, due to the mentioned financial and personal disagreements. At the moment, there is no fluent information transfer, because of the bad relationship.

- Knowledge Linkage

The knowledge linkage has been loose throughout the relationship. Even though Amelco tries to get information from Amokabel about their technical expertise, Amokabel keeps the relationship professional, sells the agreed cables internally and keeps their talent and expertise to itself.

- Social Linkage

The social linkage has been very close in the beginning but reduced when problems arose and worsened even more, when personal problems appeared due to the disregard of previously made agreements.

In general, it can be said that all types of linkages loosened when the Amelco did not want Amokabel to realize the previously agreed external sales. However, there are high switching costs involved for Amelco, given that Amelco strongly relies on Amokabel's specialized cables. Therefore, Amelco does not want to buyout Amokabel completely.

Regardless of the problems Amokabel has with its current JV partner, the company has been able to maintain its good reputation and trustworthiness in the Indian market.

6.2. Linkages in Chile – Phase A

In this first scenario, Amokabel will be present in the market with a sales representative, employed by Amokabel, managing their cable sales in the Chilean market. When being successful in the Chilean market, this sales representative could also sell the products to other countries in the South American region.

The linkage strategy in this case can be described most likely as follows:

- Product Linkage

This linkage will be one of the strongest ones in the Chilean market, given that Amokabel will sell customized cables to its customers. The need of a special cable ties together the company with its future customers in the new market. The reputation for high quality products will make this linkage indispensable.

- Financial Linkage

There will be no specific financial linkage between the company and its customers, since the sales representative will be employed by Amokabel and cables will be sold directly to the customers.

- Information Linkage

As in previous cases, this linkage will be important when building up relationships in the Chilean market. Amokabel and its new customers have to get to know

each other to learn what they expect from their cooperation and to deliver products that exactly fit the customer's needs.

- Knowledge Linkage

There will not be a knowledge linkage, given that ready-made cables will be shipped to Chile and sold there.

- Social linkage

The social linkage will be very important for Amokabel in the Chilean market. However, when entering the new market this linkage will be very loose, due to the absence of well-established previous relationships. The company should focus on establishing sound social linkages to obtain a good word-of-mouth marketing. The good reputation will help Amokabel to achieve this relatively fast, as soon as they can count on customers in the local market.

This scenario will consequently be dominated by linkages based on their products. Furthermore, the company will have to make investments to get to know their new customers and the special needs in the Chilean market.

6.3. Linkages in Chile – Phase B

This scenario is based on the assumption that the company will sell the cables produced in Chile directly to its local customers and also to local distributors who might serve other countries in South America as well.

For analyzing a possible linkage strategy in phase B, we will consider both, the local customers and local distributors. The following scenario of linkages can be considered a roadmap to how the linkages of Amokabel with a local customer and distributors may look like.

- Product Linkage

This linkage will be equally strong as in phase A. The production might have changed its location, but the product linkage, meaning highly customized cables, will still be the main linkage between Amokabel and its customers, including the local distributors, since their job is to find the perfect cable for the end customers.

- Financial Linkage

In the second scenario, the financial linkage will not change between the actors. Therefore, there will not be a pronounced financial linkage.

- Information Linkage

The information linkage will again be strong in this scenario. The acquisition of new customers requires an active exchange of information to get to know each other and to build a successful relationship. The same counts for new local distributors.

- Knowledge Linkage

As in previous scenarios, there will not be a knowledge linkage. The local production site will be owned 100% by Amokabel, therefore the knowledge stays within the company.

- Social Linkage

The social linkage will be important for all types of customers and distributors, given that Amokabel depends on word-of-mouth marketing. Maintaining a close social linkage is the best way to achieve this. Therefore, the company should actively shape all social linkages, as it does with its current Indian distributors.

Although the Chilean business system counts as the most developed one in Latin America and relationships might not be as important as, for example, in the Chinese market, they are still vital to Amokabel's business there. Relationships are indispensable for the company to gain and maintain a good standing in the market and to improve their position and increase the trustworthiness in Chile even further.

The vital lesson learned from this analysis is that the financial linkage has been the critical one in Amokabel's past operations. Amokabel owned a significant share of its JV's but not enough to influence the management and its decisions, this is why it was not able to pursue its goals and agreements properly. Consequently, all other linkages loosened and the overall relationships deteriorated.

