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KVARØY FISKEOPPDRETT

PURE PRIDE

BACHELOR IN INTERNATIONAL MARKETING

BI NORWEGIAN BUSINESS SCHOOL

&

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I. Executive Summary

France is well known as one of the world's most visited tourist destinations, but a less known fact is that it also is the second largest importer of Norwegian salmon in the world. This makes it a very interesting market for a small company looking to expand its export of high quality sustainable salmon – the Norwegian salmon producer, Kvarøy.

Kvarøy was founded in the mid-seventies on a small island in northern Norway, forty years on, the still family-owned company can boast with an over three million Euro cash flow. But times are changing, and the 19-employee strong family business is looking for new markets to diversify its activities and be better suited in turbulent times in the global trade markets.

This project aims to answer whether the French market is a viable option, and what would be the best strategy for entering the market. Starting by conducting a thorough market research, with both primary and secondary data on how the French consumers view, purchase and eat salmon – and especially Norwegian salmon. Our research shows us a fragile market, but an increased focus on sustainable and high-quality salmon opens a niche market that goes against the rest.

After identified an opportunity, we developed a strategic method to fully analyse and identify Kvarøy's strategic position, and how they could use their strengths towards seizing the opportunities and avoiding limitations brought on by company weaknesses and threats from the external environment. A complete strategic analysis followed by a thorough strategy formulation lead us to the recommendation that Kvarøy should use a direct export method, focusing on customers who value quality over price, and gain a competitive advantage through differentiating themselves on what they know best, their premium quality, sustainable Norwegian salmon – their Pure Pride.

II. Table of Contents

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IV. List of Abbreviations

CEO- Chief Executive Officer

B2B- Business to Business

SWOT – Strengths, Weaknesses, Opportunities and Threats

EEA – European Economic Area

STEEPLE-C – Sociocultural, Technological, Economic, Environmental, Political, Legal, Ethical and Competition.

FDI – Foreign Direct Investment

ACE – Attitude, Competences and Embodiment

SMOPECTS – Small Open Economies

VRIO – Valuable, Rare, Inimitable, Organization

TOWS – Threats, Opportunities, Weaknesses, Strengths

SFA – Suitability, Feasibility, Accessibility

KPI – Key Performance Indicators

SME-COMPANY – Small and Medium-sized Enterprises

SO – Strengths and Opportunities

ST – Strengths and Threats

WO – Weaknesses and Opportunities

WT – Weaknesses and Threats

ISA – Infectious Salmon Anaemia (Salmon Lice)

NSC – Norwegian Seafood Council

SBU – Small Business Unit

V. Acknowledgements

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We would also like to thank Carolina Werle, our supervisor at Grenoble École de Management who has given us guidelines, feedback and advice through the whole process and Claudia Fackler Hoph who has been to big help reaching English-speaking French respondents to our qualitative and quantitative analysis.

Finally, we would like to thank every respondent in our survey who has contributed to this thesis, and helped us gathering information regarding the French consumer's behaviour and perception of salmon.

Nicolai Larsen Haarr　　Linda Dieseth　　Daniel Liam Flåtten

1. INTRODUCTION

This market research report was conducted on the French market on behalf of Kvarøy Fiskeoppdrett and is our final work of our double bachelor degree in International Marketing at BI Norwegian Business School and Bachelor in International Business at Grenoble École De Management. The topic for this project has been to develop a strategic analysis of Kvarøy Fiskeoppdrett's (herby referred to as Kvarøy) and the French salmon market with the intent of future export of their products. Based on this, we will create a sustainable business-model after conducting extensive research in both external and internal environment(s) that is relevant to our research question and objectives. We chose the title of this project to be *Pure Pride* because we feel that it symbolises Kvarøy's philosophy in their operations and both our group's and Norway's attitude towards sustainable and environmental friendly business.

1.1. The Company

Kvarøy was founded on the island of Indre Kvarøy in Norway, Europe's biggest fish exporting nation, in 1976 by Alf and Geir Olsen. The company is a fully owned Norwegian family business stretching over three generations located in the north of Norway. In 2008, Geir Olsen's sons, Gjermund, Håvard and Alf-Gjøran took over, and continued to develop Kvarøy based on the core concept established by their forefather; offer high quality salmon, without compromising either the local environment or the welfare of their fish (Kvarøy n.d.).

Their Product

Kvarøy have a product portfolio of fresh, frozen and smoked salmon, however their core product is their fresh salmon which stands for 60% of their production. Kvarøy does not use feed with genetically modified ingredients or treat their fish with antibiotics, hormones or chemicals to manipulate colour, taste or growth (Kvarøy, n.d.). Instead they cooperated with their importer Blue Circle Foods, feed company Biomar and retailer Whole Foods Market to create "In the Blue" an innovative fish feed that protects marine resources and reduces environmental pollutants in farmed salmon. The salmon is raised in open-net in deep ocean with low density pens which is filled with only 2% fish and 98% water to make sure that the fish have lots of room to swim in order to create the purest and most natural farmed salmon on the market (Blue Circle Salmon, n.d.).

Current Export

Kvarøy is exporting 90% of their salmon, through a direct export strategy to their main market The United States (Johansen & Lilleby, 2016) and in a smaller extent to the United Kingdom and South Korea. In the US they have a B2B contract with the large retail-chain Whole Foods which has 600 stores spread across the country. Whole Food specialises in ecological and natural food for wealthy buyers, and only sell products which is approved in accordance with their own requirements and Kvarøy was the only Norwegian salmon producer which fulfilled these requirements (Berge, 2016).

1.2. Project Importance

This project looks at what today is one of Norway's biggest and most important exports (SSB, 2017b). In 2016 Norwegian salmon was exported to around one hundred countries amounting to well over 800,000 tons of fresh farmed salmon sold. At an average price of just over 60 NOK per kilo for fresh farmed salmon, the sales amount to almost 50 billion NOK, or over €5.6 billion (SSB, 2017a). When looking at why this project is important and what contributions the project can bring, we should look at several different factors. This project will contribute in terms of a strategic business plan for Kvarøy to grow and increase their profits and at the same time avoid strategic drift in where a company fails to keep up with a changing environment as well as risk diversification through spreading their investments into more markets (Johnson, et al., 2014).

Looking closer into the specific export numbers for Norwegian salmon, the export of fresh farmed salmon has had a substantial growth over the past sixteen years. An increase in the average weekly export of over 300% from 2000 to 2016 shows an overall strong and rising industry (SSB 2017a).

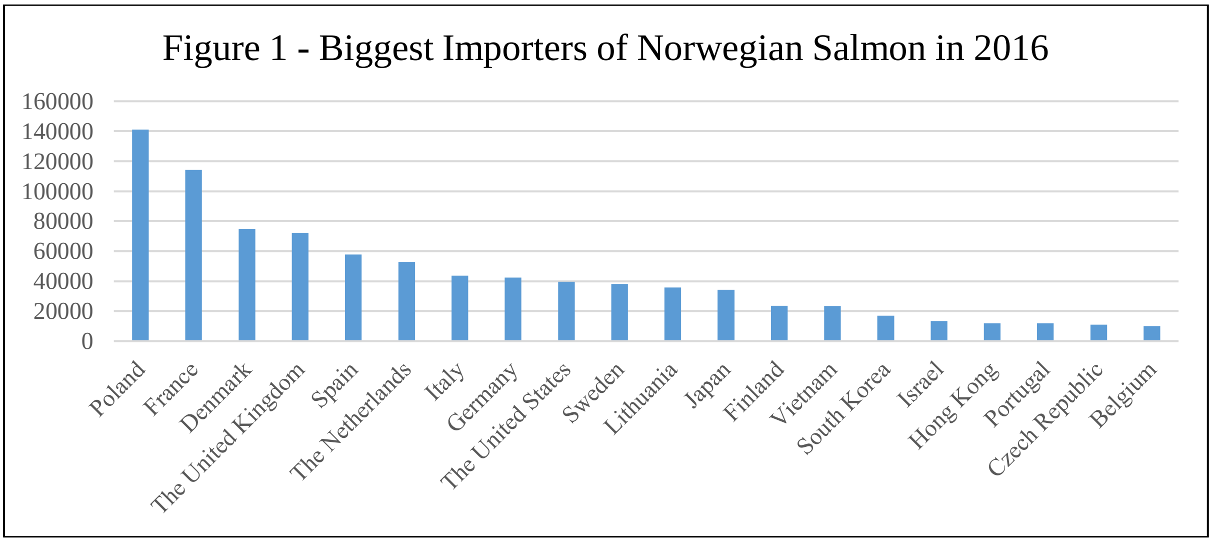


Figure 1 - Biggest Importers of Norwegian Salmon in 2016 (SSB 2017c)

As Figure 1 shows, there was only one non-European country amongst the ten biggest importers of Norwegian salmon in 2016. This shows the importance the European market has for Norwegian salmon exports, and indicates the potentials that the market has. Figure 1 also shows that France was the second biggest destination for Norwegian salmon exports with a total of 114,221 tons imported in 2016 (SSB, 2017c). These figures, both for the European market and for France, is one of the reasons we chose this as a topic for our project.

Kvarøy is today exporting to three markets, the United States, the United Kingdom and South Korea, with a majority going to the United States (Kvarøy, n.d.). In the past few years, we have seen turbulent and changing political trends in both the United States and the United Kingdom. With the referendum where the United Kingdom voted to leave the European Union and Donald J. Trump winning the presidential election in the United States (Buruma, 2016). The reason these events are important to take into consideration is that they represent possible risks that could affect Kvarøy as an exporter to these markets.

In January 2017, President Trump threatened to impose a one hundred percent increase in import taxes as a response to the European import ban on meat farmed with the use of hormone treatment (Stolt-Nielsen, 2017). During the same month, the European Union denied the United Kingdom the possibility of starting negotiations for bilateral trade agreements with Norway before they had left the European Union. The United Kingdom and Norway do not have any bilateral trade agreements today, Kvarøy's exports to the United Kingdom are therefore regulated by the trade agreements between the European Union and Norway. This imposes much uncertainty regarding how the situation will be after the United Kingdom leaves the European Union. Both these events, though not directly imposing any effects yet, could have an impact on Kvarøy's export relations with these countries. We therefore view it as an important reason for Kvarøy and us to conduct this research to identify other viable markets to enter. This would allow Kvarøy the ability to diversify its risks and adapt to trends in the industry and markets to avoid strategic drift (Johnson, et al. 2014).

In conclusion, we feel that this project has great importance for Kvarøy through looking at the possibilities of entering what is, in our preliminary analysis, an appealing market for salmon export as well as a viable option for diversification to limit the risks regarding their current operations. Its contribution will take form of an in-depth project gathering theoretical and practical information on strategic topics, consumer insight and practices for a company which is considering further expansion on the international market.

1.3. Research Questions and Objectives

When developing our research question, we did not want to be presumptuous and state that they should enter the French market without basing it on any research before answering the question of how. That is why we have decided to create a two-part research question, which is defined as:

Should Kvarøy enter the French market, and what would be the best strategy to do so?

To answer this research question, we further developed four research objectives that would give direction to our research, and help us better answer the research question.

The four research objectives cover the main stages of our work, and are as follows:

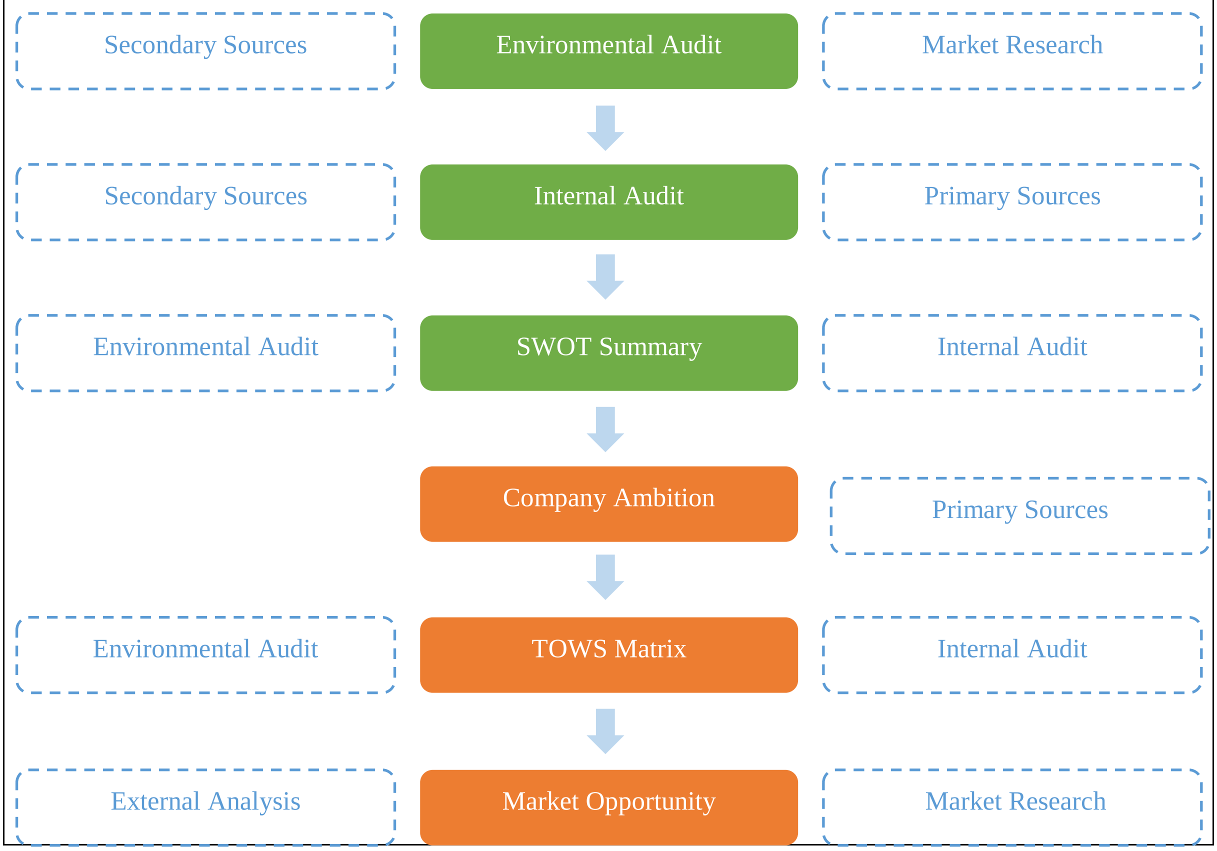
1. Identify if there is an opportunity for Kvarøy in the French market, based on internal and external factors.
2. Identify the most suitable entry mode based on the influences from the external and internal analysis.
3. Identify how Kvarøy should segment and position themselves in the French market based on market internal and external influences.
4. Identify the desired marketing mix for the selected target market, based on external and internal analysis.

1.4. Strategic Process Method

To answer our research question, we developed a strategic process model of our own. We did this to customise the analysis we conducted to better fit our research question, the industry and market, and Kvarøy. The model we developed is divided into two major parts: strategic position and strategy formulation. The first part, strategic position, consists of a complete analysis of the business environment, the company Kvarøy, and combining them to look at Kvarøy's possibilities with regards to the French market. In the second part, strategic formulation, we have used the information from our analysis to develop strategic options for Kvarøy, and evaluate their potential and through that answer our research question of whether Kvarøy should enter the French market, and what would be the best strategy for doing so.

Our model shows our strategic process and the resources we have used for the different stages.

