



KRISTIANSTAD
UNIVERSITY COLLEGE

**A Strategic Analysis of a Company Operating in a Fiercely
Competitive Environment**

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The Department of Business Studies

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Thank you very much!

Per-Ingvar Nilsson

Kristianstad August 2006

Abstract

This dissertation explores and analyses the effects removal of trade barriers has on a company which has operated in a protected environment for a very long time. Due to the removal of trade barriers, the company which has never been faced with the need to compete is now subject to fierce international competition.

This dissertation focuses on the possible strategic alternatives the company may have to cope with a sudden increase of international competition and with the implementation of a change process. The theoretical framework upon which the analysis is based on is influenced by strategic management literature.

Key concepts and issues:

SWOT-analysis, Stakeholder analysis, Trade barriers, International competition

List of figures

Figure 3.1	Swot-analysis matrix	13
Figure 3.2	Power / Interest matrix	14
Figure 4.1	Consumption per capita	17
Figure 4.2	Market share of frozen chicken products in Sweden	18
Figure 4.3	Stakeholders in Spira	19
Figure 5.1	Most important factors derived from the SWOT- analysis	30
Figure 5.2	Power / Interest Matrix	33

1	Introduction	6
1.1	Background	6
1.2	Approach to the problem.....	7
1.3	Research Problem.....	8
1.4	Purpose	8
1.5	Limitations	8
1.6	Definitions	9
2	Method	10
2.1	Choice of method	10
2.2	Data collection method.....	11
2.2.1	Primary data	11
2.2.2	Secondary data	11
2.3	Criticism of sources.....	12
2.4	Reliability	12
2.5	Validity.....	12
3	Theoretical Framework	13
3.1	SWOT.....	13
3.2	Stakeholder analysis	14
4	Empirical Study.....	16
4.1	Environment Analysis	16
4.2	The Swedish Chicken Industry as a whole.....	17
4.3	The Host Organisation and its Parties of interest.....	18
4.4	The focus group study	21
4.4.1	Attitudes towards Country of Origin and living conditions.....	21
4.4.2	Criticism of Focus Group Interviews	22
4.5	Articles	23
5	Analysis.....	25
5.1	Swot analysis.....	25
5.1.1	Strengths.....	25
5.1.2	Weaknesses	26
5.1.3	Opportunities.....	27
5.1.4	Threats.....	28
5.1.5	Summary of SWOT analysis.....	29
5.1.6	Conclusions derived from the SWOT analysis	30
5.2	Stakeholder Analysis.....	31
6	Conclusion.....	34
6.1	Summary of analysis	34
6.2	Conclusion.....	35
6.3	Personal reflections	35
6.4	Suggestions for further studies	36
7	References	37
7.1	Books.....	37
7.2	Internet	37
7.3	Dissertation.....	38
7.4	Articles	38
7.5	Interviews	38

1 Introduction

This first chapter describes the background to my problem followed by the purpose, definitions and limitations of this dissertation.

1.1 Background

When Sweden joined the European Union (from here on the EU) in 1995, a series of trade barriers intended to protect domestic producers from foreign competition were lifted. Trade barriers whose purposes were to protect each country's domestic production of services and goods have existed for a very long time. In the food industry barriers were put in place to protect a self-supporting capacity to produce food products in case of war. Upon the removal of these barriers the Swedish producers were faced with the need to compete for market shares on their domestic market, something they have never had to do before.

Before Sweden entered the EU, the Swedish chicken industry consisted of a few powerful operators, which benefited from a slightly oligopolistic position on the market. Trade barriers against foreign competition protected the industry. This lack of competition in the past may explain the problems the industry faces today.

I believe that the Swedish industry was very rigid and slow moving thanks to the protected environment in which it has operated for so many years. The Swedish producers have been operating in an environment close to oligopoly and thus have never been faced with a substantial and sudden increase in competition. Now, when global competition is a reality, the producers must act and adapt to this new environment in order to survive.

1.2 Approach to the problem

My host organisation is the biggest Swedish chicken producer. They are facing fierce competition from foreign producers who have succeeded in penetrating the Swedish market and have established themselves as price leaders in the frozen segment. As a direct consequence of this fierce competition, the host organisation has lost close to 59% of its market share on the frozen segment in three years (AC Nielsen Data, 2004). In order to cope with this problem, the host organisation is currently making some structural changes which will be discussed further in the later parts of the dissertation.

The host organisation has under a long time wrongfully believed that the country of origin is the decisive factor when customers purchased their products on the frozen segment. I will show that the price and not the country of origin is the decisive factor. The customers do not believe that it is possible to taste the difference between Swedish and foreign products, and thus a price premium is not justified.

Among all provisions, chicken products are subjected to the fiercest global competition according to Birgitta Johansson-Hedberg, Vice President and CEO of Lantmännen who is the majority owner of the host organisation. My host organisation is presently facing competition mainly on the frozen segment, but I assume that a similar situation is possible to occur in the fresh segment as well as in other parts of the food industry in the future.

1.3 Research Problem

The host organisation has lost a substantial amount of market shares on the frozen segment to foreign producers and must therefore fight to regain lost market shares in order to survive this fierce international competition.