7. Competitive Strategy

The competitive strategy is how a company deals with its competitors. With the help of the competitive strategy a company positions itself to the competitors in a certain market. How good a company is positioned depends on what value it offers to the customers. A good benchmarking helps to understand the position of a company in the market and also to analyze what the critical factors for a company's competitive advantage are (Jansson, 2007).

The price usually plays an important role in the competitive strategy when entering an emerging market in order to gain market share. Due to the specialties of an industrial market, market actors act as price makers. This means, prices are negotiated when planning a project or when ordering a product. This is due to the high complexity industrial products usually have. "The price must be related [...] to a certain quality and service level as well as to delivery time" (Jansson, 2007, p.70) when talking about an industrial product. Thus, the customers' expectations and the sellers' promises regarding the product have to be met and fulfilled. Consequently, the non-price competition gains importance (Jansson, 2007).

Regarding the case of Amokabel, it can clearly be said that their competitive strategy until now has been based on responsiveness, reliability, flexibility, and quality. Price is not a competitive factor in their home markets, or in emerging markets like India (Blad, Interview).

Nexans is one of Amokabel's main competitors in most markets. Nexans established itself in the Indian market through a JV with Ravin Cables Ltd. This allowed Nexans to immediately have very deep market knowledge. Nevertheless, the competitor's JV focusses on selling general types of cable to the Indian market. This means that they do not focus on responding to the customers' specific demands in the industrial branches as Amokabel does (Ravin Cables, 2010). Also, in Chile, Nexans bought itself into the market by acquiring a part of Madeco, a Chilean company. Similarly in this market, the competitor focusses on offering a wide range of products for all kinds of applications without specializing on specific customer needs (Nexans, 2015). In sum, Amokabel's competitors do not sell customized cables for specific projects.

As analyzed in chapter 4 Capability Profile, Amokabel succeeds mainly because of the high quality of its products, the intense product customization, flexibility in production, the company's expedited lead times and the close relationships to its customers. The competitive advantage of Amokabel is backed-up by the use of the different linkages. The product linkage, which is one of the most important linkages for Amokabel in the local market as well as in India, ensures the company's position in the market. The need for highly-customized products creates a strong dependency on Amokabel.

Furthermore, the information linkage is important for the cooperation between customers and Amokabel when it comes to determining what the cables should look like. This linkage strengthens the position in the local market and in emerging markets like India. Thus, it will also strengthen the situation in the Chilean market. The customers have to reveal a lot of information to Amokabel in order to get the right type of cable. Once the information is transmitted, the transmission costs for following projects is low and customers take a risk in revealing sensitive data to other companies. These are reasons for the customers to have an interest in keeping a relationship with Amokabel. The strong product linkage and the pronounced information linkages raise the switching cost for the customers enormously.

In addition to the already mentioned linkages, the social linkage play a vital role as well when it comes to maintaining Amokabel's competitive advantage in the market. The close social linkage the company maintains to its customers strengthens the dependence on Amokabel even more. Amokabels interest in long-term relationships pays back when their customers prefer the good social linkage to the company build on a high level of trustworthiness and regular contacts. This is valid for local markets as well as for emerging markets, since a sound relationship is one of the main pillars for Amokabel's success. This social linkage will gain even more importance in the Chilean market in phase A, when their lead times are not a competitive advantage anymore. Strong social ties will be necessary to convince customers of Amokabels products and to keep them in the long run.

Although the goal of a competitive strategy mainly is to achieve a first-mover advantage (Jansson, 2007), this will not be the case for Amokabel. There already are other cable manufacturers in the field exploiting the Chilean need for cables. In terms of being the first supplier to a customer, Amokabel might have a first-mover advantage, given that some potential customers in the fish-farm industry already contacted the company to demand very special cables for the sea cage manufacturing. Once Amokabel establishes business with these customers, there is a good chance that the word-of-mouth marketing opens new markets and gives the company access to customers that are cooperating with competitors at the moment. However, this will not be considered a first-mover advantage.

The Competitive Strategy is similar for Amokabel in all scenarios, markets, and phases with the exception of phase A in which Amokabel will lose the capability of offering expedited lead times, which happens to be one of the most important aspects of their Competitive Strategy.