Figure 2 - Strategic Process Model



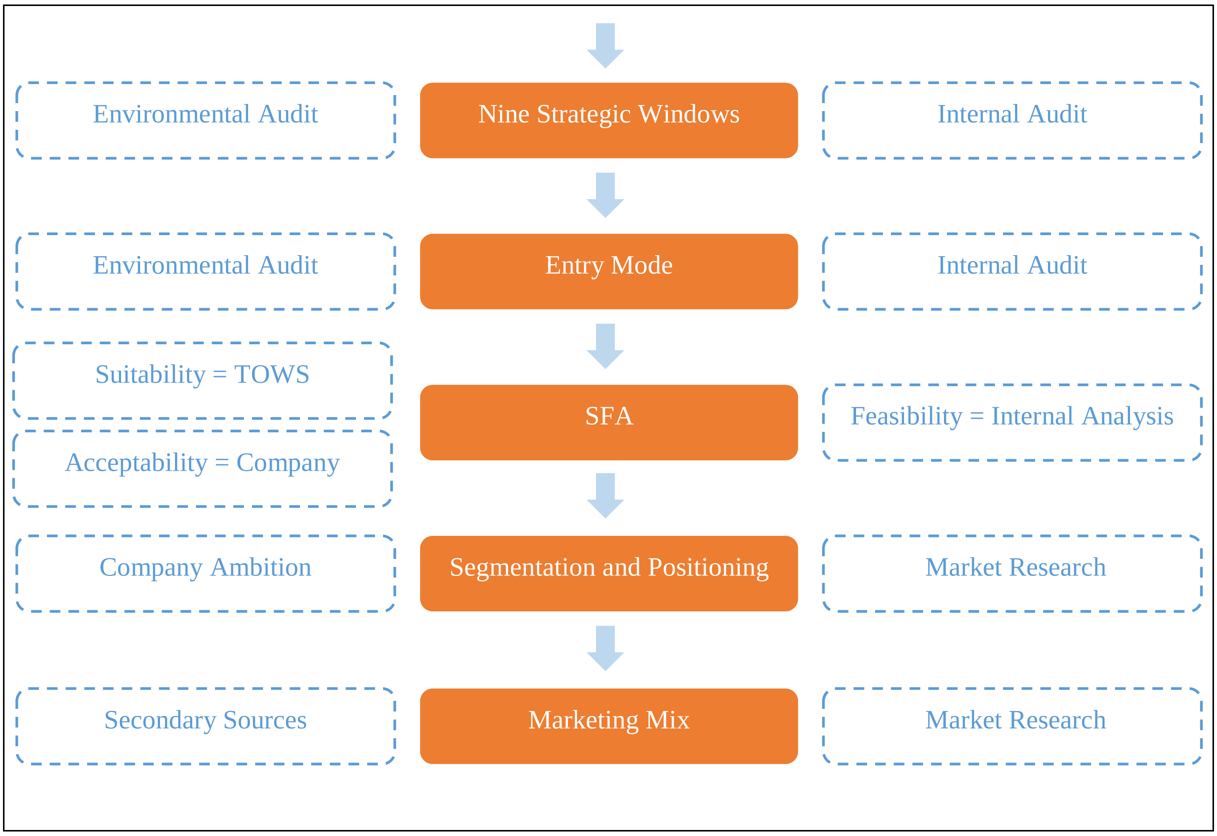


Figure 2 – Strategic Process Model

2. METHODOLOGY

Methodology is about collecting, analysing and interpreting data. In this section of the dissertation, we will justify our choices of theory, and explain in detail the method we have used to and why these methods are the best to answer our specific research objective and give us the data needed to solve our problem definition, as well as discuss the weaknesses throughout our research phase.

2.1. Research Designs

Our methodological choices are made through meticulous use of theoretical literature on research methods linked to our overall goal of what we want to answer. The research design is the overall structure plan of the research process and should be sufficient to give us the information needed to solve our problem definition within the frame of our limitations such as time, knowledge or economy. There are three main types of research design which are as following; explorative, descriptive-and causal design.

Explorative

Explorative design is a type of pilot type, which is used when one has no or limited knowledge of the specific topic and is used to achieve a better insight and understanding within the area. This is especially useful when the problem one is trying to solve is not clearly understood. Typical methods for collecting data in this type of design is in-depth interviews or focus-groups, as well as literature research (Gripsrud, Olsson & Silkoset, 2010).

Descriptive

Descriptive design is used when the researcher has achieved a basic understanding the problem area and it is structured and understood. This type of design is often used after explorative design, as it to allow the researcher to have a clear picture of what kind of data they aim to collect before investigating further with this type of design. Typical methods for this type of design is questionnaires (Gripsrud, Olsson & Silkoset, 2010).

Causal design

Causal research design is to use a form of experiment which used to look at the cause-effect or causal correlation between variables, where the purpose is to manipulate the independent variables too see whether they have an effect on the dependent ones (Gripsrud, Olsson & Silkoset, 2010).

2.2. Choice of Design

In determining the choice of design and tactics of or methodology, we had to specify what we wanted to achieve through our research, and what we wanted to answer. We aimed to solve whether Kvarøy should enter the French market, and what strategy would be the best to do so. We therefore needed to examine the French market, as we had little knowledge from this specific topic which gave unstructured data and analysis. We chose an explorative design as a starting point for our collection of data, as this would allow us to acquire a better understanding and knowledge of the problem area. After conducting seven in-depth interviews and literature research, we gradually achieved a basic understanding of the field we were studying, which allowed us to border to a descriptive design, which gave us a more structured approach to collect data. This was feasible as we through explorative design had achieved an understanding of what kind of data we needed to collect and analyse in our questionnaire in order to help us answer our problem definition. Moreover, we used causal design to estimate correlation between variables from our statistical analysis (causality) through a regression analysis.

2.3. Secondary and Primary Data

There are two main types of data; primary and secondary. The primary data is the data we have collected ourselves for the purpose of answering our problem definition, while secondary data is information collected by others for other purposes. The use of secondary sources allowed us to limit our use of resources needed to collect data and enlighten many aspects of the topic from different views, as well as allowing us to achieve a deeper understanding of the specific topic. Even though primary data is requiring a large amount of resources, it is sufficient to help us solve our specific problem definition.

2.3.1. Secondary Data

The secondary sources we collected are based on previous empirical research done in the field of French consumer consumption, attitudes and behaviour concerning salmon, done by governmental institutions. Due to a fast-changing, dynamic environment that creates changes in consumer behaviour, our inclusion criteria for research studies was that the studies had to be conducted after year 2014, in order to be up to date on the current market situation.

We have used previous quantitative research conducted by TNS Gallup on behalf of The Norwegian Seafood Council. The first report used is "*The French and Seafood*" from 2016 that included 2001 French respondents This report researches French consumer's preferences and perceptions regarding salmon, where and how they prefer to buy it, how they cook it, as well as opportunities in the French market. The second report from The Norwegian seafood council is "*Seafood Consumer Insight*", another quantitative survey which included 1023 French respondents in 2014. This report looks more detailed into French consumer's view and knowledge of Norway and Norwegian salmon, such as associations of Norway as a seafood nation, knowledge of Norway as a salmon producer, preferred origin of salmon, impression and preference of Norwegian salmon, and also other attitudes towards Norwegian salmon. Our second secondary source is FrenchAgriMer, where we found use in the qualitative research report "*The Fisheries and Aquaculture Sector in France*" from 2016. The report emphasizes on French household spending, spending pattern, what type of fish they eat, as well as salmon consumption.

Combined, our secondary sources cover a broad aspect of different consumer behaviour, attitudes and preferences among the French people concerning salmon, and allowed us in our explorative phase to achieve a basic knowledge of the problem area and formulate a more precise problem definition. Several of the concepts enlighten by these reports was further investigated in our in-depth interviews and measured in our quantitative research. Since our secondary sources were from official institutes, it gave us the opportunity to compare our own findings with theirs in order to increase the reliability of our collected primary data.

2.3.2. Primary Data

Even if we had access to sufficient secondary data from Norwegian Seafood Council and FranceAgriMer on French consumer's consumption and behaviour concerning salmon, we felt it paramount to conduct our own primary market research to further uncover the reasons behind these consumption figures, compare data, as well as covering other aspects which contribute to solve our problem definition, which was not covered by secondary data. When collecting primary data, we had to choose between a qualitative and qualitative approach or a mix. Qualitative methods are used to understand and achieve basic knowledge of a specific topic, often with an explorative approach, while the aim of a quantitative approach is to test, verify and identify causal relationships of the collected data through a descriptive and causal approach.

In order to collect primary data, we have used both quantitative and qualitative methods. The qualitative methods were used with an explorative approach, where we conducted seven in-depth interviews with English-speaking. These were important as they gave us a basic knowledge and understanding of the problem area, which allowed us to border to a quantitative approach with a descriptive design and conduct a sufficient questionnaire.

Validity and Reliability

Validity

Validity means relevance and gives answer to how well the study measured what we indented to measure. Validity can be divided into two categories; internal and external validity. The intern validity is in which degree we can conclude that there are causalities between variables, or if it is caused external factors. This type of validity is most central with an explorative or causal design. While extern validity indicates to what extend the results can be generalized to other populations or context than those in our study.

The internal validity of our survey was strengthened as we started off with an explorative design, as well as pre-testing to identify errors or ambiguity, formulate the questions into properly phrased French and discard any questions that we recognized not to relative to our research objectives. This was measure we took to ensure to increase the internal validity of our survey. We compared our findings to secondary data from Norwegian Seafood Council and FranceAgriMer, and could find similarities, which gives an indication that the study can in some extent be generalized to other populations, other than those in our research and therefore increase our external validity.

Reliability

While the *Reliability* means in which extent which we can trust our results, in other word if a measurement will give us the same result if repeated several times. We decided to conduct seven in-depth interviews, in order to increase the reliability. Since our goal was to take a sample of only French consumers as they would be representing the population we are researching, we decided to translate our online survey to French due to language barriers, as we believe this would give us a more reliable result. As we had limited French skills we decided to solicit a French student we knew had good English skills, and would be able to properly transfer the meaning and context of our questions and the answer-alternatives that followed, and pre-tested the survey on French students and received feedback for changes, which increased the reliability of our survey.

Reliability tests how trustworthy the data we are collecting are. There are three different methods to control whether a survey is reliable or not, and we chose the more traditional method by selecting three questions from our survey and measuring them by using *Chronbachs α. Chronbachs α* measures questions on a Likert-scale level, and for the survey to be reliable, the values need to be between 0,7 and 1,0 – the closer to 1,0, the more reliable the survey is. To test our survey, we choose to test the question “How do you perceive Norwegian salmon?”, which was designed on a Likert-scale (1 = Disagree, 5 = Strongly agree), and had five separate items divided by; price, quality, safe/healthy, exclusiveness and taste. As you can see above, we measured *Chronbach's α* at a value of .863. This means that our survey meets the criteria and we can conclude that the survey is reliable.

Reliability Statistics		
Chronbach's α	*Chronbach's α Based on Standardised Items*	N of Items
.863	.861	5

In-depth Interviews

In-depth interviews were structured by use of secondary sources and enabled us to achieve a better understanding and insight of French consumer behaviour and underlying motivations concerning salmon. Using this type of qualitative method allowed us to reach beyond initial responses and allowed us to observe, record and interpret non-verbal communication during the interviews (Saunders, Lewis & Thornhill, 2015). When selecting respondents for our in-depth interviews, we looked for individuals from different segments of our population. We wanted to gather data from different segments in order to be better able to create a quantitative research that covered aspects from our whole population. In selecting our respondents, we used a non-probability sampling technique (Saunders, Lewis & Thornhill, 2015). We conducted seven in-depth interviews with respondents from 19-63 years, whereas four were women and three were men.

Findings

Shopping Babits – Regularity and Location

When we conducted our interviews, we found out that many French consumers buy their groceries at the supermarket, however, there was large amount who also regularly bought meat, seafood and bread in local bakeries, butchers, fishmongers and traditional markets.

Environmental Concerns – Organic and Local Products

We noticed that those who tried to buy organic or environmental friendly products, emphasized more on quality, rather than price. However, those who preferred organic salmon, said it was quite hard to find.

Price

One of our questions revolved around whether our interview objects perceived salmon as an expensive commodity. While most respondents stated that it was expensive compared to other food, it didn't affect how often they bought it. Some of the interview object also stated that they got sceptic if the price was too low, as they feel that could be an indicator of bad quality. This is something we want to explore later in our research; how price and quality affects the buying process independently from each other, and then see if one impacts the other.

Consumption and Purchase of Salmon

Most of our respondents answered that they buy fresh and frozen salmon irregularly and not very often. When they buy salmon, it is fresh at either fishmongers or supermarkets, while two of our interview objects stated that they have bought it in organic/bio-stores. Fillets were the most common way to buy salmon. Both quality and price was important factors when buying salmon, while brand and packaging was nothing that influenced their decision to buy/not to buy. Country of origin was not important in terms of being exclusive to buying from only one country, but both Norwegian and Scottish salmon was frequently measured when we asked where the salmon they buy usually originates from.

Safety

One of the most frequent topics that came up during our interviews, was that of *safety*. There has been a lot of negative news coverage about food like chicken and seafood (including salmon) containing additives that is bad for the consumers' health. Our impression was that it could have a high effect on:

- Whether they buy salmon or not.

- What salmon they buy.
- Where they buy it.

These are attitudes we will try to measure in the quantitative part of our research.

Health

Some of our interviews were interested in having a healthy lifestyle, and added that eating salmon was an integral part in their food habits. We got the general impression from all our interviews that salmon was perceived as a healthy food alternative.

Opinions Towards Salmon

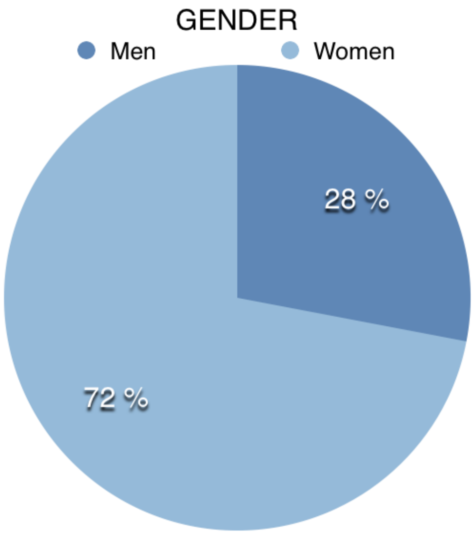
Most of our interview objects seemed to view salmon as a rather premium and exclusive product due to its high price. We also identified that French consumers seem to still have some negative attitudes towards salmon because of negative publications concerning fish lice, antibiotics and other substances, and emphasized that information was an important factor.

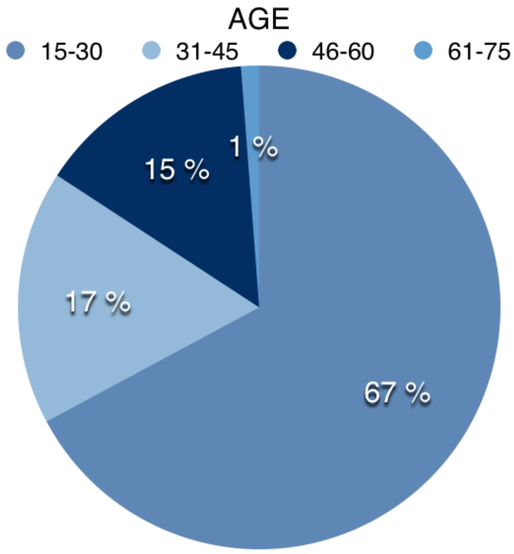
Questionnaire

The role of the questionnaire is to gather a quantifiable data sample which can be used to make generalised assumptions about our population (Gripsrud, Olsson & Silkoset, 2010). Another important role for this part is to test to use a causal design and test which variables have a correlation, and which nature there is correlation. Determining which variables that affect the decisions and behaviour of the target consumer, is a key factor to identify important aspects in order to reach the consumer. The online questionnaire was presented in French to avoid language-barriers for the respondents. All together we achieved 101 respondents, whereas 83 were French.

Findings

Demographic Variables





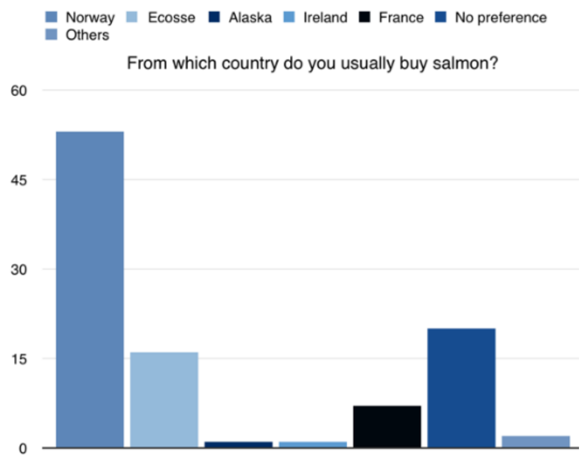
The number of valid respondents after cleaning the data set (also excluding non-French respondents/other nationalities) ended up at 83 (N = 83), where the mean of the gender was 1.72 (M = 1.72) – 72% women, 28% men, and a standard deviation of .450 (SD = .450). This is one of the main sampling issues of survey method, as it is hard to control who is responding to our survey when it is distributed online. The age of the respondents had a nice spread between the age of 17 to 62, but it mainly skewed towards younger respondents as 22 year olds and younger represented 49,5% of the total sample. This can be explained by the fact that the forums we had access to was through our school network, and can also explain why 44,6% of our respondent's earner €10.000 our less each tax year.