1.4 Purpose

My purpose is to investigate and analyse the possible strategic alternatives for a chicken food company in a fiercely competitive international market. More specifically, the focus of the study will be directed towards the frozen product segment and the measures needed to survive and to regain lost market shares within that segment.

1.5 Limitations

One limitation is constituted by choice to study only the Swedish chicken industry including imported goods. A second limitation is my choice to limit the study to The major chicken producer in Sweden who is my host organisation for this dissertation. A third and final limitation is the focus towards the frozen segment.

1.6 Definitions

In order to avoid misunderstandings of conceptions, essential words in the dissertation will be defined below. The host organisation will hereafter be referred to as “the host organisation” or, “Kronfågel” throughout the dissertation. “The Swedish industry” refers to the industry as a whole including the host organisation.

- *Frozen Products* – Products, which are packaged, transported, stored and sold at a temperature below -18° Celsius or -0,4° Fahrenheit.
- *Fresh Products* – Products which are packaged, transported, stored and sold at temperatures below 8° Celsius or 46,4° Fahrenheit but above 2° Celsius or 35,6° Fahrenheit
- *Decisive Factor* – A factor very important for the customer when deciding whether or not to purchase one particular product.
- *Salmonella* – Is a bacteria found which can be found in chicken. Humans may develop diarrhea, fever, and abdominal cramps if they are infected.
- *Campylobacter* – Are another form of bacteria which can be found in chicken products. The effects on humans who have been infected are similar to Salmonella

2 Method

Topics discussed in this chapter are choice of method, data collection method, criticism of sources, reliability and validity

2.1 Choice of method

By using a deductive approach, you test a theory. This means that the researcher develops a theory or a hypothesis and subsequently designs the research strategy with the purpose of testing the hypothesis. On the other hand, an inductive approach builds the theory. In other words, the researcher collects and categorises relevant data and develops a theory based on the analysis of the data. (Saunders, Lewis & Thornhill, 2003)

I have chosen an inductive approach for the research problem. This approach will guide me towards a strategy, which will improve the way the host organisation may confront the threat from imported chicken products.

One problem I encountered when I researched for relevant data was that some information I would have needed was difficult to find. My conclusions are based on the data I have even if it is not 100% to my satisfaction. The reason for this is either that the data I was searching for do not exist or that I was simply looking at the wrong place.

2.2 Data collection method

2.2.1 Primary data

A very important source of information was my contact person at the host organisation, Marie Borg *category manger* for frozen products for *convenience goods*. One problem was that she did not always have all the answers to my questions, so she proposed a videophone interview with the *marketing manager* Mats Markgren located in Stockholm

I conducted two structured interviews where the questions were decided in advance. I asked relevant follow-up questions during the interview and allowed the interviewee to come up with personal reflections and opinions. I also encouraged the interviewee to guide me in a good direction with my research. At the end of both interviews I presented some of my findings to Mats Markgren and asked for feedback. In order to better be active in the interviews, I chose to record the interviews in audio. In this way I could concentrate on the dialogue and avoid misunderstandings.

2.2.2 Secondary data

I have used secondary data collected by me from The Swedish Central Bureau of Statistics (from here on SCB), Svensk Fågel, LUI Marknadsinformation AB and AC Nielsen Data. Furthermore, I have read branch related magazines and articles in order to broaden my knowledge of the topic. I have also done research on the library for related articles to the topic.

Another source of data I will use in my analysis is a focus group study made available to me by the host organisation. The study was conducted by an independent agent (LUI Marknadsinformation AB, 2004) and focuses on

customer's attitudes and perceptions to chicken products. This study will be used only to support other theories and analyses, and not stand alone as basis for my conclusions.

2.3 Criticism of sources

I was consciously more critical to information made available to me from the host organisation and Svensk Fågel because they may have been bias. I have considered the data from SCB to be reliable because SCB is a governmental institution and thus objective and impartial. I have cross-checked data collected from the host organisation and from news papers with SCB in order to be sure the information was correct.

2.4 Reliability

In order to get the best possible reliability, I have cross-checked all data with governmental institutions which are objective, impartial and not bias. This was done to avoid mistakes in the dissertation. Furthermore, I have tried to avoid the use of my personal opinions and used primary or secondary data when analysing the company and its environment. It is, on the other hand, almost certain that my own opinion influenced me in some degree throughout the dissertation and thus making the reliability not as high as I would have preferred.

2.5 Validity

To increase the validity of the interviews and other data collection methods, I has tried to develop them from the theories I have identified as relevant for my topic, in order to fulfil the purpose of the dissertation.

3 Theoretical Framework

The theories which will be used when analysing the host organisation are presented in the chapter.

3.1 SWOT

I intend to conduct a SWOT-analysis on the host organisation because it discusses the present as well as the future. This method is used to find out whether a company is strong or weak in the race for market shares on important markets and to identify opportunities and threats. (Bengtsson et. al, 2001). An example of how a SWOT-analysis matrix may look like is shown in the picture below.