8. Business Marketing Process

In this chapter we will take a close look at how the business marketing process in India looks like, as well as how it influences and has an effect on the overall outcome for Amokabel. Moreover, this chapter will also explain in detail how the business marketing process for the immersion in Chile might look like. The business marketing processes for all scenarios are explained below.

8.1. Business Marketing Process in India

Amokabel entered India as a JV. As of today, Amokabel is only 25% owner of Amelco (Blad, Interview). At first, Amokabel was eager and enthusiastic about this venture, however, this venture turned hectic and unfriendly. This change left Amokabel hand-tied when it comes to decision making, customer relations, and the business marketing process. Unfortunately, today, Amokabel acts almost as a silent investor.

Amelco does have a business marketing process; this chapter will not go in depth into it given that Amokabel, the main and relevant business in this chapter, does not have a say or influence in the Amelco's business marketing process.

8.2. Business Marketing Process In Chile – Phase A

In this phase, Amokabel plans to have a sales representative present in Chile. This person or group will be on charge of generating sales for Amokabel and exploring the market. In this phase, Amokabel will abstain itself from setting up offices or manufacturing facilities.

Given this situation, the majority of the business created for Amokabel will be from new customers. Hence, the scanning cycle is where most of the marketing will take place, as Amokabel will have to be persuasive to influence the new buyer. The buyer is an active player in the scanning cycle, “the buyer is also engaged in investigating and evaluating the needs of the project and the suppliers being able to fulfill them” (Jansson, 2007 p. 89). Amokabel should employ the capabilities that give it an edge; those are mentioned previously in this report.

Once Amokabel has acquired the rights to bid for a project, they will enter the tendering cycle. In this cycle, it is recommended that Amokabel refrains itself from being aggressive on pricing. One of the keys of successful immersion in a new market, especially an emerging market, is to be able to adapt, see, and understand that uncertainty has a cost (Owusu, 2015) (Blad, Interview) and Amokabel will be offering a level of uncertainty because of its newness to the new emerging market. It is suggested that, at first, this cost is absorbed by Amokabel in show of good faith and to show that Amokabel would like to create long-term relationships. It is also suggested that Amokabel may not act in the same way if it is a one-time project, as it may not be in the best interest financially for Amokabel. In emerging markets quality is important, yet – it is weighed with

pricing, and most emerging markets are willing to receive less quality in order to pay less. In mature markets, companies are usually financially secure, care much more about quality and disregard pricing. It is also important to mention that in this phase Amokabel adds even more uncertainty as it will have to ship the product across the sea. This will make Amokabel lose one of its strongest competitive advantages - expedited lead times. The next paragraph expands on this issue.

The completion cycle is the biggest roadblock Amokabel will face. Getting the order to the manufacturing facilities and the actual manufacturing itself will be fairly easy with help of technology and internet. On the other hand, the delivery and installation is what makes the completion cycle a rocky road. The delivery of products from Europe to South America takes in average 3 weeks (DHL, 2015). Unfortunately, Chile is geographically challenged as it is the bottom left corner of South America and the world map. This cargo will have to travel through the Panama Canal. It is safe to say that delivery will take in average 4 weeks (DHL, 2015).

In the follow-up cycle, Amokabel might find itself somewhat challenged as well. Amokabel is in the cable technology industry, and this industry is unforgiving when it comes to details and specifications. Amokabel must completely ensure that the specifications of the products are completely precise. There is no room for mistake because this product will be shipped overseas. Also, and most importantly, if the customer wants to modify or something goes wrong on the specifications made by the customer, Amokabel will not be able to provide quick response and/or support as Amokabel does not have a technician team in the new market. This might create conflicts and/or taint the development stage of the relationship process, and might prevent a move to the next scanning cycle for a second project.

If everything has gone well, and the customer is okay with the lead times that Amokabel offers without much technical backing present in the emerging market, then a move to a new scanning cycle for a second project may take place.

There is no much that can be done to overcome the issues with lead time presented in the completion cycle. However, to overcome the roadblocks that Amokabel will face on the follow-up cycle, Amokabel may contract technicians or electrical engineers in the new emerging market. These contractors may even be trained at the headquarters in Alstermo and show them the guidelines and spirit of Amokabel. One advantage of this practice is that labor costs are considerably cheaper in an emerging market versus a mature market (The World Bank, 2014). With that said, the benefits of having a qualified technical team, may outweigh the costs of having it, as this will give Amokabel a more tangible presence and decrease the perception of uncertainty.