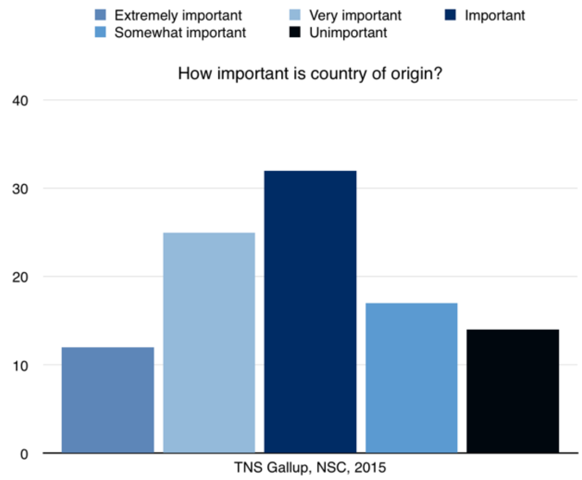
"From which country do you usually buy salmon?"

The first question we want to analyse, is if country of origin is an important attribute in buying process, and if consumers make a conscious choice of buying salmon from a specific country.

To do this we are going to compare the data from the market research conducted by the Norwegian Seafood Council in France and cross-compare it with our own question.

As can be viewed below, consumers rate the importance of country of origin on a 1-6 scale that ranges from “Don’t know” to “Extremely important”.





A total of 69% of the respondents (N = 1023) answered either “Extremely important”, “Very important” or “Important” in the survey distributed by Norwegian Seafood council. If we compare that to our own findings, asking “Which country do you usually buy salmon?”, where 53% answered “Norway”, it is fair to conclude that French consumers are conscious about where the salmon they buy originates from, and that Norway is the preferred country of choice, while we can’t exclude the reason being that there is bigger concentration of Norwegian salmon in the French market.

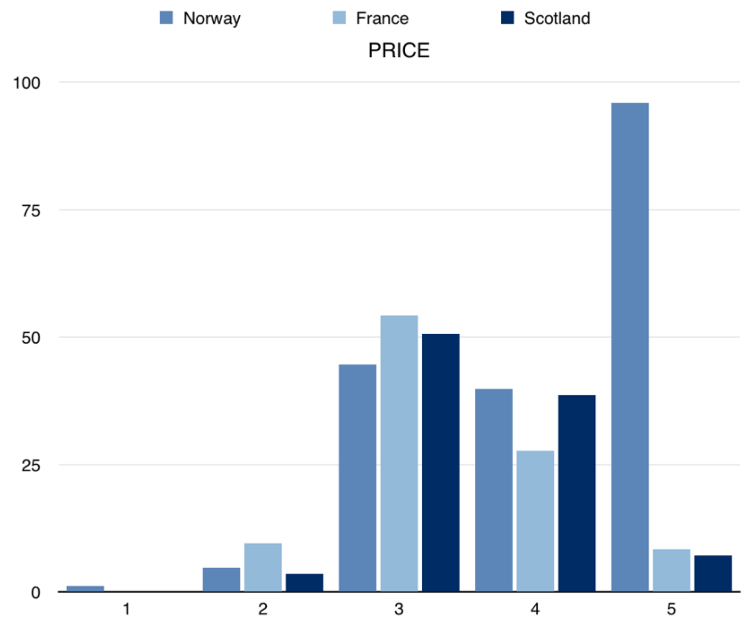
“How do French consumers perceive different attributes of salmon across different nations?”

Subsequently to discovering the importance of where the salmon originates from, we realized it was critical to identify how Norwegian salmon’s attributes are perceived by French consumers. That is why we chose to measure five key attributes*: Price, Quality, Safety, Exclusivity* and *Taste*. The respondents were asked to rate their view in Norwegian, Scottish and French salmon for comparison reasons, as these were the countries of origin we found to be the most frequent choices in the quantitative part of our research. The spectre reached from 1 to 5, with 1 = lowest, and 5 = highest.

Price

The reason we wanted to measure French consumer's thoughts about the price of Norwegian salmon is because:

- It can describe how sensitive (or not) French consumers are towards prices and changes.
- If Norwegian salmon is perceived as more expensive, we can test for correlations whether that impacts the buying process in a high degree.



Norway:
M = 3.52, SD = .768

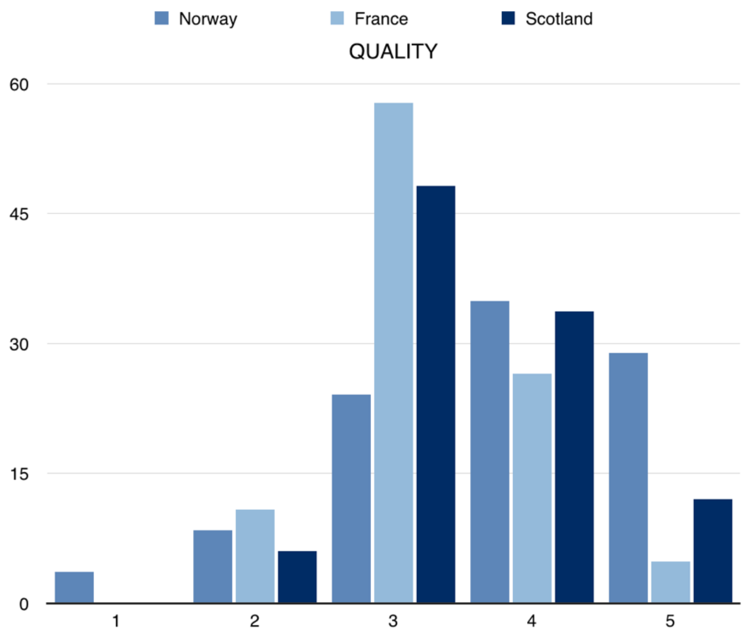
France:
M = 3.32, SD = .772

Scotland:
M = 3.49, SD = .687

As can be seen above, the average of our respondents rated Norwegian salmon to be the most expensive, followed by Scottish salmon and then French. Comparing this data with a previous analysis (preferred country of origin), where respondents stated that they buy Norwegian salmon, it would seem like even though they consider it to be the most expensive it doesn't affect them enough to make them switch to a cheaper alternative from another country.

Quality

Quality is another important attribute that we assume to be an essential factor that influences the buying decision process. So far, we know that French consumers prefer Norwegian salmon, even though it is perceived to set at a higher price. If they also rate Norwegian salmon to be of high quality, it would be an explanatory reason as to why French consumers presumably are willing to pay more for Norwegian salmon.



Norway:
M = 3.77, SD = 1.074

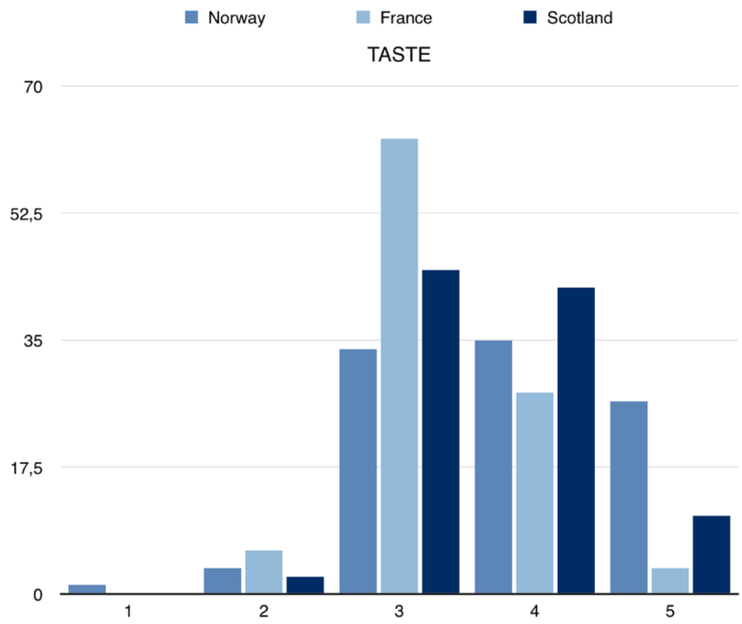
France:
M = 3.25, SD = .713

Scotland:
M = 3.52, SD = .786

As expected based on our previous analysis, our respondents found Norwegian salmon to be of the highest quality with a disparaging distance down to French salmon. This does partly explain French consumers' willingness to pay a higher price for a product they rate at a high quality, as well as the other way around: quality is obviously an important factor that differentiates salmon on a country-to-country basis.

Taste

Next, we want to go deeper into different attributes that is linked to the quality of salmon. Salmon being food would automatically mean that taste is an important factor. No one would regularly buy and consume food that tastes bad.



Norway:
M = 3.82, SD = .913

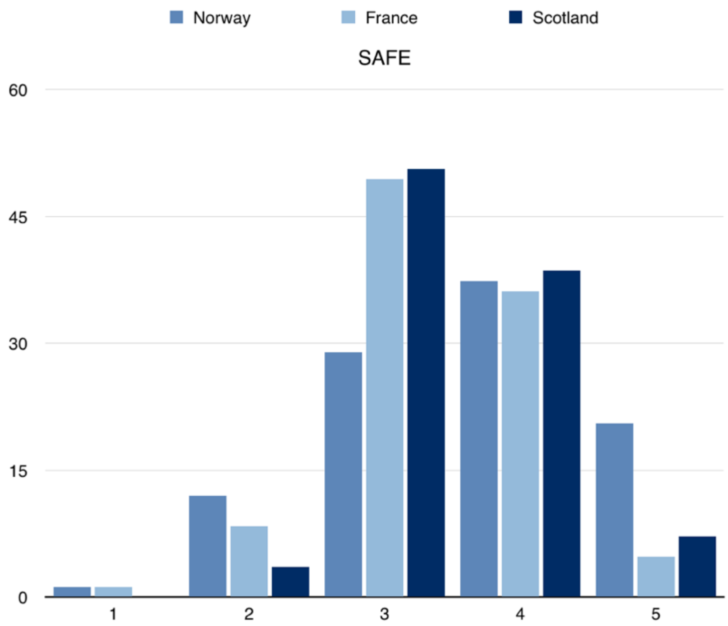
France:
M = 3.29, SD = .635

Scotland:
M = 3.61, SD = .713

Again, Norway comes out on top with the highest average out of all the countries we tested. Taste is directly related to the quality of food, and if French consumers did not like the taste or rated it lower compared to other nationalities we would look at lower numbers in both “Quality” and “Preferred country of origin”.

Safety

Safety may seem like an odd attribute to measure, but considering the negative press Norwegian salmon, and salmon in general, has received in France the last years regarding antibiotics and additives that can be dangerous for the consumer, that caused a negative trend and less consumption – we wanted to test if Norwegian salmon in 2017, was considered safe. It was also a topic that frequented a lot when we did our in-depth interviews.



Norway:
M = 3.64, SD = .983

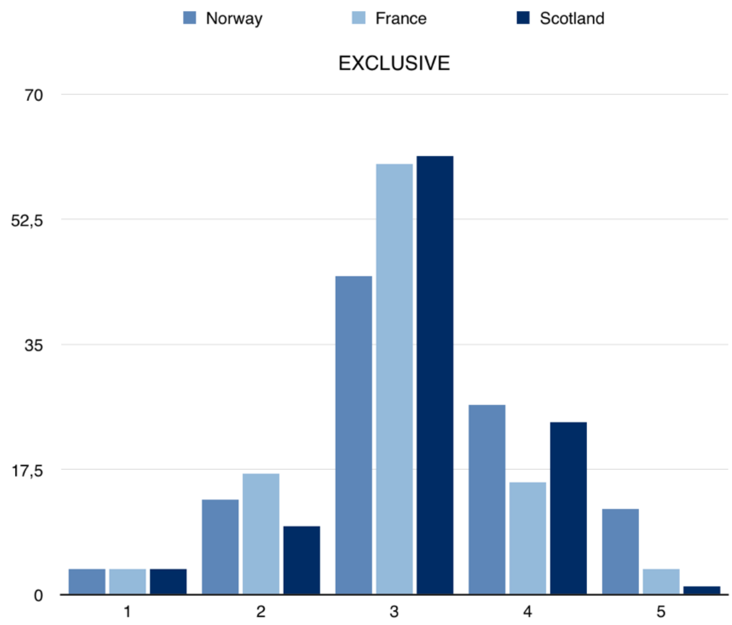
France:
M = 3.25, SD = .713

Scotland:
M = 3.35, SD = .756

Maybe a little surprising considering the negative media coverage we read about while doing research in the qualitative part of our research, but our respondents found Norwegian salmon the be the safest choice. Still at an average of 3.64, it could preferably be higher, and new companies entering the French market needs to keep in mind that they are in a volatile situation where consumers are more aware of what they eat, and whether they consider the food they affect their health.

Exclusivity

The last attribute we want to analyse is *exclusivity*. Arguably a secondary factor indirectly related to quality, but directly related to price. Consumers are often willing to pay more if what they buy are perceived as exclusive. This goes into the inter-personal decision-making process that affects consumer's behavioural pattern.



Norway:
M = 3.30, SD = .972

France:
M = 2.99, SD = .789

Scotland:
M = 3.10, SD = .726

Here we can see that our respondents again gave the Norwegian salmon the highest average. At 3.30, it is the lowest score of the five attributes we analysed, but still above the other two nations. This signalize that exclusivity of salmon is not a primary factor that influences the consumer to buy salmon, but may be perceived more as an added perk.

Conclusion

Testing these attributes have given us more insight into what influences the French consumer to:

a. Buy salmon, and…
b. Buy Norwegian salmon.

Having the highest average in all five of the attributes we measured, it is fair to conclude that Norwegian salmon has a good quality association among French consumers that directly affects their decision to buy it. It is evident that the quality consumers get through buying Norwegian salmon is worth to pay more for than salmon that are available from other nationalities. Perhaps even more revealing; French salmon had the lowest average in each of the attributes, which would explain why France is one of the biggest import-countries of Norwegian salmon.

Is there a difference between consumers who thinks price is or is not important factor and how often they eat salmon?

Next, we are going to perform an independent t-test ($\alpha = 0.05$) to check if there are any significant differences between respondents that answered the question of how much price is a factor when buying salmon on a Likert-scale from 1 – 5 (1 = Not important, 5 = Very important), and how often they eat salmon.

Group Statistics					
	Which factors are important when you buy salmon? 1 = Not important at all; 5 = Very Important - Price	N	Mean	Std. Deviation	Std. Error Mean
How often do you eat salmon?	1	4	4.25	1.258	.629
	5	13	3.62	1.193	.331

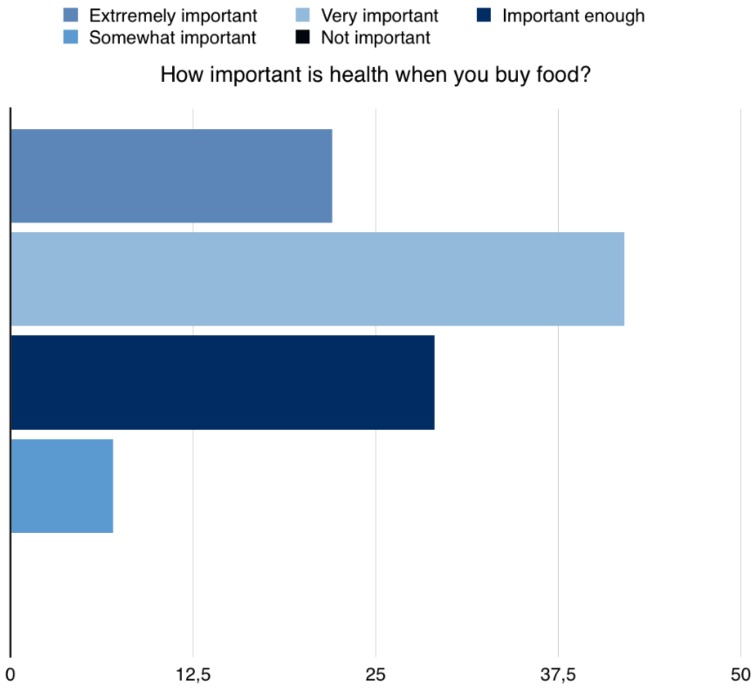
Here we can see that the respondents that answered “Not important”, eats salmon with a closer frequency than respondents that do not consider price to be an important factor.

Levene’s Test for Equality of Variance	
F	Sig.
.220	.646

Here you can also see that our p-value = 0.05 > 0.646, meaning that we can conclude that the variances are equal, and that there is not significant evidence to conclude that price affects how much a French consumer eats salmon.

“Is health an important factor when buying/consuming salmon?”