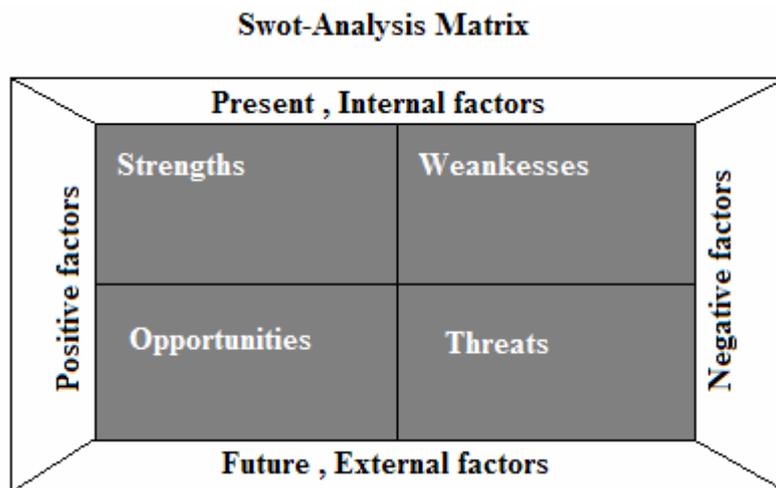


Figure 3.1" Swot-analysis matrix" (Authors model)

The upper half of the matrix describes present, internal factors, while the lower half concerns future and external factors. The left hand side of the matrix gives credit to the positive effects and, subsequently, the right hand side shows the negative factors affecting the target for analysis.

This kind of analysis will give me a dynamic view of the host organisation on four dimensions and will form a solid ground for my analysis. The SWOT-analysis should result one or two recommendations for future strategic changes to be made by the company.

3.2 Stakeholder analysis

By analysing the company's stakeholders I intend to identify the key parties of interest concerning the host organisation. An interested party is defined as an individual or a group of individuals who may support or oppose a particular proposed strategy. The level of power and interest of every major interested party can be evaluated with the help of the matrix shown below.

		Level of Interest	
		Low	High
Power	Low	A Minimal effort	B Keep informed
	High	C Keep satisfied	D Key players

Figure 3.2 "Power / Interest matrix" (Johnson, Scholes 2002)

By evaluating the level of power and the level of interest of all major interested parties, one can identify the key players regarding the company. These players are to be found in segment D in the matrix. In many cases, different players have different expectations of the company, but as I can see in the matrix above, not all sectors must be satisfied. This is the strength of this analysis. It identifies which players are the most important and it maps out which must be satisfied regarding

different types of decisions. This kind of analysis will help me foresee possible conflict of interest which my suggested strategic alternatives may give rise to.

4 Empirical Study

The information used in the analysis of the host organization is presented in this chapter. Here are also articles in the topic.

4.1 Environment Analysis

Until 1995, the Swedish chicken industry was protected by trade barriers which prohibited import of foreign products into the Swedish market. After Sweden entered the European Community in 1995, the trade barriers were abolished and the Swedish market became open for imported goods from the member states. Before the common market was created within the EU, the competition in Sweden was low within the chicken industry, as it often is in such an oligopolystic situation, and the prices were high.

Starting in 1998, the import of chicken products to Sweden took off as it is shown in figure 4.1 on page 17. The imported products were cheaper relative to the Swedish ones, something which contributed to an increase in consumption. The consequence of the cheaper imported products was that the prices decreased and the Swedish producers lost market shares to foreign producers.

As a direct consequence of the increased competition, the host organisation has lost close to 60% of its market share on the frozen segment (AC Nielsen, 2004). The host organisation is currently forced to operate in a fierce international competition, something that it was not prepared for. Among all provisions, chicken products are subjected to the fiercest global competition according to Birgitta Johansson-Hedberg, Vice President and CEO of Lantmännen who is the majority owner of the host organisation

4.2 The Swedish Chicken Industry as a whole

Since the year 2000, the overall consumption of chicken products in Sweden has increased by 27.5% while the Swedish domestic production has only increased by 7.9%. The remaining 19.6 percentage units are assumed to be imported goods (www.svenskfagel.se, 2004).

The difference is alarmingly large and it raises questions to why it is like this. Are the Swedish chicken producers simply not being able to increase the production rate in concordance with the rise of demand or are they losing market shares due to lack of competitive advantages? The answer to that question is that the Swedish producers have lost a huge share of their market in the last few years as it is shown in the diagram on the next page.