8.3. Business Marketing Process In Chile – Phase B

In this phase, Amokabel should have a sales team, manufacturing facilities, technicians, and an entire management team present in the new emerging market. In phase A,

Amokabel is focused mainly on exploring, discovering demand, establishing relationships and a network in the new emerging market. In phase B, Amokabel will try to mirror the operations in Alstermo as they are very efficient and a good model to follow. This phase will be capital intensive as it will need to build the facilities, acquire equipment, hire staff, and buy the start-up raw material inventory; on the other hand, the established large demand should be able to pay for the investment fairly fast.

Assuming that Amokabel had a successful business marketing process in Phase A, Amokabel should have an easier time with the scanning cycle as it would have already built a reputation in the market, it has a network, and it has an image. Future buyers may be able to see that Amokabel is a responsible, reliable business that delivers great quality and value. Amokabel should maintain its marketing strategies based on word-of-mouth, organic growth, and customer satisfaction and relationships in the new emerging market. These strategies will work in both mature and emerging markets. In sum, Amokabel will not be putting much effort in the scanning cycle and let the quality and value do the advertising and expanding for them.

Assuming that Amokabel has already gained an image in Phase A, the tendering cycle should allow Amokabel to remove the weight of uncertainty and be more aggressive with pricing as it has a local portfolio and references to sustain and back-up their pricing levels with.

The completion cycle is not a major roadblock for Amokabel in Phase B. In this phase, Amokabel will have facilities and technicians present in the emerging market, Amokabel should be able to regain one of its greatest competitive advantages, which is expedited lead times.

In the follow-up cycle Amokabel will be able to shine as it does in mature markets. Amokabel can respond immediately to customer requests and/or last minute changes or modifications even after a product has being delivered and installed (Blad, Interview).

It is much easier for Amokabel to enter the scanning cycle for second projects, at this stage most of Amokabel's income will be from repetitive business. It is custom for Amokabel to let quality and value speak for itself and acquire business through word-of-mouth (Blad, Interview). With that said, Amokabel is already and expert at staying in touch and creating long lasting relationships with a customer base. Amokabel needs to duplicate their practices and behaviors, this should guarantee Amokabel's customer base to grow organically, as it is preferred.

Recapitulating, there are advantages to entering Chile only with a subsidiary, but some disadvantages as well, such as a longer completion cycle and unreliability from Amokabel in the follow-up cycle. Nonetheless, In phase A, the advantages overcome the disadvantages as it is low risk and low cost; also, Amokabel is not desperate to create an immediate large customer base. Phase A will help Amokabel immensely to create demand and a safe landing ground for an easier full immersion, as displayed in phase B.

9. Local and Regional Organization

This last chapter focusses on the local and regional organization of Amokabel concerning emerging country markets. The local and regional organization refers to how a company, primarily based in a mature market, establishes its subsidiaries or representatives in emerging markets within the organizational framework of the group. On the one hand, this is in which way the authority net is structured between home country and emerging market. On the other hand, it is to what extent local adaptation dominates over global integration or the other way around. It is distinguished between a local organization and a regional organization. The latter being relevant when the local business starts expanding and making an intermediary part necessary. Moreover, different types of organization can be differentiated depending on how the local market organizations are embedded into the company's group structure (Jansson, 2007).

For Amokabel, the local or regional organization respectively will be described and analyzed based on the interview with Mr. Blad for the Indian market. Then, assumptions will be made on the situation in the new emerging market Chile on the basis of the previous analyses.

9.1. Local and Regional Organization In India

The local organization of Amokabel in India concerns its JV with the local partner Amelco.

According to the information gathered in the interview with Mr. Blad, it can be said that Amokabel does not have a regional hub in the Indian market. A regional hub is "an additional level of internal nodes between local and global network levels" (Jansson, 2007, p. 204). In India, Amelco has direct relationships to the headquarters in Sweden, without any intermediary level.