To measure this, we first asked a general question about how important health was when they bought food without mentioning salmon, and then later in the survey we formulated a question a 1 – 5 scale (1 = Not important, 5 = Very important) asking our respondent at what degree nutrition was an important factor when buying salmon.



As is shown above, the percentage of "Extremely important" and "Very important" came out at a combined total of 62%. This tells us that health is generally important for our respondents when buying food. Next, we decided to do a one-way ANOVA test in order to compare means between our two health related survey questions.

Tests of Between-Subject Effects					
Dependant Variable: Health Food					
Source	Type III Sum of Squares	df	Mean Square	F	Sig.
Corrected Model	21.885[a]	4	5.471	10.251	.000
Intercept	373.676	1	373.676	700.092	.000
Q18_3	21.885	4	5.471	10.251	.000
Error	41.633	78	.534		
Total	467.000	83			
Corrected Total	63.518	82			
a. R Squared = .345 (adjusted R Squared = .311)					

Between-Subject Factors			
		Value Label	N
Which factors are important when you buy salmon? 1 = Not important at all; 5 = Very important – Balanced food/nutrition	1	1	6
	2	2	10
	3	3	22
	4	4	25
	5	5	20

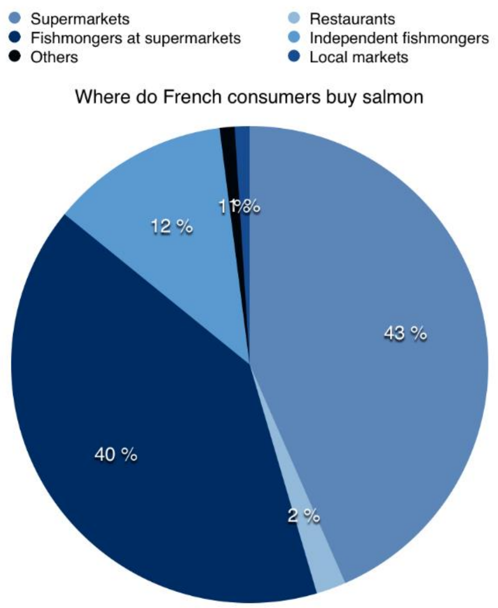
Here we can see that the value P = .0001, which is lower than <0.05. This means that we have found significant evidence that there is a correlation between general health when buying food and the respondents that answered that "Nutrition" is an important factor when they buy salmon.

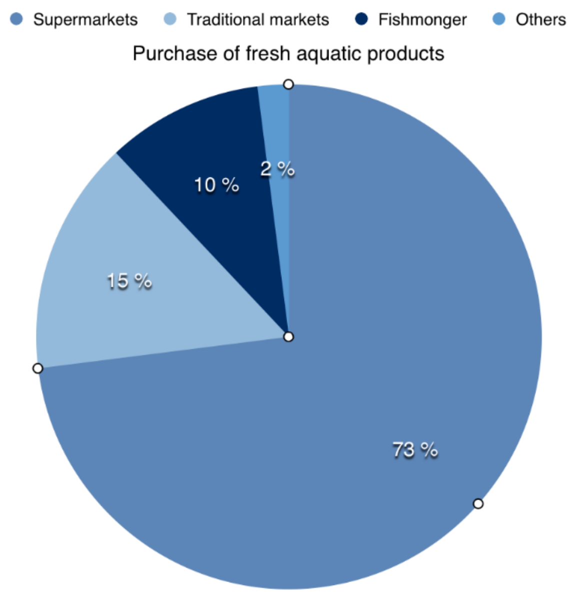
"Where, What and How"

So far, we have analysed the preferred country of origin and what attributes are important for French consumers. Now we need to answer where in France they buy salmon, what kind of salmon they buy and what sizes they prefer. This will provide us with a more complete picture of the French consumer, and help us to map out their behaviour.

"Where"

In our survey, we asked our respondents where they usually buy their salmon, where they had the option to answer between a set of fixed choices; "Supermarkets", "Restaurants", "Fishmongers at supermarkets", "Independent fishmongers", "Local markets" or "Others". As you can see in our pie-chart, 43% of our respondents answered that they buy their salmon from *supermarkets*. The second most popular choice was *fishmongers at supermarkets* at 40%, which is interesting when you compare it with the fact that only 12% buy salmon at an independent fish monger.



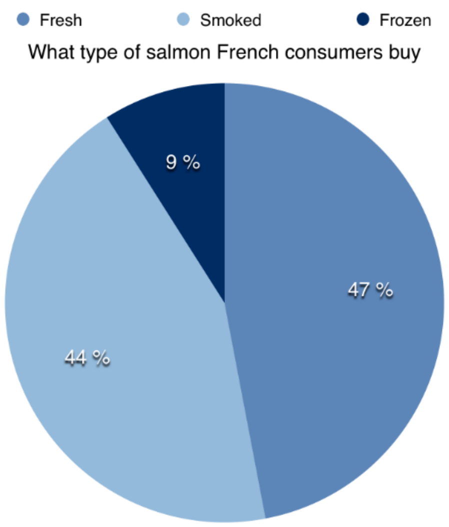


Source: FranceAgriMer, 2016

We compared our findings from a statistical research from FraceAgriMer, that was conducted in 2016, which shows us that 10% of fresh aquatic products are bought at fishmongers'. Here, we can see similarities between our primary data and a relevant secondary source.

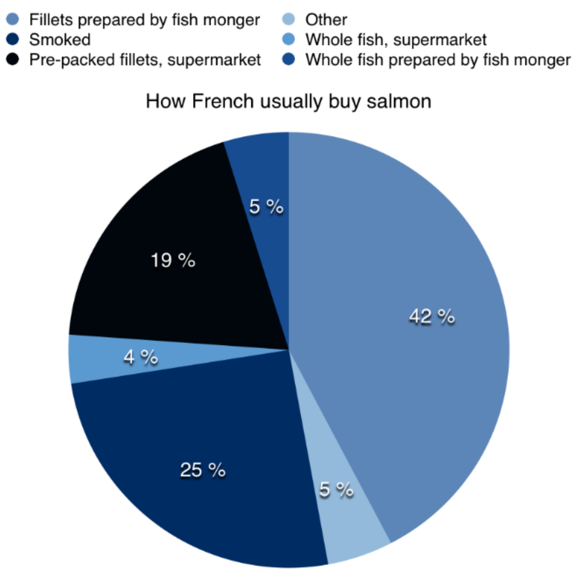
"What"

"What" aims to answer if our respondents prefer to buy *smoked*, *fresh* or *frozen* salmon. This is data that is relevant in terms of identifying market shares and compare it to Kvarøy's existing product portfolio. Based on our findings we can see that our respondents buy both *fresh* and *smoked* salmon, at 47% and 44%, but only 9% answered *frozen*, which clearly is not a popular choice among French consumers.



"How"

The question of "How" looks more closely about what sizes our respondents prefer to buy salmon. It is crucial to identify how consumers prefer their products to be presented in order to adapt to the French consumers wants and needs.



Between all six of the options, we can see a clear stated preference by our respondents by answering 42% on the option "Fillets prepared by fish monger", followed by "Smoked" at 25% and "Pre-packed fillets, supermarket". A surprisingly large margin between the fishmonger and supermarket

"Most important factors when buying salmon"

We also found it necessary to identify what factors are the *most* and least *important* when consumers buy salmon. Most important factors are those who influences the consumer in a high degree and can be essential in the decision-buying process, while we qualify the least important factors as non-essential factors in the decision-buying process.

Below you can see data-set where we highlighted both the two highest and the lowest values.

The question was asked on a liker-scale formulated question (1 = least important, 5 = extremely important).

Most Important Factors When Buying Salmon						
Question	1	2	3	4	5	Mean
Price	4	13	26	28	14	3,4
Sensorial	6	1	11	26	41	**4,1**
Health benefit	6	10	22	27	20	3,5
Environmental friendly	6	19	20	18	22	3,4
Naturel/safety (no additives)	5	9	16	25	30	**3,8**
Country of origin	7	18	28	16	16	3,2
Design/packaging	23	36	16	9	1	**2,2**
Brand	27	20	18	14	6	**2,4**
Convenience	22	21	24	13	5	2,5
Mood	19	20	23	15	8	2,7

The Two "Most Important" Factors:

1. Sensorial: Sensorial received the highest score with an average of 4,2 (M = 4.2), and can be categorized as taste, smell, texture and observation from the consumer. This tells us that the way salmon looks and feels are important to observe for the consumer prior to buying it.
2. Naturel/safety: Not a surprising factor since there has been a lot of negative media coverage regarding salmon the last years. This makes consumers more aware of what the food contains, and can create scepticism towards new products that enter the market.

It is also an attribute that is indirectly linked to the quality of the product, which has scored high/important in other analysis we have done based on our findings.

The Two "Least Important" Factors:

1. Brand: Brand scored a very low average of 2,4 (M = 2.4) in our survey. This can be attributed down to several factors. There is a high concentration of competitors with little differentiation in supermarket-chains, which is a popular choice of retailer to buy salmon from.
2. Design/packaging: At 2,2 (M= 2.2), design/packaging had the lowest average of all the factors we measured. This is similar to the findings in the research done by Norwegian seafood council, proving that design/packaging is a non-essential factor, French consumers do not consider in the process of buying salmon.

Importance of Quality/Where to Buy

A part of identifying what motivates the consumers to buy the salmon and if it there is a difference between consumers in terms of where they buy it, is important in order to segments between different groups of customers. That is why we are cross-comparing our findings from our survey regarding quality and where our consumer buy salmon.

Quality Association						
1 = Low association; 5 = High association						
Score	1	2	3	4	5	Mean
Fishmonger	1	6	26	33	19	3.5
Prepacked supermarket	7	23	44	10	1	2,7
Bio/eco Store	0	3	26	33	23	3.6

Here we can see that with an almost equal average between consumers shopping salmon at bio/eco stores (M = 3.6) and fishmonger (M = 3.5), they have a customer base that is highly focused on the quality of the products they buy. Compare this with the consumer who buy salmon at the supermarket, with a relative low average (M = 2.7) that signals that quality is a secondary factor in the buying-process, we can conclude that there is a significant difference concerning how consumer shopping at bio/eco stores and fishmongers, and consumers shopping salmon at supermarkets rate quality as an important factor.

Importance of Price/Where to Buy

In our next analysis, we are cross comparing the findings we got from the “How important is price when buying salmon?”, where the respondents could range their answers on a scale from 1 to 5 (1 = least important, 5 = most important), and “Where do you shop salmon?”.

The reason for doing this analysis is to identify the *most* and *least* price-sensitive consumers shop their salmon.

Where One Buys Salmon and the Importance of Price								
		How important is price when buying salmon? 1 = Not important; 5 = Extremely important						
		1	2	3	4	5	Mean	Total
Where do you shop salmon?	Supermarkets	1	5	8	13	10	3.70	37
	Fishmonger at supermarket	2	6	10	12	4	3.29	34
	Local markets	0	0	0	1	0	4.00	1
	Restaurants	0	0	1	1	0	3.50	2
	Independent fishmonger	1	2	6	1	0	2.70	10
	Online	0	0	0	0	0	.00	0
	I don’t eat salmon	0	0	0	0	0	.00	0
	Others	0	0	1	0	0	3.00	1
Total		4	13	26	28	14	-	85

As you can you from out data-set above, Local markets had the highest average (M = 4.0) where they consider the price to be important, with supermarkets at the second highest average

(M = 3.7). Comparably, consumers buying their salmon at an independent fishmonger had the lowest average (2.7) (expect for online and I don't eat salmon, which expectedly had an average of M = 0).

This can be interpreted as consumers shopping salmon at local and super-markets are more sensitive towards price – price being a primary factor in the buying process, while consumers shopping at an independent fishmonger being less price-sensitive. Comparing these findings with results from some of our previous analysis, where we found out that consumers shopping at supermarkets were less concerned about quality, and consumers buying salmon at a fishmonger being more focused on the quality of the product.

Importance of Safety/Where to Buy

In one of our previous analysis, we asked the respondents to rate what they considered to be the most important factors when buying salmon was. From that analysis, the question regarding safety had the second highest average (M = 3.8), which we contributed to consumers having an increased awareness of what they eat, and whether it affects their health. Now, we are going to compare that question with *where* our respondents buy their salmon.

Where One Buys Salmon and the Importance of Price								
		How important is no additives/safety when buying salmon? 1 = Not important; 5 = Extremely important						
		1	2	3	4	5	Mean	Total
Where do you shop salmon?	Supermarkets	5	5	7	12	8	3.35	37
	Fishmonger at supermarket	0	4	6	10	14	4.00	34
	Local markets	0	0	0	0	1	5.00	1
	Restaurants	0	0	1	0	1	4.00	2
	Independent fishmonger	0	0	2	3	5	4.30	10

	Online	0	0	0	0	0	.00	0
	I don't eat salmon	0	0	0	0	0	.00	0
	Others	0	0	0	0	1	5.00	1
Total		4	13	26	28	14	-	85

(We recognize that three alternatives: "Others" and "Local markets" and "Restaurants" had an average of M = 5.0, M = 5.0 and M = 4.0 with 1and 2 respondents each, which is not reliable and thereby exclude it from this analysis).

What we want to do now is to see if there are any differences in the retailers the consumers shop salmon and compare it to our previous analysis average of *safety* (M = 3.8). Here we can see that consumers buying salmon at *supermarkets* has the lowest average (M = 3.35), and consumers shopping at *fishmonger at supermarket* (M = 4.0)/*independent fishmonger* (M = 4.3) having the highest values. This tells us that consumers shopping at fishmongers', either independent or located at a supermarket, cares more about the salmon they buy should be safe and have no additives. Consumers at supermarkets, while still having a relative high score, moves down from the average of 3.8, which indicates that they care less about additives/the safety of the salmon they buy.

Limitations

The weaknesses in the methodology are based on limitation because of time, language and lack of knowledge. Time and a limited French network has been a challenge as it did not allow us to receive as many respondents as we had a goal of reaching for our questionnaire. This can decrease the survey's reliability. Moreover, because of our lack of knowledge of the French market, we had to use an explorative approach, which was a time-consuming process. The limited amount of time would have been less challenging if we had had the minimum required knowledge from the beginning, and could start off the research process with a descriptive/causal design.

Language-barrier has also been one of the main limitations, as we were struggling to reach English-speaking French respondents from different demographics We also found it necessary to translate our survey to French, without the ability to evaluate if the questions were translated correctly. This may have weakened the reliability of the survey. We also planned to conduct a focus group, but could not get around the language barrier, and in the end we found other methods that were more efficient in terms of the data we were trying to collect.

3. STRATEGIC POSITION

The first step in developing a strategy for a company or new venture is to conduct analysis of the business environment and the company. The reason for this, is to identify the factors that will affect the company's activity – and determine the likelihood of it being successful.
The basis for the strategic options for the company and the result of the environmental and internal audit is summarised in using a SWOT summary. A SWOT summarises and highlights the most important strengths and weaknesses within the firm through the internal audit and the most dominant opportunities and threats that are identified in the environment (Johnson et al., 2014; Wheelen & Hunger, 2006).

3.1. Environmental Audit

The business environment is not directly defined for any one company and the environment can be both complex and dynamic in terms of who and what affects it, and who it affects. It is the business environment that creates opportunities and poses threats to a company's survival – and to seize the opportunities and minimize the threats one needs to know the business environment (Johnson et al., 2014). In conducting the audit, we worked towards achieving as much knowledge as possible of the factors that will affect Kvarøy's activities, and help to form the overall strategy.

3.1.1. Identifying the Business Environment

Before any audit, analysis or evaluation can be conducted, we needed to identify and determine what the business environment for Kvarøy is and would be if they were to enter the French market. The importance of this identification lies in the accuracy and reliability of the audit will bring. Failing to identify a broad enough environment could lead to overlooking better opportunities or serious threats. Making a too broad an environment on the other hand, would imply much unnecessary work and give an overwhelming and unspecific audit which could lead to poorer decisions being made. To further ease this process of identification we chose to use a common method of dividing the environment into two layers – the macro- and micro-environment (Johnson et al., 2014; Wheelen & Hunger, 2006).