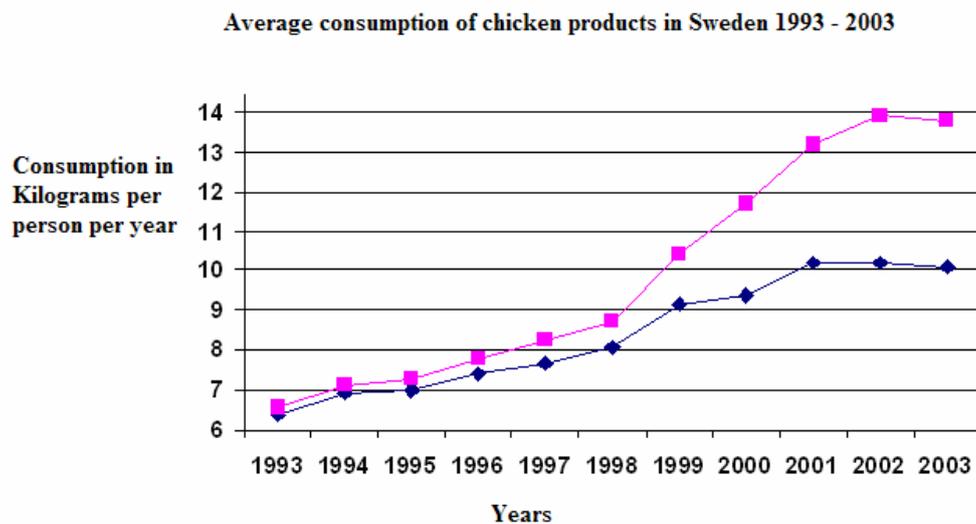


Figure 4.1 "Consumption per capita" (www.svenskfagel.se, 2004)

The diagram shows the average consumption of chicken in kilograms per person per year in the past decade. The blue line shows a moderate rise in consumption of only Swedish products while the pink line indicates the amount of chicken consumed per person per year including imported products. The much sharper rise of the pink line, which includes imported products, indicates lost market shares.

This shows that the Swedish producers' quota climbed 7.9% while the overall consumption climbed 27.5% during the year 2000 to 2003. This means that the Swedish producers have lost market shares to imported goods (www.svenskfagel.se, 2004)

During the same time period, the Swedish producer's market share has gone down from 86.6% in the year 2000 to 72.8% in 2003. This adds up to just about a 15 percentage units loss in an expanding market, which qualifies as a huge loss of market share (www.svenskfagel.se, 2004).

4.3 The Host Organisation and its Parties of interest

The host organisation has lost a substantial amount of market shares on the frozen segment in later years. It lost close to 13 percentage units of market share in a market which grew by 8.7% in two years. Its market share dropped from 31.5% in 2002, to 18.6% in 2004. This is a loss of approximately 59% on the frozen segment which was worth 1576.5 million SEK in 2004. (AC Nielsen Data, 2004)

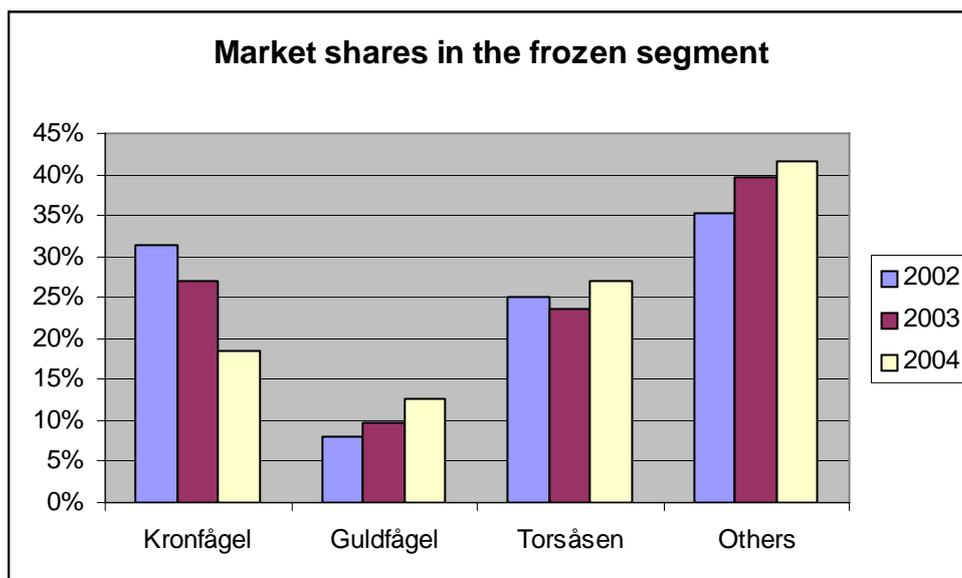


Figure 4.2 "Market share of frozen chicken products in Sweden November 2001 until October 2004 in percentage (Ac Nielsen, 2004)"

In the annual report from 2003 the host organisation reports a negative result in a 464 million-kronor loss. In the annual report from 2004 the host organisation reports a negative result in a 45 million-kronor loss.

On the first of March 2005, it was announced through a press release that Lantmännen took over the majority of stock in Spira. The Federation of Swedish Farmers (from here on LRF) sold a large number of stocks to Lantmännen. In connection with this deal, LRF invested 670 million SEK and Lantmännen 300 million SEK to the host organisation in order to give a boost of capital to the company. The host organisation achieves thereby a 35% solidity (www.di.se, 2005)

The host organisations owners are as follows. Lantmännen owns 91% and LRF owns 9% of Spira. Spira owns 100% of Kronfågel who is the host organisation and 100% of Danpo who is the Danish counterpart of Kronfågel.

Lantmännen is an economic cooperative with 50 000 members (www.lantmannen.se, 2005). LRF is an organisation for all Swedish farmers who actively protects their business interests. With almost 159 000 members, LRF works for creating a good environment in which the farmers can develop and operate small business entities on the country side (www.lrf.se, 2005).