As mentioned before, the central question of the local and regional organization is to what extent the local adaptation exceeds the global integration or vice versa. Amelco India is incorporated under the roof of Amokabel AB. Due to the fact that Amelco had much more power than Amokabel, there was a higher level of local adaptation than Amokabel was actually willing to have. Consequently, Amokabel was not able to benefit from the global integration to the extent they wished to. This example shows that the company's organization with Amelco was based on a social net with informal communication channels, used, above all, from Amelco when interacting with the local employees.

The organization with Amelco represents a dyad, given that Amokabel did not really have contacts to other distributors or customers, contrary to what had been initially decided. Theoretically, the advantage of the JV would be that Amokabel's partner has a deep knowledge of the local market and helps the company to succeed in India. Unfortunately, Amokabel was not able to benefit from this knowledge, since their partner did not want the company to sell any products externally. This makes the JV a one-set orga-

nization (OSO), since all “local market clusters are [...] joined to one global product set” (Jansson, 2007, p. 199). The problem with this local organization is that Amokabel would like to tightly combine Amelco, to the Swedish headquarters. There are a couple of indirect controls, as for example the financial reporting to the Swedish headquarters. But these indirect controls do not help the company to achieve the fulfillment of the JV. Amokabel lacks direct controls, due to the fact that it neither possesses enough power to influence the local decision making, nor to sanction the misbehavior of the local partner.

9.2. Local and Regional Organization in Chile – Phase A

This subchapter elaborates a scenario for the sales representative in phase A. The organization of Amokabel will be based on an authority net that builds formal and prescribed communication channels, to prevent mistakes made in India from happening again.

In this phase, Amokabel will use the synergies of producing and managing the business in Chile from Sweden. Sales will be the only activity the company maintains in the local market. All activities in the new emerging market will again be settled under the roof of Amo Specialkabel AB, which makes the organization an OSO in this phase.

The relationship to the local sales representative will be a dyad relationship, since the sales representative will establish linkages to local distributors and end customers. A sales representative who works solely for Amokabel gives the company the option to directly control his actions via, for example, sales and financial figures. Also, Amokabel could introduce special approval mechanisms for deals with Chilean customers or distributors. Also, it facilitates the implementation of sanction mechanisms in case previously made agreements are not respected. Problems arising with this type of organization are a reduction in flexibility and an increase in bureaucracy; this is due to the fact that single deals have to be agreed on by the Swedish headquarters.

In phase A, when the business expands, the sales representative will be responsible for more than one country in Latin America acting as a small regional hub. The main characteristic making the sales subsidiary a regional hub is that it bundles demands from South American customers and takes over the management of the relationship with Amokabel in Sweden. As mentioned, there will be no direct contact between the headquarters in Sweden and the local customers in South America.

9.3. Local and Regional Organization In Chile – Phase B

In this scenario, Amokabel builds a production site in the Chilean market. By this, there will be more local adaptation compared to phase A due to the shorter distance, lower uncertainty, and better market knowledge. In phase B, there will be a transfer of production and knowledge to the local market. It is assumed that the operations in Alstermo will be duplicated in Chile. The operations in Alstermo include a manufacturing plant, marketing, financial, human resources, and accounting departments. In phase B, Amokabel has the possibility of reacting faster to local customers' demands and main-

taining their competitive advantage of expedited lead times, this is achieved by producing locally and having shorter delivery journeys. Also in phase B, the organization is built on an authority net with formal communication channels.

The new part of the organization will be an incorporated regional hub with a multi-country regional network. As this type of organization is typical for small MNC's entering new markets, this structure fits Amokabel very well (Jansson, 2007). The new production site will serve the whole Latin American market; therefore the external local networks will be distributed across several countries. This new production site will represent the only interface of Amokabel in the Latin American markets, which will facilitate the contact between local customers and Amokabel as a company.

The relationship between the company's base in Sweden and the new production site in Chile will be a dyadic relationship, because there are no intermediary levels. The new plant in Chile will most probably be tightly coupled to the Swedish headquarters, to ensure that the main control will remain in Sweden. Tight links could, for example, be established by determining a certain budget for the new site in Chile. Also, giving the Swedish headquarters the possibility to interfere in the local business if targets are not met; this links the production site virtually closer to the Amokabel's Swedish headquarters.

10. Recommendations and Conclusions

Entering the Chilean market will give Amokabel access to numerous emerging markets in South America. This will be an important milestone for the company when going global.