Figure 3 - The Business Environment

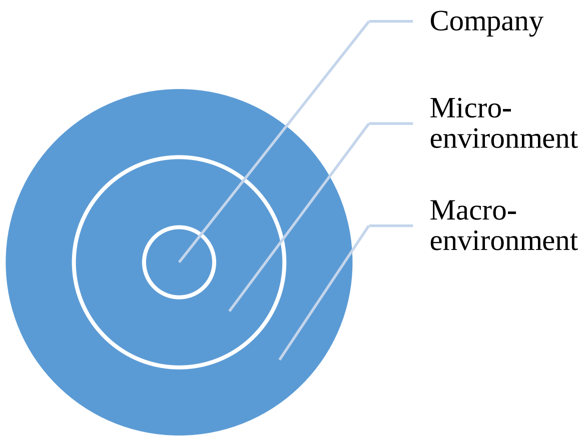


Figure 3 – The Business Environment (adapted from Johnson et al., 2014; Wheelen & Hunger, 2006).

The macro-environment consists of the broader, overlying trends, forces and factors that affect how the underlying layers react. The macro-environment is not industry or market specific, but will be much of the same for many different industries and markets, potentially covering broad geographical distances, and it can even be worldwide for certain companies (Johnson et al., 2014; Wheelen & Hunger, 2006). The micro-environment is the industry and market which the company is, or wants to, operate in. The link between macro- and micro-environment is often put as that the macro-environment has the power to influence the micro-environment, but not vice versa. The micro-environment is more closely linked to the company, and will change much more based on the audited company.

We identified the macro-environment for Kvarøy as a semi-global environment. The reason for this is that even though this new market entry would be conducted between two countries within the same continent and them being in a common trade union, the EEA (Regjeringen, 2015), there are global trends and factors that will affect the strategic evaluation of the environment and identification of opportunities and threats.

The micro-environment, covering the market and industry, we chose to define as semi-regional. By this we mean that the main competition is based within the region, but there are some global competitors and suppliers the will have a possible effect on Kvarøy as well as the industry and market.

3.1.2. Auditing the Macro-environment

When auditing the micro environment, we have used a STEEPLE-C analysis. This is an analysis that is built on and expanded form the older PEST and PESTEL analysis that are commonly used for environmental audits (Johnson et al., 2014).

The STEEPLE-C covers, and is an abbreviation, for socio-cultural, technological, economic, environmental (climate), political, legal and ethical trends in the environment, as well as a broad perspective on competitors. Even though competitors, by the divide of macro- and micro-environment, are not part of the macro-environment, the STEEPLE-C looks at competition based on today's globalised trade patterns which lead to a much broader spectre of potential competitors. We have worked to identify the trends in the environment and evaluated and analysing the effect of them. The data and information we have identified through this process has been summarised and added to the SWOT.

All data for the STEEPLE-C has been collected through research into the different topics (socio-cultural, technological, etc.) either through scientific and business publications, government or organisational analysis and reports, as well as certain reports from news corporations. We have also used aspects from our own marked research in combination with secondary data from market research.

Socio-Cultural Trends

France is amongt the most important importers of Norwegian salmon. However, the import levels and general consumption of Norwegian seafood and salmon have stagnated, and even declined, in recent years (TNS Gallup & NSC, 2016). To identify the underlying reasons behind this stagnation, we looked further into the behaviour, opinions and reasons that have led to this this downwards trend, and could influence future developments in the French market.

Consumer Spending

We can see links between the price of seafood and the level of purchase and consumption. As the price goes up, the consumption falls. 2016 saw an increase in prices of fresh fish, especially fresh salmon, due to currency fluctuations and rising global demand which limited availability and drove prices up (Euromonitor International, 2017a). Studies also show that French consumers list the single most important reason that children do not eat more fish and seafood is that it is too expensive (TNS Gallup & NSC, 2016). This increase in price could further limit the level of purchase and consumption, adding to limited spending seen through high levels of uncertainty and unemployment (Euromonitor International, 2017b).

Almost contradicting to the link between price and purchase, we see that younger and middle-aged French consumers eat outside more often, and increasingly eat fish and seafood at these occasions. Much of this is linked to the consumption of sushi. There is a considerable increase in the consumption of fish and seafood as sushi in recent years, especially in the younger generation. Certain regions, such as Paris, see as high numbers as 40% of respondents eating sushi once a month or more (TNS Gallup & NSC, 2016), and there are no signs that this trend is changing soon.

Health

There is, both in France and in other Western countries, a growing awareness towards health and food consumption on a governmental level. These trends are also seen in the French market, where consumers value health as very important when it comes to their food consumption. However, even with both parties pushing towards increased consumption of seafood, only 37% of consumers sustain the recommended weekly intake of two portions, but the numbers are rising (TNS Gallup & NSC, 2016). Closely linked to the topic of health, the last five years have shown an increased positive perception towards fish and seafood linked to being safe to eat. This is accompanied by a stable perception as health being a reason to eat fish and seafood during the same period. This ad to the overall perception of fish and seafood and removes certain recent negativity towards aquaculture (TNS Gallup & NSC, 2016).

Purchasing Patterns

Sales of fish and seafood went down in 2016, mostly driven by a strong drop in the already declined consumption of fresh salmon. This drop came rather surprisingly since the consumption of salmon had seen trends towards recovery due to more accessible prices and quality assurance. Recent years have proven that the consumption of salmon is highly dependent on the reputation of the industry in terms of quality and general approval of aquaculture with regards to safety and environmental impact (Euromonitor International, 2017a). The decline in consumption of fresh salmon has also shown that the French consumer easily shifts to other competing fish species, such as cod, or substitute fish for other seafood or meat. During the same period as salmon consumption fell, consumption of poultry increased 6% in value growth (Euromonitor International, 2016b) and the retail volume growth of crustaceans went up 10% (Euromonitor International, 2017a).

There are developing trends in where consumers purchase seafood which are closely linked to the level of consumption. Consumer segments that have a high consumption level are more prone to purchase seafood at a fishmonger or market, whereas consumers with a lower consumption level predominantly purchase seafood at self-service shelves at hyper/super markets (TNS Gallup & NSC, 2016). This research also shows us that there is little growth in the purchase of seafood at neighbourhood supers or convenient stores, where the levels are below 10% purchase for all levels of consumption. In 2016, larger grocery retailers stood for around three quarters of the sales of fish and seafood (FranchAgriMer, 2016), but saw a decline in their market share. Both fishmongers and traditional outdoor markets saw higher increases in sales (Euromonitor International, 2017a).

An important aspect with regards to the purchasing patterns of French consumers is that nine out of ten consequently do not purchase pre-packaged seafood. There has been little development in this trend, however, the increase that exists is driven by convenience. This trend can be linked to busy urban lifestyles, and is not present in the purchasing pattern of household families (TNS Gallup & NSC, 2016). Some developments where seen in this area however. According to France Agrimer (cited in Euromonitor International, 2017a, p. 2) the share of packaged seafood increased to over 44% of total retail volume in 2016, even though this increase was considerable higher for molluscs and crustaceans than for fish. This is an important aspect with regards to developing Kvarøy's strategy. Knowledge of how and what consumers prefer to buy is paramount to identify the best positioning and packaging strategy.

Another aspect that is developing within the grocery/food market is the increasing trend of consumers purchasing food through online services. Even though this is still a small market segment, with only around 10% of consumers saying they currently use it. There is an increased spread of the use of such services. 25% of respondents say they are likely buy online during 2017 (TNS Gallup & NSC, 2016). The effect this will have on the way consumers purchase seafood is however uncertain. Many consumer's express concerns with regards to not having the ability to pick their own seafood through online services, as well as concerns with regards to logistics and keeping the seafood properly cooled throughout the process (TNS Gallup & NSC, 2016). This is however something that can change in coming years and is closely linked to technological developments within IT and online services.

Awareness of brands and labels & importance of organic food and the origin of food

Through a lot of bad press surrounding farmed fish during recent years, we can see a positive trend towards the sales of organic fish and seafood in France. Even though the sale of organic fish still only stands for 2% of the total volume, much due to higher unit prices, 2016 showed a double-digit growth in the category. Holding a similar 2% of the market, is sustainable fish and seafood. However, this category has seen a much lower increase than organic, and much lower than in other Western countries (Euromonitor International, 2017a).

Food origin has become increasingly important in France in recent years (TNS Gallup & NSC, 2014), but can take different forms. Consumers show increased awareness and importance towards the origins of food in either that they associate the quality and safety of the food with its country of origin, or that they put importance of eating local food. The latter has been seen both for fish and meat, respectably under the labels Pavillion France and Viandes de France, where both saw increased sales in 2016 (Euromonitor International, 2017a).

Opinions and Perceptions

The general opinion of seafood is positive on many aspects. Opinions regarding use and health benefits have remained stable in recent years, whilst environmental aspect, safety and perceived value have all seen steady increases as positive reasons to buy seafood. These opinions are rather stable across the market of those who eat seafood once a week or more (TNS Gallup & NSC, 2016). Positive trends in the perceptions of quality and taste are also seen with regards to farmed fish. Despite these positive trends in opinions, there are still a lot of negativity towards farmed fish and aquaculture. Many of these trends are linked to presumptions towards the use of antibiotics and hormones, and the negative connotations connected to this. Research shows that consumers often regard such negative opinions higher than the positive trends (TNS Gallup & NSC, 2016).

Economic Trends

The French economy has seen stagnating growth over the last few years coming up to 2015. Uncertainty, declining competitiveness and exports, as well as modest growth in productivity lead to slow recovery for the economy. However, through 2015 and 2016, we have seen an increase in FDIs into France, a low oil price and, most importantly for the food industry, increased private final consumption have all lead to the French economy slowly, but steadily increasing its growth. A growth we can expect so see further through 2017 (Euromonitor International, 2016a; Euromonitor International, 2017b). The increase in of private final consumption, which has a bigger role in France than in other Eurozone members, rose by 1.8% in 2016, and predictions are for a 1.3% increase through 2017. Both tax cuts and a modest wage increase has pushed this growth, however, it has been curbed somewhat by continued uncertainty and a decline in consumer confidence (Euromonitor International, 2017b). The predictions for 2017 are based on a further decrease in unemployment numbers, which are still high in France (9,9% overall and nearly 25% for youths), which will also help lower the general uncertainty. These positive trends, in combination with predicted tax cuts in coming years, will further the growth in private final consumption and affect the purchasing patterns of food (Euromonitor International, 2017b).

Currency

Fluctuations in the Euro have affected France's level of import significantly. The last five years have seen a steady decline in the value of France's overall imports (Euromonitor International, 2016a; Euromonitor International, 2017b). However, if the Euro appreciated against the Norwegian Kroner, it thereby increased France's potential purchasing power towards its Norwegian imports – through getting more for each Euro (Blanchard, Amighini & Giavazzi, 2013).

Environmental Trends

There is a strong importance of socio-cultural trends linked to the environment. Recent years have shown an increased importance of the environment as a reason to eat fish and seafood. Furthermore, the origin of food is considered very important by French consumers and is linked to opinion towards the country of origin – very often linked to environmental aspects of the production of food in the country (TNS Gallup & NSC, 2016). The carbon footprint will naturally wary between species of fish and seafood. Using farmed salmon as an example, the main emissions connected to this aquaculture is from feed production, standing for as much as

75% of total emissions (Ziegler et al., 2013). This percentage, of kilograms' carbon dioxide equivalents per kilogram edible product sold, will of course wary depending on where the fish is transported to. Figures indicate that transport stands for 9-14% of total emissions for farmed Norwegian salmon transported to France (Ziegler et al., 2013).

Another important, and much covered topic, is the issue of fish lice, specifically infectious salmon anaemia (ISA). This has been a major issue for Norwegian aquaculture in recent years and has had several outbreaks in different locations and for multiple companies – hurting the entire industry (Aldrin et al., 2010). There are several views that support that salmon farming itself is the main threat to wild salmon. The significant increase in density of salmon farms has been highlighted as a threat through escaped framed salmon and environmental pollution has led to increased spread of disease amongst wild salmon (Liu, Olaussen & Skonhoft, 2010).

Norwegian exporters pay a 0,3% fee on all exports of fish and seafood. This fee, amounting to over 187 million NOK in 2015 (FHF, 2016), goes to the Norwegian Seafood Research Fund (FHF). The FHF is an R&D organisation that works closely with the industry to secure that the growth of the industry is done under conditions that are environmentally friendly and follow Norwegian law (Ziegler et al., 2013).

Political and Legal Trends

Norway

The salmon farming industry in Norway is highly regulated and there are several governments, as well as independent, agencies that monitor and regulate the industry. The industry itself is governed by the Ministry of Trade, Industry and Fisheries (formally separately under the Ministry of Fisheries and Coastal Affairs), but the Ministry of Environment is responsible for wild salmon stocks and their sustainability and health, as well as escaped farmed salmon (Liu, Olaussen & Skonhoft, 2010). These two agencies are the main governing bodies implementing regulations and policies that affect the industry. This duality, though sometimes driven by conflict between the two parties, works towards and tries to maintain a balance between farmed and wild salmon in Norway.

France and the European Union

After the French election and with the new president Emmanuel Macron, there is high expectation and hope for a reversal in the negative trends in competitiveness and the level of government involvement in the economy. An increase in French competitiveness will work towards generating new jobs and lowering the unemployment as well as pushing the economy forward and furthering the moderate increases in wages. However, there is also much uncertainty towards the effects of Brexit, immigration and refugees and the economic effects of Greece's economic instability. The importance of security and terrorism is also paramount for the French economy, and expectations for President Macron's policies are high with regards to how his administration will deal such issues. The recent terrorist attacks in France had a dramatic effect on tourism to the country, but a slight increase was seen in 2016 and is expected for 2017 as well (Euromonitor International, 2017b).

Ethical Trends

The ethical trends that are linked to fish and seafood, and especially farmed fish or aquaculture, are closely linked to environmental and health issues and concerns. Aquaculture has become the fastest growing food source producing sector and is becoming an important part in the global food supply (Olesen, Myhr & Rosendal, 2011). The questioning of the ethics with regards to aquaculture comes from both the market and the industry, both producers and consumers. Both the increasing prices on fresh farmed salmon and the souring demand that has been seen in recent years has led many to look deeper into how this industry works, what the consequences are for the area of production, as well as the full live-cycle carbon footprint of the journey from farm to consumer (Ziegler et al., 2013).

The increase in ethical awareness, from producers, consumers and governments, has had an impact on how the industry has developed, and how it can develop further in the future. Consumers are becoming more concerned with how food is produced and where it comes from (Euromonitor International, 2017a), the industry itself is considering their ethical responsibilities (Ziegler et al., 2013) and governments are regulating more and more in order to further sustainable and ethical production takes place.

These ethical trends can be seen as increased demands that put higher costs on production and acts as obstacles and barriers for the industry, but they can also be motives and opportunities to act on. As a product, such as farmed salmon, becomes more associated with both desirable and undesirable aspects for the consumer, and the consumer needs more value-related consideration, it opens up for further differentiation between products. If a producer uses this increased awareness and demand from the consumer to act and fulfil them, the producer will have an increased likelihood of its product being chosen by the consumer (Schiffman, Kanuk, & Hansen, 2012).

3.1.3. The Micro-environment – Porter's Five Forces

The micro-environment can further be separated into two parts, the market and the industry. The industry, or sector, is concerned with the different actors within the industry – both suppliers and competitors. By analysing the industry, we can say something about who will influence the company's ability to succeed and make profit (Johnson et al., 2014; Wheelen & Hunger, 2006). An analysis of the market will evaluate the size and dynamics of the market.

Process and Methodology

The main tool we use to analyse the micro-environment is an adaptation of Porter's Five Forces Framework. This is a tool to evaluate the attractiveness of an industry and market by analysing the power of what Porter defines as the five forces that affect a company (Johnson et al., 2014). We have adapted it slightly from the original form to symbolise and illustrate the industry dynamics towards the buyer and the market.