To clarify this I have included a simplified organisation chart below. Both the host organisation and Danpo each own a number of different trademarks which they may use to market and sell their products independently.

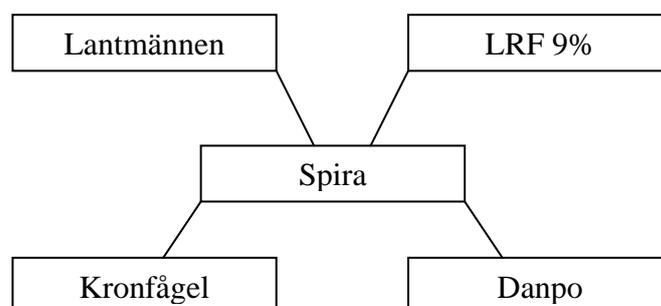


Figure 4.3 "Stakeholders in Spira" (Authors model)

Other stakeholders are customers, suppliers, worker unions, stockholders, loan givers and governmental organisations on both national and European level. These stakeholders will be discussed further in the analysis of the host organisation, where they will be classified and ranked according to their power and level of interest in the company.

4.4 The focus group study

The host organisation gave me access to a focus group study conducted by LUI Marknadsinformation AB. Only topics directly related to the purpose will be presented in this dissertation. All the information discussed in the following stages of this chapter originates from classified information I received from the host organisation and can thus not be enclosed in any references.

The study was conducted in two groups of seven to nine people who were interviewed by a psychologist. The sessions were recorded and lasted approximately two hours each. The first group consisted of three men and six women ranging from 20 to 35 years of age. The second group was smaller and consisted of three men and four women. The age of the second group ranged from 36 to 51 years of age. Some of the criteria for the participants were that they lived in, or around a big city, that they had the main responsibility of purchasing the food intake in the family and that they had children.

The purpose of the study was to better understand how the typical customer reasons regarding different kind of meat products. I will use this focus group study to identify the decisive factor in the moment of purchase. I want to know what makes a customer choose one particular product.

4.4.1 Attitudes towards Country of Origin and living conditions

Only the older group mentioned the country of origin during the discussion. Nevertheless, even if the older group mentioned the country of origin, most of them stated that they would have no problems purchasing foreign products. None of the groups was willing to pay substantially more for Swedish products.

An interesting fact here is that the knowledge about the living conditions of the chicken was poor at best for both groups. None of the groups was interested in

learning more about the pre-butchered conditions of Swedish nor imported chicken. They simply did not know nor did they want to. They did not believe that the Swedish chicken are treated considerably better than the foreign ones and did not consider this as a reason to pay a premium for the Swedish products.

The price was considered to be the most important decisive factor in the moment of purchase and not the country of origin of the products. The customers did not think that it would be possible to taste the difference between the two and thus the price premium was not justified.

4.4.2 Criticism of Focus Group Interviews

One negative aspect of these interviews is that the focus group is too narrow. It consists of 16 people, mostly women. The strongest argument against this selection is that all the participants live in Stockholm and do not necessarily have the same values as people living on the countryside. The reliability of the study is not good because only 16 people were interviewed. It is not certain that the same result would be achieved if the study would be repeated with other participants.

4.5 Articles

Poultry's new packing order (Katy McLaughlin, 2005), in this article the authors describes a new way in the process of slaughtering the chickens. It is called "air chilled chicken" some producers have gone from chilling down the butchered chickens in chlorinated cold water to let them pass cold chambers, this way of slaughtering are reducing the bacteria's to a minimum. A second benefit of "air chilled chicken" is that the chickens want soak up water like they did in the old production way, in the old way the chickens soak up between 2 and 6% of its average weight in water. The "air chilled chickens" are about twice as expensive as the water cold chickens is, despite to this the brand Smart chicken which produces "air chilled chicken" will sell approximately 33% more chicken in 2005 then they did 2004.

TYSON: Is there life outside the chicken coop? (Wendy Zellner and Pallavi Gogol, 2003). Tyson is a major player in the American chicken market with a market share of almost 25 percent. They are now trying to become a major player in the pork and beef market as well, through a 4.6 billion dollar merge with IBP inc, which is the leader in beef and number two in pork. The challenge for Tyson is to gain the same recognition for their beef and pork as they get for their chicken products. Tyson will keep the strongest IBP brands and use their own brand on the rest of the products. Tyson will spend 100 millions dollar in ads and consumer promotions to get the consumer to understand that they stands for more than chicken.

A lot is at stake here, Tyson risks to confuse its consumers that are use to by Tyson chicken products. Tyson has already proven that consumers are ready to pay more for breaded marinated and ready-to-microwave. This products stands for half of Tyson's 7 billion dollar yearly sales. Tyson stand in front of a huge problem to ensure the quality of its beef products because they buy beef from hundreds of suppliers, the solution will be that only some speciality cuts will carry the Tyson name.