This last chapter aims at answering the questions this report is based on: What are the lessons learned from the company's experience in India? And, what does the IBM strategy for Amokabel in Chile look like, taking into consideration the previous experience in India?

10.1. Lessons Learned in India

The experience of Amokabel in India has foremost been a negative one. Despite the failure, this has been an important lesson for the company and its intention to enter new emerging markets in the future.

The financial linkage is considered the critical linkage in the Indian case. As explained in the the interview with Mr. Blad (Blad, Interview), the failure in the Indian market makes Amokabel hesitant to get into a JV again unless they have full control over the business. The company had learned that such circumstances could leave them hand-tied when it comes to important decisions and when having influence on the local management team. After taking a closer look at the nature of the JV in India, it is recommended that Amokabel should have a deeper understanding of any future JV's. Agreements should be composed that gives them more control over their business. For possible future cooperations, Amokabel should also focus on selecting a partner that Amokabel itself can benefit from.

The scenario in India displays the importance of having own experimental knowledge of the market. This report revealed the indispensability of building an own network within the new emerging market. Building up new relationships without the support of a local partner might be costly and takes more time to start recognizing results, but it surely leads to a more successful and stable embeddedness in the market.

With the Indian JV, Amokabel gained the experience that entering an emerging market cannot be compared to entering a mature market. Legal systems are not applied as they are in developed countries and the surrounding is less stable when it comes to doing business, to the political system and to the social conditions. Also, formal structures within a company's organization are often not respected in the day-to-day business, but informal structures weigh more and define the actual decisions and operations.

These lessons learned are kept in mind for the elaboration of the IBM Strategy for Amokabel in the Chilean market.

10.2. IBM Strategy for Amokabel in Chile

An IBM Strategy for Amokabel in the Chilean market is developed based on the findings of the previous analyses and bearing in mind that Amokabel does not want to incur in any other JV.

It is suggested, that Amokabel enters the Chilean market in two steps. First, by establishing a subsidiary (phase A), followed by expanding the operations in Chile through launching a local production site (phase B). Moving from phase A to phase B will be necessary to overcome the major inconveniences that a sales representative faces. The lack of flexibility due to the long distance from the production site to the market, high uncertainty and the resulting long lead times are the main difficulties for Amokabel in phase A.

Chile will be the first emerging market Amokabel enters on its own without having a local partner or a distributor aside. Based on the analyses in this report, it is recommended that Amokabel hire a local sales representative to represent the company in South America while being situated in Chile. The valuable knowledge of a local will facilitate the company's first steps into the market. To make sure this sales representative acts in favor of the company, he or she will be trained on-site in the Swedish headquarters to ensure that the company's values are present and lived in the Chilean market as well. It is from the utmost importance to be sure this person will be a good representative of the company, because of the fact that this person will be Amokabels' interface to the new market. Local customers have to be convinced of Amokabels' expertise and their products, therefore mainly information linkages, product linkages and social linkages have to be developed. A local sales representative who speaks the region's main languages and who has the needed cultural understanding will make the market entry far easier.

Besides the relationships to potential customers, also the implementation of organizational structures will be a task of the sales representative. Appropriate communication channels need to be established between the Swedish headquarters and the local representation in Chile.

Phase A will help Amokabel to get to know the market, understand the needs of different industries, understand the regional behavior of doing business and how to successfully initiate and carry out a project in the area.

However, profound inconveniences mentioned above, will make it difficult for Amokabel to succeed on a long-term. Local competitors and other multinational competitors which have production sites in Chile will be able to respond to the customers' demands much faster. The expedited lead times, one of the strongest competitive advantages of Amokabel in its present markets, will vanish by importing all cables from the production site in Sweden. For this reason, Amokabel needs to move on to phase B.

Whenever a stable network is build up and Amokabel knows the secret recipe to operate in South America, uncertainty would be at its lowest and distances should be shorter by starting to produce locally. The company's subsidiary can start building relations with local suppliers and widening the network already in phase A, to ensure business can be run smoothly right from the beginning.

The local production site will allow Amokabel to regain the competitive advantage of expedited lead times. Furthermore, it will be possible to lower the cost of raw material by collaborating with local suppliers, for example, the state-owned copper company. Being present in the market with an entire production site will provide Amokabel with even deeper knowledge of the market. By hiring local people, Amokabel ensures to be respected by the local society, to overcome eventual language barriers and to act within the Chilean legal and tax system.