Figure 4 - Porter's Five Forces Framework for the Fishing Industry

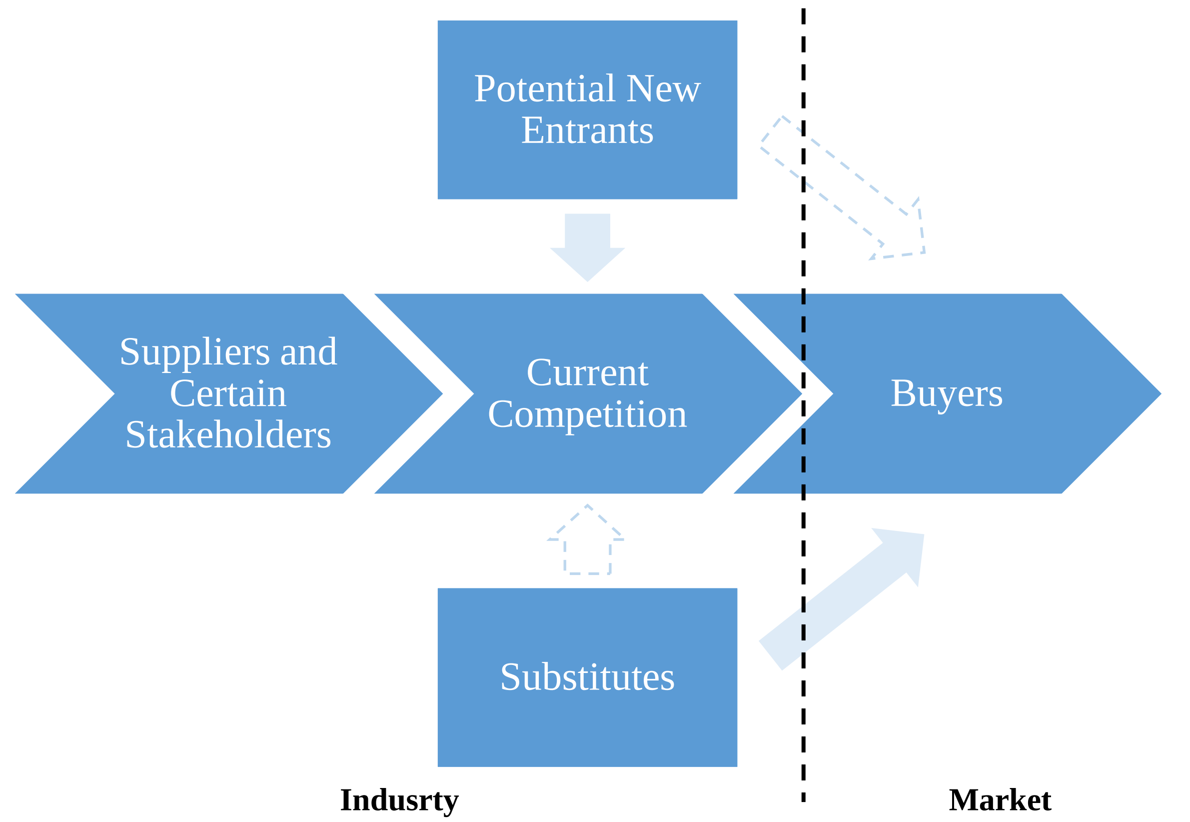


Figure 4 – Porter's Five Forces Framework for the Fishing Industry (Adapted from Johnson et al., 2014; Wheelen & Hunger, 2006)

The three horizontal forces, suppliers, current competition and buyers, represent the current, ordinary value chain – how the value is delivered to the end user. The suppliers are any companies that deliver resources to companies producing the finished products or services for the buyers. For the fishing industry, suppliers are companies delivering technology for aquaculture or fishing, as well as producers of feed and other resources. Supplier power is determined by the amount and size of suppliers that a company within the industry is dependent on and any switching costs linked to suppliers. This amounts to the bargaining power of suppliers and how influential they are on a company's profit within the industry. The number of suppliers and competition between them will limit the power of suppliers (Johnson et al., 2014; Wheelen & Hunger, 2006). Also included in this group are certain stakeholders. This is due to the nature of the stakeholder's influence on a company. Wheelen and Hunger (2006) define such stakeholders as governments and international organisations that will have a stake in a company's business through laws, regulations and concessions, thereby acting as "suppliers" through enabling and directly impacting a company's activities and profits.

The current competition that make up the industry rivalry is made by all the existing companies in the fishing industry. These companies, or *incumbents* (Johnson et al., 2014), deliver similar valued products which are aimed at the same market and customers. The power of the current competition and rivalry is determined by several factors such as the number and size of competitors, industry growth rate and fixed costs (Johnson et al., 2014; Wheelen & Hunger, 2006). The current competition is closely linked to the two other forces which forms the vertical axis of the framework – potential new entrants and substitutes. These are factors that threaten the existing companies and industry build-up, and in terms of substitutes, possibly the whole industry. The threat and power of potential new entrants is directly linked to an industry's entry barriers. The higher the entry barriers, the lower the threat is, and the incumbents in the industry are more profitable.

Depending on the scope – the choice and specificity of industry – the difference between competitors and substitutes can be difficult to distinguish. A substitute can be defined as a product that is by nature different than what the industry delivers, but still offers similar benefits and satisfies the same needs as the original product or service. For the fishing industry, this would be other types of food that could be consumed in a similar manner as fish. The power of substitutes therefore lies in that they put a price cap on the product or service they can substitute – if the price is too high, the consumer will choose the substitute to fulfil his or her needs (Johnson et al., 2014; Wheelen & Hunger, 2006).

The final force in Porter's framework is the buyer. Even though we have used the framework as a tool to evaluate the attractiveness of the fishing industry, and not the market, the buyer still has direct influence on the potential profits of the company. Factors such as low switching costs for the buyer and concentrated market where there are few large buyers, the buyer has high power through being able to easily switch to a competitor or substitute. This is much the same position as the factors that indicate the supplier power. The higher the bargaining power of the buyer, the lower potential profits a company has (Johnson et al., 2014; Wheelen & Hunger, 2006).

Findings

Current Competition

The fishing industry is, naturally, divided into different species of fish. This implies that there are competitors that deliver a different product by nature, but a product that has similar areas of use for the customer. There is also the way in which the final fish product is delivered – fresh, frozen or pre-packaged. The chosen scope of the framework, the fishing industry, was made based on the similarities between the different types of fish. Even though consumer will use certain different species for different types of food, we still chose this grouping for the analysis. Choosing a to specific and narrow scope, such as just salmon, could have led to overlooking the competitive nature of the industry, such as when French consumers switch between cod and salmon due to fluctuations in the price of salmon (Euromonitor International, 2017a).

The fishing industry, both Norwegian and global, is fragmented and consists of multiple producers and in varies sizes. Larger producers also source (farm) their fish from multiple locations.

Suppliers and Certain Stakeholders

Governments

Government influence on the fishing industry can be considered high in many areas. The Norwegian fishing industry is highly regulated, both in the traditional wild fishing and aquaculture sectors (Liu, Olaussen & Skonhoft, 2010). The issuing of licences and concessions for aquaculture is restricted and a costly process, a process existing for environmental reasons. The EU and the EEA have an influence with regards to quality demands for goods imported and sold within the single market. This makes them important and influential with regards to standards in production safety and health, as well as with regards to the overall quality of the goods. Norway’s membership in the EEA benefits both Norwegian exporters and external importers due to the membership in the single market (Regjeringen, 2015).

Suppliers

When looking at conventional suppliers, there are certain differences between traditional fishing and aquaculture. The aquaculture industry will have a larger number of suppliers connected to developing and maintaining the farms, spawning and delivery of new fish, as well as feed for the farms. The rest of the value chain will be rather similar in where the fish, whether farmed or not, needs to be filleted and transported in a similar manner. Kvarøy themselves have a multitude of different suppliers, ranging from providers and maintenance of farms, boats and vessels for operations and suppliers for feed and roe. This number of suppliers indicates that Kvarøy is highly dependent on their services, but have shown the ability to maintain long and consistent supplier relationships which limit the risk connected to the supplier power.

There are several larger companies that have chosen to implement backwards vertical integration and eliminate many of their suppliers by developing and producing their own resources. Some companies, like Norwegian Marine Harvest, have total vertical integration and are fully supplied by their own activities in Norway (Marine Harvest, 2017). Kvarøy has some vertical integration, but only limited to certain parts of the value chain, this will be presented in further detail in Internal Audit (pp. 66-87). Vertical integration, weather total or partial, helps a company to limit the suppliers power – simply by removing the need for external suppliers. This is however a costly process, and can be less effective if the production of the original supplies is outside the company's original competences and the quality is poorer than with outsourcing (Johnson et al., 2014).

Possible New Entrants

The threat of new entrants is relatively low. This is due to the restrictions on aquaculture concessions given from different governments. The fact that we see industry consolidations, much as a reaction to the limited concessions, also lessens the threat for new entrants (Nodland, 2016). The threat is rather from larger excising competitors capturing increased market shares. Aquaculture is also a very costly industry to enter and compete in. The insight we have gotten from Kvarøy regarding their value chain and suppliers, indicate a large need for initial investments. Both operating concessions and the start-up costs work as entry barriers to the industry and will curb the threat of new entrants (Johnson et al., 2014).

Substitutes

The threat of substitutes is the most powerful factor within the industry, except for the market and buyer itself, and they are highly connected to each other. For the fishing industry, substitutes would be other types of food that could be consumed in a similar manner as fish. The power of the threat is linked to the share number of substitutes available and the nature of the industry. If the prices in the fishing industry goes up, customers are more prone to switch to cheaper substitutes such as chicken or pork. This high threat of substitutes puts a cap on the price of fish. The lack of switching costs between fish and substitutes enhances the power of substitutes (Johnson et al., 2014). There is for instance no cost for the consumer to switch from fish to chicken. Our qualitative research gave us insight into how or respondents experienced the relationship between fish and substitutes. Aspects such as availability, how the fish was sold, their knowledge and cooking skills, as well as price had a big influence for whether they as consumers would choose between fish or a substitute.

Buyers

We have divided the buyer segment into two separate categories, end-user consumers and re-sellers, two categories with widely different purchasing patterns.

Private End-user Consumers

This category is the average consumer, that purchases fish at any of actors within the commercial re-seller category for private consumption. This end-user, of final consumer, has its power from his or her ability to swap between different competitors within the industry, or go outside the industry and choose a substitute. The level of power for this category lies in the share number of options (both competing products and substitutes) and the accompanying switching costs. The fishing industry has trough being a food industry has no significant switching costs. The consumer is free to choose between any product without having any costs related to changing product. The only possible cost that might be put in place is through the commercial re-seller, in form that a retail chain might have a loyalty program that entices consumers to buy their products.

Commercial Re-sellers

Grocery stores, supermarkets, fishmongers and local markets fall in the category of what we have chosen to call commercial re-sellers. They buy fish from actors within the industry and sell it to the private end-user consumers. They therefore have a different power over the industry, and need to be addressed and considered in another manner. These will naturally be large buyers in terms of volume and therefore have a greater single financial connection to the industry. Being re-sellers they are middle-men between the producers and the end-user. This imposes higher switching costs, through less flexibility, due to having to take consumer demand into consideration. Depending on whether the rely on few or many producers to cover their demand, they have less power over the industry. It takes both time and money to acquire new deals with producers which indicates higher switching costs for this category of buyer – and therefore less power.

Industry Globalism

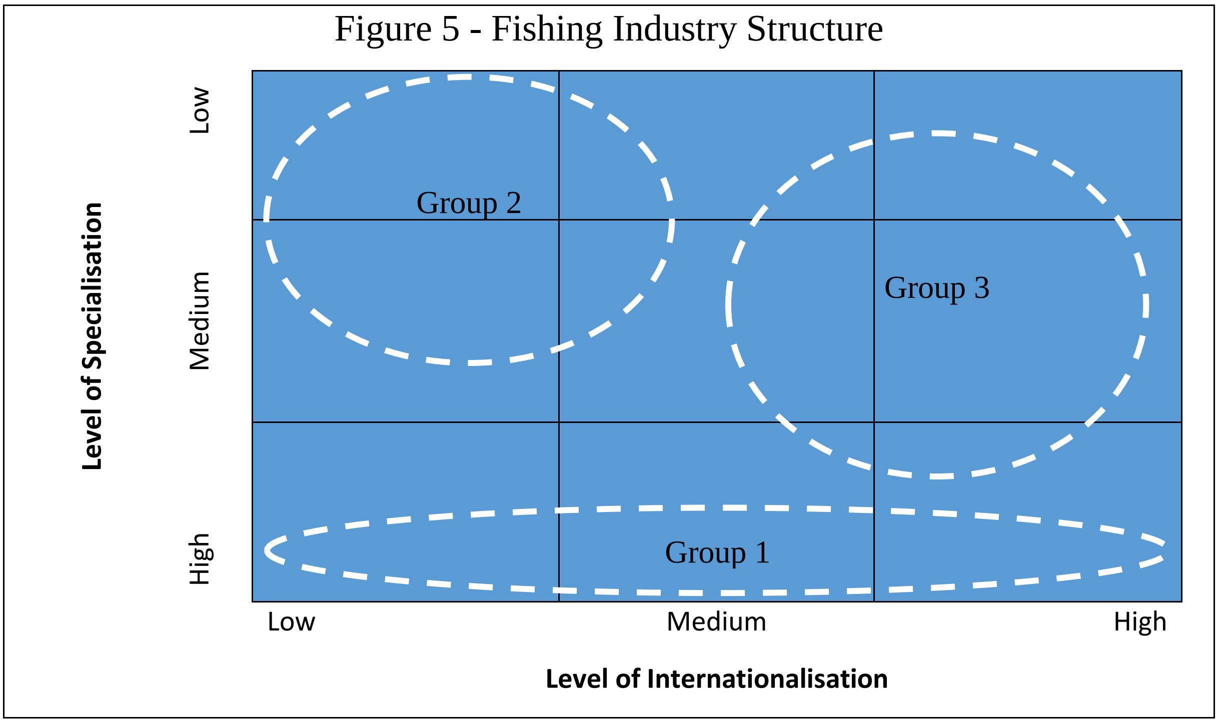


Figure 5 – Fishing Industry Structure (Adapted from Sande, 2015)

The vertical axis represents the company's specialisation towards a specific product within the industry – and how much of the company's activity is centred around the product. The horizontal axis is the level of internationalisation of the firm and weather a firm is selling only to the national market or is partially or even fully exporting all its product.

Group 1

This group consists of highly specialised companies that deliver a certain type of fish, be it only one species or even only one species in a certain format. We see mainly these companies within either cod or salmon, and their level of internationalisation varies from exclusively national products to such brands as the increasingly global Norwegian Salma and one of the giants in the field, SalMar, who both focus entirely on salmon from aquaculture (Salma, n.d.; SalMar, n.d.).

Group 2

The second group consist of less internationalised companies that focus mainly on national markets. These companies are often less specialised and have based their growth on diversification rather than internationalisation. The Norwegian fish and seafood producer Lofoten is a good example where a company has focused on supplying its national market and focusing on Norwegian products (Lofoten, n.d.).

Group 3

The final group identified is holds the industry's biggest players. These are huge companies, either through their vast and extensive global presence, large range of products, or a combination of both. Recent years have seen this group growing and taking up more and more market share and becoming more dominant in the global market through a consolidating industry. In 2015, Marine Harvest, the biggest salmon producer in Norway (Marine Harvest, n.d.), stood for 28% of the total volume of salmon from aquaculture produces globally (Nodland, 2016). Other large players in this group is the less specialised Norwegian Lerøy who produces and sells several species of fish and seafood worldwide (Lerøy, n.d.) and the Swedish frozen foods producer Findus, which has a wide variety of frozen fish and seafood in several different markets (Findus, n.d.).

Potential Global Industry

This specific divide of the industry suggest that it still has a way to go in terms of internationalisation. However, even though we do see major companies with multinational production and with a global market focus already, and there is a tendency towards industry convergence (Nodland, 2016), there are still smaller and highly specified companies and non-internationalised companies that put the industry in Sandes's (2015) potential global industry category.

3.1.4. Environmental Audit Summary – Opportunities and Threats

The business environment shows several opportunities and threats that are linked to each other. The nature of this situations is closely linked to the end opinion and behaviour of the consumer. Trends concerned with environmental and ethical issues, as well as health and safety concerns regarding food will affect the consumer's consumption. Subsequently, technological trends to better safety and address environmental and ethical concerns, as well as politics and laws to ensure industry standards, will also affect how companies can operate. This then makes a very complex and intertwined industry with a sensitive market, which could develop for better or worse. This therefore makes a lot of the trends identified work as both opportunities, if they develop positively, or threats if they turn out negative.

The industry build-up and competitive nature also affect the perceived attractiveness of the industry. Porter's Five Forces illustrated the pressure on the industry. In addition to this, a consolidating industry with fierce competition from incumbents within the industry and substitutes would indicate an industry which would be hard to generate a profit from. However, we see many companies making huge profits, Kvarøy included, and there is room to compete through diversification.

Opportunities

There are several trends that could increase the consumption of fish: (i) an increased popularity of fish and seafood, and especially salmon through increased consumption of sushi; (ii) an increased awareness of health and the link between fish and healthy eating; (iii) population growth increases market potential, as well as an aging population helps increase market size of higher-level consumers; (iv) rising positive opinions towards fish and seafood, including aquaculture.

The predicted recovery of both Norwegian, French and other economies could contribute to increased consumer spending, but the effect this will have on fish and seafood consumption will rely on the trends mentioned above.