Ethical advertisement does not sell meat. Low prices do, (Robert Svensson, 2003). During the last 20 years the price of meat has fallen with 75% adjusted to the price index. The Swedish people eats about 75 kilo of meat every year. Some factors of the reduction of price are that the producer has increased their production rate and that the retailers are using meat as a cut-price line to consumers. Hampe Mobärg public relation officer for Swedish Meats says that the they can not compete with the imported meat in price, therefore they has to educate the consumers why they should pay more for Swedish meat.

Nestles meal solution sizzle, (Stephanie Thompson, 1998). In 1999 Nestle spent 50 million dollar in marketing of 14-SKU line of all-in-one frozen meat and vegetable stir-fry mixes in a bag. The new line was called Lean Cuisine. The marketing was conducted through national TV at a cost of 24 million dollar, the rest of the marketing did include extensive sampling, radio advertising, couponing and account-specific promotions.

5 Analysis

The host organisation will be analysed in this chapter with the help of the theories given credit in the chapter about the theoretical framework

5.1 Swot analysis

The SWOT-analysis discusses attributes concerning the host organisation as well as its owners Spira and its Danish counterpart, Danpo. I have chosen to analyse the parent company along with its subsidiaries because of the close cooperation among them. The analysis will be summarised at the end of the chapter where the most important factors will be highlighted.

5.1.1 Strengths

One of the most important strengths, which I have identified regarding the host organisation, is its arsenal of well-known trademarks such as “Ivars”, “Stinas”, “Chicky World”, “Vita Fågeln” and “Kronfågel”. A well-known trademark is on the other hand not always equivalent to a strong trademark. A trademark must not only be well known, but also strong in order to be considered as a competitive advantage and thus a strength for the host organisation. The reason why the trademarks are not strong is that the products sold are not price competitive. The price being the decisive factor has been identified by the focus group study and is backed up by Maria Magnusson’s dissertation.

I have found that “Kronfågel” is the market leader in Sweden in the fresh segment; “Chicky World” is the market leader in Sweden within the refined

chicken product segment and “Vita Fågeln” is a fighting brand within the frozen segment.

The host organisation guarantees that its products are free from Salmonella (www.kronfagel.se, 2004), something which I consider to be a strength. Danpo, the host organisation's Danish sister company, is the first producer in the world who produces chicken products free from Salmonella as well as Campylobacter. I see this “know how” as a big potential strength for the host organisation and its owners if they market their products in such a way that they create awareness of these bacteria and the effects they have on humans if infected.

5.1.2 Weaknesses

Sweden has very strict regulations regarding labelling of products. It is for example not allowed to label products which are not genetically modified as “non genetically modified”. Likewise, it is not allowed to label products which are free from Campylobacter or Salmonella as “Salmonella free” or “free from Campylobacter”. I consider this restriction to be a weakness for the host organisation because it takes away a competitive advantage. These strict regulations constitute a weakness for the host organisation.

Another weakness is associated with high production costs which are constituted by the facts that Sweden has the strictest animal care regulations in the world because of the cooler climate, the relatively high energy taxes and because of higher relative salaries (Mats Markgren, 2004). This makes breeding in Sweden more expensive than in other countries.

The Swedish animal care programme regulates apart from ethical and ecological aspects the highest number of broiler chickens allowed per square meter (a maximum of 36 kg square meter or 25 individuals per square meter). This forces the producers to have bigger production facilities relative to foreign producers and thus higher production costs. The equation adds up that the fewer individuals

(chickens) you are allowed to breed per square meter, the higher will the unit cost be. Because the production facilities are generally larger and the Swedish climate being cooler than the climate of the competitors, the costs associated with heating the production facilities will generally be higher.

As it is shown in figure 4.2 on page 18 the host organisation is currently losing market shares on the frozen segment to foreign competitors. The reason for this is that the foreign products are cheaper, and that the customers are not prepared to pay a premium price for Swedish chicken products (LUI Marknadsinformation AB, 2004). One possible way to regain some of the lost market shares for the host organisation would be to start importing products for the frozen segment and thus lower the prices. This may, on the other hand, create a conflict of interest within the company which must be resolved before an import may be initiated.

The need to solve this possible conflict of interest is one very important weakness. This conflict is based on the high level of dependency between the owners and the company. My host organisation provides Lantmännen with a channel of sales and Lantmännen provides the host organisation with products to sell. Unfortunately, the products provided by Lantmännen are not competitive enough. They are too expensive relative to imported products and do not generate profits for the host organisation.

5.1.3 Opportunities

As I have mentioned above, the host organisation should start selling imported products for the frozen segment, if they are able to overcome the internal conflict of interest. If the conflict will be resolved, the host organisation will be able to lower its production costs and thus lower its retail prices. They would then have transformed a weakness into an opportunity.

There is however one problem with this opportunity. It may itself easily be transformed into a huge problem if Salmonella or Campylobacter will be

discovered in any of the imported products. I recommend that along with the decision to start importing for the frozen segment, the host organisation take the decision to implement a strict and rigorous control programme to prevent this from ever happening. The host organisation already has the know-how on this, so there will be no need for any research investments needed in this part of the operation. The host organisations' products have been free from Salmonella for five years because of the strict hygienic conditions in which production takes place (www.kronfagel.se, 2004).