Independently from phase A or B, Amokabel can use the advantage of being present in one of the South American countries to expand the local network and the local operations to other South American markets. Through this, Amokabel will achieve a healthy standing in the continent and will be able to further grow organically.

Concluding, it can be said that Amokabel has a good potential to be successful in the Chilean market. Amokabel has all the capabilities to establish the company within the societal sectors and the government networks of Chile. The analyses of the network strategy, the linkage strategy, and the competitive strategy help to connect the company's organizational network to external market actors. Chile might be the easiest and safest hubs to enter in South America looking at it from a financial, economic, legal, and political stance.

Appendices

Appendix A Questionnaire Interview With Mr. Blad

I. Ice Breaker Questions

1. Tell us about you and about your background.
2. Why did you get involved in the cable industry?

II. Company Questions

1. What value does your product add to your customers?
2. What is your competitive advantage nationally/internationally with reference to products/services/systems/human capital?
3. Do you own any patents/property rights?
4. Who are your customers (different types?) nationally/internationally? What are their requirements?
5. How does your marketing team look like? How is it connected to other departments?

III. Business Related Questions

1. Who do you depend on? Who are your suppliers? Where are they located?
2. What parts of your production are outsourced or offshored?
3. What does your production process look like? What are the stages of it?
4. Which raw material do you depend on (copper/aluminium/oil etc.)?
5. In which way do you depend on the government (e.g. electricity restrictions)?
6. Who are your competitors nationally/internationally?
7. What price level do you have compared to your competitors?
8. Do you have any financing options for your customers?
9. How would you describe the relation to your buyers/purchasers?
10. Do you work with any agents or middlemen?

IV. Questions About Entering Emerging Markets (EM) & India

1. How did you start your business in India? Did you have different divisions under the same company?
2. What was/is your marketing strategy in India?
3. How did you build up relationships in India?
4. How did you maintain your relationships in India or any other EM?
5. What were the main lessons you learned after entering India that you could use for entering Chile?
6. Have you tried to enter any Ems besides India?
7. What have you experienced to be different in Ems? What have been your major issues/struggles/challenges?
8. Did you have any corruption roadblocks when entering India? And how did you overcome them?
9. How much freedom or how controlled are the operations in India? Where are the operations in India located in your organizational structure?
10. What is your distribution strategy in India? Do you use any middlemen?
11. What are your margins domestically/in Ems?
12. Where do you see Amokabel ten years from now in regards to Ems?

V. Questions About Entering Chile

1. What and how much do you actually know about the Chilean market? Has Amokabel done any research on this market yet?

2. Why Chile? What specifically interests you to go into Chile vs. going into another EM?
3. Do you plan to focus on projects/systems or on selling single products to the Chilean market?
4. Do you have any partners who are already present in the market? If not: would you consider having a partner? / Would you consider a JV/merger with a Chilean company?
5. Do you know of any companies in Chile that would be strong competitors for Amokabel?
6. Are you planning to start production in Chile?

Appendix B GDP Development Chile (The World Bank, 2015a)

Series Name	1996	1997	1998	1999	2000
GDP growth (annual %)	7,4%	6,6%	3,2%	-0,8%	4,5%
GDP (current US\$)	75.769.008.174,25	82.808.986.191,60	79.373.597.080,10	72.995.286.764,42	79.328.640.263,79

Series Name	2001	2002	2003	2004	2005
GDP growth (annual %)	3,3%	2,2%	4,0%	6,0%	5,6%
GDP (current US\$)	72.336.972.322,39	70.984.568.428,58	77.840.186.384,82	100.630.707.851,86	124.404.150.138,16

Series Name	2006	2007	2008	2009	2010
GDP growth (annual %)	4,4%	5,2%	3,3%	-1,0%	5,8%
GDP (current US\$)	154.671.012.210,65	173.081.277.147,79	179.626.674.542,41	171.956.955.710,33	217.538.271.334,67

Series Name	2011	2012	2013	2014
GDP growth (annual %)	5,8%	5,5%	4,2%	1,9%
GDP (current US\$)	250.832.362.663,61	265.231.582.107,31	276.673.695.234,28	258.061.522.886,55

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