Increased awareness and influence of opinions that affect consumption, open up opportunities for companies to differentiate oneself and one's products. Positive trends, and rising awareness towards food origin are also important. This is seen in the increased sales from fishmongers and markets which our market research shows can be linked to higher quality and knowledge about the product at these locations. There is also increased sales of organic fish and seafood and a slight increase of sales of sustainable fish and seafood. The slight increase in purchases of pre-packed food can be seen as a new opportunity, but it is still marginal for fish.

Technological advances in the industry gives increased productivity through higher volume production and more efficient production through avoiding decease in aquaculture. The technological advances also could decrease environmental effects of aquaculture and contribute positively towards the reputation of the industry.

Threats

As introduced, the threats are present themselves as opposites to the opportunities. This is especially in the case of aquaculture, where the opinions are very fragile. This reputation is closely linked to the environmental aspects of aquaculture, but also fishing in general. Consumers easily shift between competitors within the fishing industry, as well as switch to substitutes. Consumer consumption is also highly linked to the price of fish and seafood. Fluctuations in currency could impact consumer consumption and push consumers to competitive products or substitutes. If the predicted recovery of the economic climate does not occur, or happens slower than predicted, the stagnating consumer spending could curb any growth in industry sales and possibly further increase changes away from high priced salmon.

The development of online shopping could pose as a threat for fish. Consumer insight shows that the online market is increasing and consumers are open to changing to it, however, consumers are highly sceptical to purchasing fish and seafood through online channels. As this market grows it could possibly indirectly curb the consumption of fish and seafood.

Companies can also experience threat from changing industry dynamics. Rapid developments and technological advances in the industry could increase competitors' ability to capture competitive advantages and capture markets share to higher volume capacity and increased quality. This is closely linked to the competition for aquaculture concessions. Government regulations and concessions are limited and normal growth is not possible. This limitation to normal growth could increase the threat form large competitors growing bigger through industry consolidation.

The threat of outbreak of fish lice or other pathogens or diseases could pose huge consequences to a firm's reputation, ability to produce and cause severe financial losses.

3.2. Internal audit

We have now conducted the environmental audit, however in order to make a sufficient strategy for Kvarøy we also have to identify their preparedness for internationalisation, and their strengths and weaknesses which gives the company certain advantages and disadvantages in entering new markets. We will in section therefore use the BAKKA-model to evaluate how far they have reached in the internationalisation process, which will give us an indication of how ready they are to further internationalize. The ACE-model is used to evaluate their commitment to export and alongside with their international network, and strengths and weaknesses, they are all factors that are important to take into consideration in order to determine Kvarøy's preparedness for internationalisation and future strategic choices. All information in this section is collected through secondary sources and primary sources through interviews and e-mails with Alf Gøran Knudsen, CEO of Kvarøy.

3.2.1. The BAKKA-Model

First, we will address where Kvarøy is located in the internationalization process, this can be done by using the BAKKA-model which describe the internationalization as a step-wise process where the firm gradually increase their knowledge and market insight and thereby their internationalization. The model consists of five different steps from trial, extensive, intensive, international, and global as the final point of the internationalization. For each step, there is typical characteristics which allow us to address where Kvarøy is located and how much knowledge and experience they have achieved, which will give us an indication of how ready they are to further internationalize. We will provide a short description of each phase below (Solberg, 2015).

In the trial phase, the company usually have little knowledge of export and international market insights and therefore easily makes mistakes. The company normally sell the same products in the foreign market, as in their home market with no adaption to their markets abroad. While, if a company is located in the extensive export phase they tend to establish too many agreements, in too many different countries, without having the resources needed to follow up. The export ventures do increase sales, but comes with high costs (Solberg, 2015).

According to the model, the company has already been through the previous step before entering the intensive export phase, where the company is now characterized by its export activities, but has not yet established its own representation in the foreign market. The company's employees travel to the foreign market to seek customers and partners and they primarily sell the same products as in their home-market but with some adaption to their markets abroad (Solberg, 2015).

If the company enters the international export phase, the exporting in an integrated part of the firm, and they have now established their own representation in their markets abroad. In this stage, they have knowledge and insight in each of their markets, and their product and marketing activities has a higher degree of adaption than in the previous steps. The last phase is when the company has become global, with global products – and promotion and is often the price leader at a global scale (Solberg, 2015).

Figure 6 - The BAKKA-Model

	Trial	Extensive	Intensive	International	Global
Export Motive	Reactive	Experimental	Proactive	Mainly strategic	Mainly strategic
Market Choice	Coincidental	Neighbouring Country	Selected Few	New Expansion	Global
Market Share	Invisible	Insignificant	Increasing	Large in selected Markets	Large in key Markets
Organisation	Part-time OMS	Full-time OMS	Export Department	International Division	Global Organisation

Entry Mode	Indirect Export	Distributor	Sales Subsidiary	Sales Branch	Sales Branch
Marketing Mix	No or limited Adaptation	Limited Adaptation	Some Adaptation	Medium Adaptation	Global Products
Economic Result	Marginal or Negative	Marginal or Negative	Positive Contribution	Mutually Dependant	Main Source of Revenue

Figure 6 – The BAKKA-Model (Adapted from Solberg, 2015)

Export Motive

Firms from SMOPECTS (small open economies) such as Norway, generate the most important growth from foreign markets (Solberg, 2015), where Kvarøy is not an exception. With 90% of total sales from it's export markets, the export constitutes as an integrated and unavoidable part of their strategy. This is due to the saturated home market, as well as limited opportunities– except from diversification into different industries, which results in an increased dependence on international sales. We can therefore conclude Kvarøy had a reactive export motive – meaning that they went abroad as a response to environmental factors which did not allowed them to pursue opportunities in their home market. According to the BAKKA-model, this would place Kvarøy in the trial stage in the internationalization process.

Market Choice

Kvarøy did not have a special focus on a particular country, but to find a customer that was willing to appreciate quality and sustainable salmon, which lead to Whole foods and therefore the United states. According to Kvarøy they considered the United States was a good option, due to the fact that they are miles ahead of other countries in terms of focus on sustainability, however their market choice itself was rather coincidental, and similar as the previous step this would place Kvarøy in the trial export phase.

Market Share

The salmon industry is a fragmented one, however with some large players. Kvarøy is rather small compared to dominating players such as Marine Harvest which stood for 28% of the total volume of salmon from aquaculture produces globally (Nodland, 2016), this together with their niche focus on sustainable salmon implies that they have an invisible market share in an international scale, without having direct numbers. This will according to the model, place Kvarøy in the first phase of the internationalization process.

Organization

Kvarøy export the major of their salmon, which makes export an integral part of their strategy, however they have a limited organization size of 18 employees. According to Kvarøy the export is handled by Alf-Gøran Knudsen, which is also the CEO of the company, which means the export is currently handled as a part-time one-man show. Kvarøy is therefore placed in the trial export phase in the internationalization process.

Entry Mode

Kvarøy's entry mode is a direct export strategy, where they sell to distributors. According to the BAKKA model, this would place Kvarøy in the extensive export phase, where use of distributors is one of the characteristics.

Marketing Mix

Kvarøy sells the same product in their home-market, as in their markets abroad. As they sell more of less standardised products without packaging, which means that the product itself do not need any particular adaption to the different markets, however there is little adaption of marketing activities – just in terms of providing their website in English, as well as Norwegian. This place Kvarøy in the trial export phase of the internationalization process.

Economic Result

Kvarøy has had a substantial positive cash flow from operations. In 2015 cash flow from operations equalled 3 100 000 euros and a free cash flow to equity of 1 000 000 euros in the same year. As 90% of their sales is from export, it indicates that the export contributes positively on the economic result and according to the BAKKA-model this would place Kvarøy in the intensive export phase.

Summary of the Bakka-Model

According to these characteristic, Kvarøy as a whole will be placed in the trial export phase of the internationalization process. As they are in the beginning of the export venture, Kvarøy is likely to have limited amount of international market information and-insights, however as their export strategy is approaching towards the extensive export phase, we believe they gradually will develop a stronger market insight due to direct contact with distributor and retailer. As the internationalization process continues the next natural step for Kvarøy would be the extension export phase. In this phase exporters tend to be making arrangement with a several of agents and distributors abroad – without having the resources needed to do so. We therefore recommend Kvarøy to carefully balance their resources towards they export activities to avoid this failure, as well as allocate enough resources to follow up each customer in order to build trustful and committed relationships which is necessary successful internationalization (Solberg, 2015).

3.2.2. The ACE-Model

In the previous step we identified where Kvarøy is current located in the internationalization process, and we will in section we will look at one of the factors that help to determine whether or not they are ready to continue to increase their international presence. The ACE-model, also called the beneficial export circle can be used to assess the extent to which Kvarøy has an international business culture which is determined through their internal commitment. The commitment is divided into three different factors, which needs to be covered: attitudes, competence and how this is embodied within the organisation (Solberg, 2015). Attitudes is about the attitudes towards export ventures, competencies are those skills, insight and marketing knowledge of Kvarøy that can be useful for expansion into the French market, while embodiment means the degree to which there is consensus in the organization about internationalization.

Attitude

In order to determine whether or not Kvarøy has the right attitude towards internationalization, we will look at their degree of risk and-market orientation, as well as their cultural awareness. According to Solberg, successful exporters tend to have a lower threshold of entering foreign markets than those that are less successful in foreign markets (Solberg, 2015).

Typical characteristics of risk takers in this context is that they tend to take bold actions by entering the unknown and uncertain environments, borrowing heavily and/or investing significant resources to these ventures (Solberg, 2015). Kvarøy exports as much as 90% of their products to one customer in the United States, this shows that Kvarøy is willing to take risk as they are depending largely on only one market, which make them sensitive towards changes that might affect the demand such as economical or-socio cultural crisis or competition in that particular market.

Additionally, it is important to consider is their market orientation, which explains to which extent Kvarøy explore and act on information given by the market and customers in order to create value. Kvarøy has been able to build dense relationships with their distributor and customer in the United States which has given them access to valuable reliable information they have utilized in their product development to further create value for their customers.

Moreover, cultural awareness has also shown to be critical when operating in international markets and according to Solberg, successful exporters tend to be more at ease when cooperating with foreigners (Solberg, 2015). Kvarøy is cooperating with several suppliers abroad, among them filleting services in Germany and feed suppliers BioMar, as well as retailers and distributors in the United States, South Korea and Britain. These relationships have lasted for several years which signalize their openness towards different cultures and shows that they are able to understand essential differences between countries.

Competences

Even if Kvarøy might have the right attitude towards internationalization, there is still essential to have the necessary skills, insight and marketing knowledge to successfully internationalize (Solberg, 2015). Research has shown that successful and unsuccessful exporters seemingly do not differ regarding management skills in general (Solberg, 2015). Kvarøy has showed skills in in contract negotiation, and their long-term relationships with international partners indicates that they not only understand and is open towards different cultures, but are able to adjust and have cultural understanding of how to do business and negotiate in foreign countries. These contribute as necessary skills; however, these are not sufficient enough to carry out export ventures. We therefore need to consider how Kvarøy carry out their market activities.

According to Solberg, exporters concerned with product development and with cooperation with customers tend to be more successful in export ventures. These two are often related as customer input can be critical for product development to be successful (Solberg, 2015).

Kvarøy's has a continuously focus on product development and a goal to be in front of their competitors on sustainability. An example of this is their cooperation with their supplier, distributor and their customers Whole Foods in developing innovative products such as the "in the blue" fish feed, which improves the pureness of their product. Their product development has allowed them to become one of the most sustainable farmed salmon on the market, which has been highly appreciated by their customers and has according to Kvarøy enabled them to charge a price than competitors.

Moving over, successful exporters tend to have a broader spectrum of activities in their market communication (Solberg, 2015). However, Kvarøy do not carry out much marketing activities other than through their website, which can affect the level of success in foreign markets. The last part of their marketing mix is place - which concerns the link between Kvarøy and their partners and customer abroad. Kvarøy has carefully selected their retailer to fit they overall image of sustainability and has been able to build solid and trustful relations with their suppliers, distributor and customer both in home-market and in their market abroad, which we will be further discussed under market network.

Embodiment

Even if these attitudes and competencies are present among certain employees in Kvarøy, it will be to no advantage if not these is not present among the whole organisation, especially among the top management. Weak commitment by management has shown to be one of the main reasons for export failure (Solberg, 2015). However, Kvarøy is a small family company and is therefore more willing to put down the extra effort needed to succeed in order to bring the company forward, which include expanding their operating abroad due to limited opportunities in the home-market. The organization size makes the company for efficient and allow the culture to be embodied through the whole organization, and according to CEO, Alf Gøran Knudsen this is something they aim to further develop.

Summary of the ACE-Model

Kvarøy has shown an engaging and competitive attitude towards internationalization through their willingness to take risk, and-to act on market information. They have through their long-term relationship with partners abroad showed that they are open and understand essential differences between countries, which is an advantage for further expansion. Their competences create value; however, they have some lack of promotion efforts which can affect the level of success when entering new markets. These attitudes and competences are embodied due to their commitment and organization size, and we therefore conclude that Kvarøy has an international business culture and show commitment to further internationalize.

3.2.3. Market Network

Market network is another factor that should be evaluated in order to determine Kvarøy's preparedness for internationalization. A strong market network will give increased access to reliable market information, which will reduce the uncertainty around decisions and help Kvarøy to further expand in international markets. However, there is no promise that the information from partners is sufficient or even reliable to satisfy the needs of the decision to be taken, therefore trust and commitment is essential in order to have a good network (Solberg, 2015)

Kvarøy has developed a broad and committed network in their home-market, as well as in foreign markets. In their home-market Norway, they have been able to build long-term relationship with their suppliers, where most of them for over seven years which indicate a trustful and loyal relationship. Kvarøy also has ownership in several of these companies which not only gives better control, but in addition gives access to valuable information.

Like in their home-market, they have been able to build a strong market network abroad with suppliers, distributors and retailers in The United States which undoubtedly has been an important factor to Kvarøy's success in this market. The committed market network, allows Kvarøy to achieve information from its reliable partners (which normally would be costly to obtain), which reduce the risk and makes it easier for Kvarøy to further establishing more activities in this market. However, Kvarøy do lack a market network outside their current exporting market, and has therefore limited about of market knowledge and-insights, which will increase the risk of entering the French market.

3.2.4. Value Chain

For Kvarøy to achieve a competitive advantage by delivering value to their customers, they must understand which activities throughout their value chain is creating value and which is not. The value chain describes the different parts within and around the firm which together creates the final product. The primary activities are those who are directly concerned in production of delivery of the salmon, while the support activities are those who help to improve the efficiency of the primary activities (Johnsen et al., 2014).

Primary activities

Inbound Logistics

In order to produce the salmon, Kvarøy start by purchasing roe, especially resistant against diseases and lice from Lønningdal in Norway from a company called SalmoBreed, thereafter the roe is hatched at Ranfjord Fiskeprodukter, and the smolt (young salmon) is raised in open-net deep ocean, low density pens. Where the pens are filled with 2% fish and 98% water, to make sure that the fish have room to swim in order to create the purest and natural farmed salmon (Blue Circle Salmon).

Operations

When the smolt have matured into adult salmon, and is harvestable, it is transported in well boats to Salten N950 localities in Sørarnøy in Norway, where the salmon is gutted and transported further down to re-processor Vega Salmon located in Handewitt, Germany for filleting and packaging to produce the finished product.

Outbound Logistics

When the final product is ready, Vega Salmon transports the salmon through use of airfreight to the USA and from there on Kvarøy's distributor, Blue Circle Salmon takes over. Blue Circle

Salmon stock the products and make sure to provide the right distribution to all Whole foods retail-stores in the United States.

Marketing and Sales

Kvarøy is currently using a direct export strategy, which makes them responsible for the marketing before the product is bought by Blue Circle Salmon. However, they seem to use limited amount of promotion, other than through their own website, where they primarily focus on product characteristics and heritage, and have done some adaption as they provide information in both English and Norwegian. As Kvarøy is selling more or less standardized products without packaging, the products itself do not need any particular cultural adaption to the different markets. They are selling to their B2B customer "Whole Foods" which is sharing the same values of sustainability and natural food which can reinforce the quality-image of Kvarøy.

Support Activities

Human Resource Management

Kvarøy is a wholly owned family business which makes the business more efficient as families often shares the same values and beliefs, and are more likely to be more committed and put in extra efforts needed for the business to succeed. Knowing that they are building for future generations, results more in thinking more in a long-term perspective for growth and success.