The host organisation should start lobbying in Brussels for equal production conditions within the EU to guarantee fair competition. Another way would be to start lobbying in Stockholm for looser labelling regulations of chicken products. This kind of strategies is on the other hand very time consuming and not useful in the short time span which I am analysing. It is a long run strategy which may give the host organisation competitive advantages over the foreign products, provided that the host organisation will survive in the long run.

5.1.4 Threats

One eminent threat is the threat from imported products, which is the reason I am writing this dissertation. Imported products are cheaper and taking market shares from the host organisation. The host organisation has lost close to 60% of its market share in less than three years on the frozen segment (AC Nielsen Data, 2004).

Another threat is the possible conflict of interest which may occur if the company recognizes the opportunity to start importing for its frozen segment. This is a threat, which is coming from within the company and may be difficult to overcome.

One final threat I have identified is the risk of facing an equally fierce competition on the fresh market. Presently, all fresh products must be tested for Salmonella.

This test takes 24 hours and is therefore referred to as “The 24 hour rule”. If this 24-hour rule is removed due to foreign producers lobbying against it, then a fierce competition on the fresh market may be a reality as well.

5.1.5 Summary of SWOT analysis

Strengths – Present, Internal, Positive Factors:

- A number of well known trademarks
- Products which are guaranteed free from Salmonella

Weaknesses – Present, Internal, Negative Factors:

- Sweden has very strict regulations regarding labelling of products
- High production costs
- The need to solve this possible conflict of interest

Opportunities – Future, External, Positive Factors:

- The possibility to start selling imported products for the frozen segment
- Lobbying in Brussels and Stockholm for looser regulations

Threats – Future, External, Negative, Factors:

- Threat from imported products
- Possible conflict of interest
- The risk of facing an equally fierce competition on the fresh segment

5.1.6 Conclusions derived from the SWOT analysis

The most important factors I have identified with the help of the SWOT analysis are shown in the figure below.

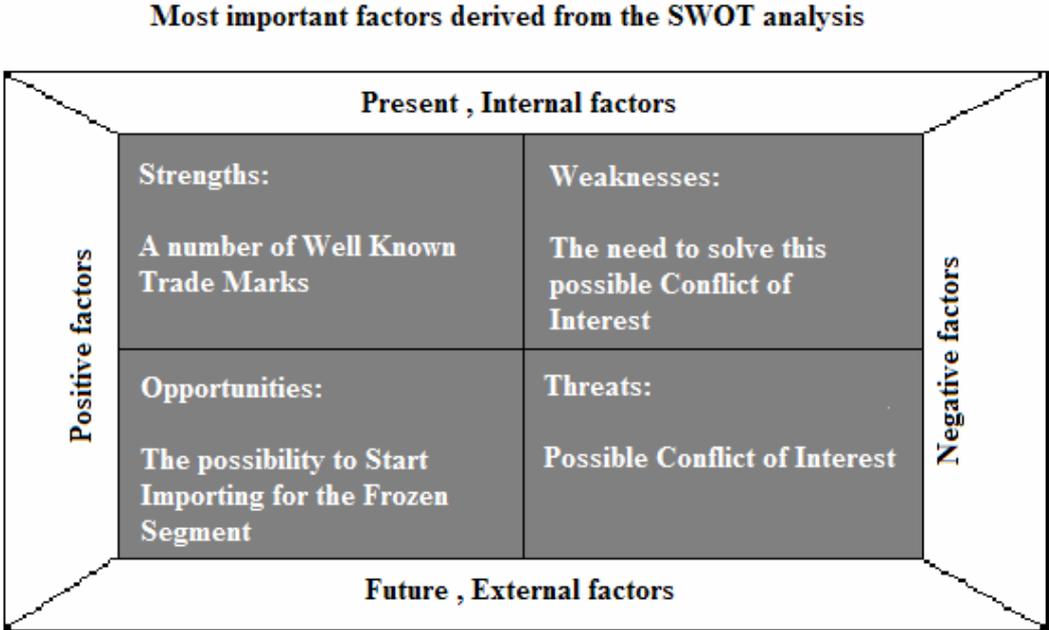


Figure 5.1 “Most important factors derived from the SWOT analysis (authors model).

Positive Factors

As it is shown on the figure above, I have identified the possibility to start importing for the frozen segment as a key opportunity for the host organisation. Earlier, I have identified the price to be the decisive factor and not the country of origin in moment of purchase (LUI Marknadsinformation AB,2004, Robert Svensson, 2003). This gives legitimacy to my suggestion to start importing for the frozen segment and thus lower the prices to match the present imported products.

Combined with the most important strength, a number of strong and well known trademarks, I believe that selling the imported products under one of these strong brand names at a price which matches other imported products will generate a competitive advantage for the host organisation.

Negative Factors

I believe that by starting to import products, the company will be faced with a potential conflict of interest. In order to investigate whether this is a possible strategic alternative, I will conduct a Power/Interest analysis for the host organisation where I will map out the key stakeholders whom the host organisation must satisfy.

5.2 Stakeholder Analysis

The host organisation affects and is affected by a number of stakeholders located in as well as outside Sweden. The stakeholders I have identified are customers, suppliers, governmental organisations (Swedish and European), worker unions, shareholders and loan givers. There is a certain level of co-dependency between these stakeholders, which means that all parties have an interest in each other in order to fulfil their own individual agendas and goals. By mapping out the stakeholders as it is shown in the figure below, I have identified Lantmännen as a key stakeholder for the host organisation.

		Level of Interest	
		Low	High
Power	Low	A - Minimal Effort Worker Unions	B - Keep Informed Shareholders LRF
	High	C - Keep Satisfied Customers Governmental Inst. Loan Givers	D - Key Stakeholder Lantmännen

Figure 5.2 “Power / Interest Matrix” (Johnson, Scholes 2002)

Lantmännen has a high level of interest and power in the host organisation because it is located in segment D of the Power/Interest matrix and is thus the key stakeholder. The level of dependency between Lantmännen and the host organisation is constituted by the fact that the host organisation provides Lantmännen with a channel of sales and Lantmännen provides the host organisation with products to sell. The problem with this cooperation is the products delivered by Lantmännen are not price-competitive. I believe this is one reason for the negative trend in the race for market shares on the frozen segment in the past few years.

What I have here is a company in a difficult situation. The reason for this is that the environment in which they have been operating in before the removal of the trade barriers is very much different from the one they are operating in at the moment. They were not prepared for this sudden increase in international competition. They have however, realised the nature of the problem, which is that their prices on the frozen segment are too high relative to the foreign competitors and they have shown a will to change their strategy and organisational structure.

On the first of March 2005, it was announced through a press release that Lantmännen took over the majority of stock in Spira (www.spira.se, 2005). One of the first actions the new owners are planning is to merge the Swedish operations with the Danish. I interpret this as a first step towards an internationalisation of the company. Ernst Mittag, the new Vice President of the host organisation, announces that the production and marketing departments will be rationalised and the range of the products offered will be re-evaluated as well. This speaks in favour of my recommendation to start importing products for the frozen segment in the way that the key stakeholder of the host organisation is not totally against an internationalisation of the company.

The difference between what the management is planning at the moment and what I am recommending is that my recommendation goes a couple of steps further towards an internationalisation process, which without a doubt, has already been started. This does not mean that my recommendation will automatically be adopted by the management of the host organisation, but merely that it will not be thrown out without being considered.

6 Conclusion

A summary of the analysis, the conclusions, suggestions for further studies and personal reflections are discussed in the final chapter.

6.1 Summary of analysis

As a summary of my analysis on the host organisation, I can say that the company is at the verge of a difficult change process which is essential for its long-run survival. I have found that the company itself has recognized the need to make a change and have already started the process. This process is interpreted by me as the first step towards an internationalisation for the company.

In my SWOT-analysis, I have found that the most important strength the host organisation possesses are a number of well known trademarks, and the best positive opportunity is the possibility to start importing for the frozen segment and thus cut costs and subsequently match the prices of the foreign competition. Ironically, as a negative factor I have identified the need to solve the possible conflict of interest triggered by the opportunity to import.

In order to investigate whether it would be possible to make the decision to start importing, I have conducted a stakeholder analysis on the host organisation where I have identified Lantmännen as a key stakeholder. While I researched the key stakeholder, I found what I interpreted as evidence of internationalisation strategies. This means that the possibility to start importing would not be rejected by default by the owners of my host organisation.

6.2 Conclusion

According to my findings, one possible strategic alternative to regain some of the lost market shares on the frozen segment for the host organisation may be to start importing chicken products and thus matching the prices of the foreign competition. Selling these products under well known trademarks may help achieving a competitive advantage over the foreign products and help regaining some of the lost market shares lost under recent years. It would be advised that along with the decision to start importing for the frozen segment, the host organisation takes the decision to implement a strict and rigorous control programme to prevent import of infected products, which will harm the organisation.

6.3 Personal reflections

My analysis is unfortunately based on limited information. There might be factors or forces beyond my understanding which may counterwork my conclusion.

During the data collection process, I found that relevant data I was looking for was difficult to find. It may have been the case that the information I was looking for was classified, but nevertheless, I experienced a certain restraint towards making some information available for me.

Apart from that, the dissertation experience thought me that things have a tendency to take longer time to complete that one might originally expect. These things may be the search for information, the time it takes to receive answers on sent e-mails or the time it takes to write and edit a chapter.

The experience may be summarised by the fact that it is not easy to write a dissertation. It takes hard work and a lot of commitment. Without the guidance of good tutors, it is impossible to complete a good dissertation.

6.4 Suggestions for further studies

There have been certain questions, which came up during my analysis, which I would have liked to study further. One of those is the question whether the same kind of fierce competition can occur in the fresh segment or even in other food industries. Another suggestion for further study is to investigate the reason why the Swedish governmental institutions such as schools and hospitals are not allowed to specifically purchase Swedish chicken products. They are at the moment forced to buy the products with the lowest price.

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7.5 Interviews

I have conducted interviews with two persons at the host organisation at the 3 and the 17:th of November 2004.

The Category manger for frozen products for convenience goods Marie Borg and with The Marketing manager Mats Markgren.