Technology Development

The fact that they are a family business which has been through three generations has also allowed them to develope a strong know-how related to the production of salmon. They have shown strong focus on product and-technological development, with their stakeholders such as BioMar, Blue Circle Salmon and Whole Foods which has increased the value-creation.

Infrastructure

Kvarøy also have ownership in slaughterhouse, boats used related to mooring handling and delousing, locations where the smolt is developed, as well as ownership in Artic Clearfish, a producer of lumpfish, used as remove lice in the fish farms. This allow them to have better control over quality, information and the financial aspects, and increase the efficiency in the value chain.

3.2.5. Financial Review

The salmon farming industry has become a very profitable industry and most salmon farming companies deliver very strong results, Kvarøy is no exception. In 2015 the company had a very healthy gross margin of 48% (Proff, n.d.), and a solid EBITDA margin (operating margin) of 15,6%. Furthermore, in recent years Kvarøy has had a substantial positive cash flow from operations. In 2015 cash flow from operations equalled €3,1 mill and a free cash flow to equity of €1,1 mill in the same year. This means that the company should be able to finance relatively large investments through cash flow from operations. However, considering the company's healthy solidity (equity to total capital ratio is 46%), it would be safe for the company to take on more debt to finance their strategy, should the circumstances demand it. Because of the company's strong financial results, high profitability and substantial free cash flow Kvarøy will be able sustain and finance the investments necessary to implement a successful expansion strategy.

3.2.6. Ownership and Vertical Integration

Kvarøy has retained the ownership of the company within the founding family since the founding of the company in 1976. Even though Kvarøy is a publicly traded company, the family has 100% holding of the company shares. Kvarøy has also acquired shares in some of their suppliers, and through it obtained partial vertical integration. Some of Kvarøy's investments have been in the service company Helgeland Oppdrettsservice (25,37%), the smolt supplier Ranfjord Fiskeprodukter (19,24%), lumpfish breather Artic Cleanerfish (16,91%) and the slaughterer Salten N950 (22,68%).

3.2.7. Resource-Based View

In this section, we will use the resourced-based view of strategy, which means that the competitive advantage and superior performance of an organisation is explained by the distinctiveness of its capabilities (Johnson et al., 2014). We will in this section look at Kvarøy's threshold capabilities, which are those resources and competences needed for them to meet the necessary requirements to compete in the market. With that being said, the threshold capabilities are important, but do not themselves create a competitive advantage or the basis of superior performance. These are dependent Kvarøy's distinctive or unique capabilities that competitors will find difficult to imitate which we will look further into.

Figure 7 - Resource-Based View

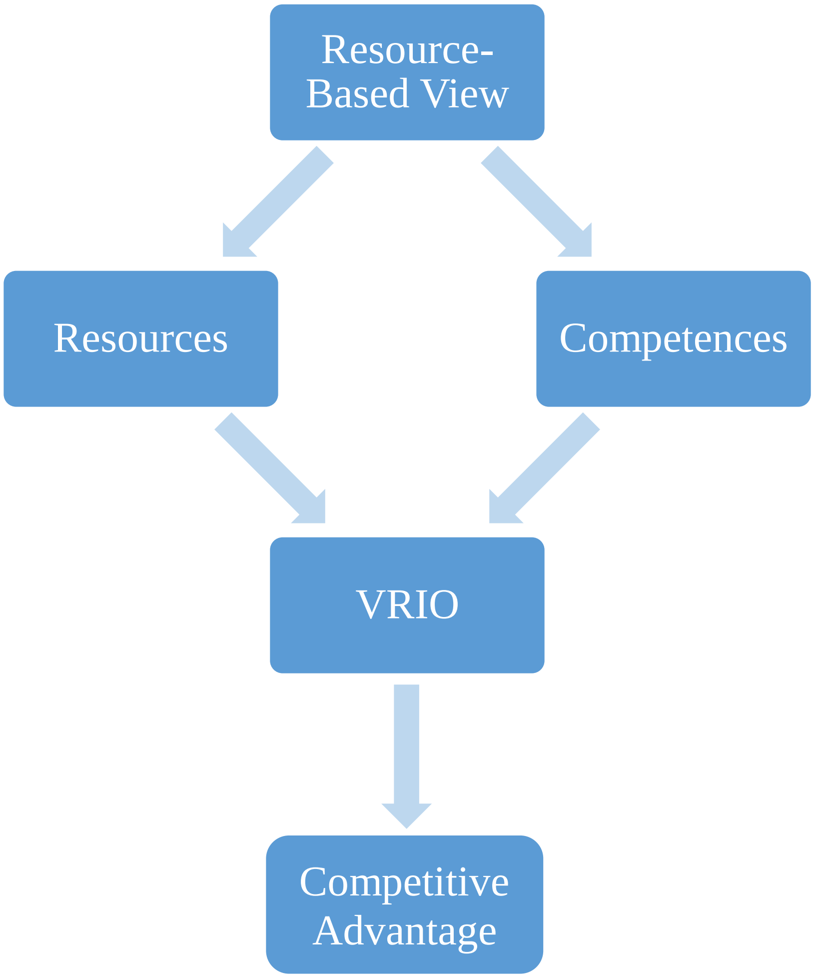


Figure 7 – Resource-Based View (Johnson et al. 2014)

	Resources	Competences
Threshold capabilities	- Concessions - Minimal requirements of capital - Basic equipment’s - Materials	- Basic knowledge of producing salmon

Capabilities for competitive advantage	- Sustainable production - Partly vertical integration - Substantial financial position. - "In the blue" fish feed - Market network	- Flexibility - Culture - Ability to build long term relationship

The threshold capabilities are those resources and competences those Kvarøy need to meet customers' minimum requirements and therefore to continue to exist. However, the threshold capabilities are important, but they do not themselves create a competitive advantage or the basis of superior performance. Kvarøy has therefore developed a set of capabilities for competitive advantage, which are the activities that underpin competitive advantage and are difficult for competitors to imitate or obtain.

3.2.8. VRIO Analysis

In the previous section, we looked at the intangible and tangible assets of Kvarøy, and in this part, we will apply the VRIO-framework which enables us to compare the internal characteristics identified in the previous step and judge the extent to which the different characteristics of Kvarøy are valuable, rare, inimitable and if they are properly exploited by the organization, to identify if they can be a source of sustainable competitive advantage.

Valuable means that they enable Kvarøy to exploit opportunities, decrease threat or if they would help to increase the perceived value customer value, by differentiation or/and decreasing the price of the product. Rare means it can just be acquired by one or very few companies, while a resource/competence is seen as inimitable if other companies don't have access and resources to buy or find a similar substitute, or if the source of the competitive advantage is due to historical conditions, casual ambiguity (hard to identify the source of competitive advantage) or social complexity, meaning that they are based on the company's culture or interpersonal relationships (Jurevicius, 2013).

The resource, or competence might be valuable, rare and inimitable, but won't confer any advantage for Kvarøy as long as it is not organised to actually capture the value from it. Kvarøy must organize its systems, procedures and activities within the organization to in order to utilize the potential of the advantage, it is when these factors are put in place, the company can achieve a sustainable competitive advantage. The model below shows different outcomes of the characteristics and which impact they will have on the Kvarøy as an organisation.

Figure 8 - VRIO

Resource Characteristics				**Strategic Implication**		
V	R	I	O	Competitive Implication	Impact: Economic Performance	SWOT Category
No	-	-	-	Competitive disadvantage	Below normal	Weakness
Yes	No	-	-	Competitive parity	Normal	Weakness/ Strength
Yes	Yes	No	-	Temporary competitive advantage	Above normal	Strength

Yes	Yes	Yes	No	Temporary competitive advantage	Above normal	Strength
Yes	Yes	Yes	Yes	Sustainable competitive advantage	Above normal	Strength

Figure 8 – VRIO (Johnson et al. 2014)

Kvarøy's Capabilities of Competitive Advantage

Figure 9 – Kvarøy's Capabilities of Competitive Advantage

Resource	**V**	**R**	**I**	**O**	**Strategic Implications**
Sustainable production	Yes	Yes	Yes	Yes	Strength//Competitive parity
Partly vertical integration	Yes	No	-	-	Strength//Competitive parity
Family company	Yes	Yes	Yes	Yes	Strength//Sustainable competitive advantage
Market network	Yes	Yes	Medium	Yes	Strength//Temporary competitive advantage

Figure 9 – Kvarøy's Capabilities of Competitive Advantage

We have looked at four different strategic capabilities' we believe will provides sustainable competitive advantages.

Kvarøy has a sustainable way of producing salmon, which creates value both for Kvarøy and their customer. The production makes it possible for Kvarøy to exploit opportunities in a niche market, and differentiate from competitors by offering superior product quality which is highly appreciated by Whole Food, and allow Kvarøy to charge a higher price. Their way of producing salmon is rare as it requires sufficient know-how which they have gained through decades of experience, as well as a large capital. Moving over, it is hard to imitate as companies won't be able to change their current strategies, as this way of producing won't cover the demand in volume for their customers and requires a substantial restructuring of their business. Kvarøy is organized to capture the value, as sustainability cover all aspects of their operations, and it deeply rooted in the company. This resource covers all the aspects in the VRIO-model and is seen as a sustainable competitive advantage.

Kvarøy has ownership in several of their supplier companies which we defined as "partly vertical integration". This creates value as it can defend Kvarøy against power of suppliers and increase switching cost for the supplier, and enables them to have more control over the quality. However, both is rather common among several competitors and therefore contribute as a competitive parity, even though competitive parity is not the wanted position, Kvarøy should not underestimate the resources that are valuable, but similar to competitors. Losing these resources could hurt Kvarøy as they are essential to compete against the competitors.

One of Kvarøy's unique resources is that it is a 100% family owned business. This makes the business more efficient as families often shares the same values and beliefs, which increase the flexibility and enables Kvarøy to adjust and respond to trends more quickly as they are not dependent on outside shareholders. They are also more likely to be more committed and put in extra efforts needed for the business to succeed. Knowing that they are building for future generations, which results more in thinking more in a long-term perspective for growth and success. However, even though there are family businesses within the salmon industry, it is rather rare to be able to expand without selling ownership as it requires resources, and therefore goes beyond the flexibility. The organization is structured to capture it, as it is 100% owned by the company, with enables them to utilize the advantages of being a family company. This resource covers all the aspects in the VRIO-model and is seen as a sustainable competitive advantage, and the biggest strength of Kvarøy.

The last resource we looked at is their market network. This creates value as it enables Kvarøy to exploit opportunities, as well as helps to increase the perceived customer value. As already mentioned, they cooperate with several stakeholders in terms of product development and R&D and created sustainable fish-food which improved the final product and increased value for its customers. Sharing know-how, and achieving market information gives Kvarøy a better opportunity to further expand in these markets. Further, this resource is seen as rare, as the partnership with “Whole Foods” requires strict standards, where Kvarøy is one of few that has been able to fulfil these standards. However, it is not impossible for competitors to find and build comparable market networks. In total Kvarøy’s market network contribute as a temporary competitive advantage and can be seen as a strength.

3.2.9. Preparedness for Internationalisation

We have through the internal analysis, been able to identify Kvarøy’s preparedness for internationalization, which according to Solberg (2015) is their ability to adjust to demanding foreign customers and to meet international competition. As mentioned in the introduction in the internal analysis, we have used the BAKKA-model, to see how far they already have developed in the internationalization process, which can signalize their acquired knowledge and experience, the ACE-model to evaluate their commitment to foreign ventures alongside with their market network and capabilities.

As shown in the BAKKA-model, Kvarøy is located in the trial export phase, but seems to be moving towards extensive. However, the fact that their export is currently handled as a "part-time one-man show" and the small organization size, might limited their opportunities to further expand their export activities. The ACE-model showed that Kvarøy has a strong commitment to their export ventures, their long-term relationships with suppliers, distributors and retailer indicates that they not only understand and is open towards different cultures, but are able to adjust and have cultural understanding of how to do business and negotiate in foreign countries, which is an advantage for further export-expansions. Never the less, they have acquired a dense market network in their current export markets, but has limited market network outside these nations – therefore limited access to valuable market information and knowledge, which can increase the risk of entering new markets. The comprehensive picture, indicate that Kvarøy has the commitment, but a lack of resources and experience, we therefore conclude that their preparedness for internationalization is adolescent.

3.2.10. Internal Audit Summary – Strengths and Weaknesses

Strengths

Kvarøy has a sustainable competitive advantage due to their sustainable way of producing, this allow to differentiate from competitors, and charge a higher price for their products.

The company is wholly owned by the family itself, which makes the company more efficient and flexible to changes, as they are not dependent on any outside shareholder and contribute to a stronger commitment within the organization. Besides, they have a partly vertical integration, with ownership in several of their suppliers. This allow them to decrease suppliers power, as well as increase the switching cost, which not only give them security, but allow them to have more control and increase the efficiency through the value chain. Kvarøy been able to build a solid market network in their current export, were they have cooperated with innovative product development, as well as sharing expertise and reliable market information which reduce the risk and makes it easier for Kvarøy to further expand by establishing more activities in their current markets. This has also allowed Kvarøy to improve the quality of their product and thereby increasing value for their customer, which has allowed them to charge higher prices for their products.

Weaknesses

One of Kvarøy weaknesses is that export is currently handled as "part-time one-man show" and the small organization size, which limit their opportunities and prevent the company for further committing more resources to export ventures. Moreover, Kvarøy has been able to build a solid and trustful market network in their home market and in the United States, however they do have a lack of market network and experience outside their current exports-nations and thereby limited amount of market information concerning other markets, which will increase the risk of entering new markets, including France. Even though their sustainable production allows them to charge a higher price, this can also be seen as a weakness in price-sensitive markets.

3.3. SWOT

Throughout the analysis, we have gathered important information regarding Kvarøy's business environment and internal resources and capabilities. We have further identified the most important and essential aspects that will affect the Kvarøy's strategic choices. The importance of the findings was determined by looking at how the strengths and weaknesses were distinct to Kvarøy, and differed from potential competitors'. The external factors, the threats and opportunities, were selected based on their relevance for the industry and French market. Together these four categories were put into a SWOT summary to highlight our findings, and conclude our analysis of Kvarøy's strategic position.

Figure 10 - SWOT Summary

Strengths	**Weaknesses**
• Sustainable production • Partly vertical integration • 100% family owned company • Market network	• Limited human resources • Limited international experience • High price
Opportunities	**Threats**
• Recovering salmon consumption • Increased focus on origins, quality and organic and sustainable salmon • Increasing perception of aquaculture • Technological developments	• Fragile perception of aquaculture • Increasing price and currency fluctuation • Consolidating industry and growing competitors • Outbreaks of fish lice or other diseases

Figure 10 – SWOT Summary (Johnson et al. 2014)

4. STRATEGY FORMULATION

4.1. Company Ambition

In an industry as dynamic and homogeneous as the salmon industry, it takes a lot to differentiate itself from the competition. But Kvarøy has managed to do so by being pioneers in the industry. Kvarøy's ambition to take the lucrative business of salmon export and combine it with business ethics in their production of sustainable farmed salmon puts them in front of the line in the industry. Unlike many global players, Kvarøy do not see the protection of the environment as something that hurts the bottom line but adds on it.

Alf Gøran Knutsen, CEO and department head of Kvarøy's export department summarized it in one sentence:

"It is about quality over quantity"

That sentence rings through in their operationalization and organizational culture; they never sought to expand abroad for the point of expanding or purely monetary reasons. They only export and sell their products to distributors that are looking for the quality Kvarøy can provide them with. And through our communication with Alf Gøran, he stated that Kvarøy has reached its goals in producing the best sustainable farmed salmon that is available on the market today.

But considering how dynamic the industry is; new technology being developed, more competitors, and new product innovations means that Kvarøy's goal of being the best needs to change reactively with the industry. That is why they focus on developing new technology to ensure that the quality is up to industry and consumer standards. In fact, Kvarøy's mission is to be above the standards and exceed expectations.

In order to do so, they have several projects lined up, mainly in the R&D department;

Right now they are developing technology that removes lice from salmon, and as a result make their products even more healthier than they are today. Secondly, they focus on how to expand their company to new markets that is in line with the values of their organization. This puts them in the unique position of being selective about who sells their products, and not the other way around – and Norwegian salmon being a popular commodity worldwide, most companies main objective would be to sell the most they could to.

At home, their ambition is to create jobs for the local community on the small island of Kvarøy, and being supportive towards the community.

From a business perspective, we were curious why they had chosen not to introduce their products in the French market. France being one of the biggest importers of Norwegian salmon combined with the fact that Kvarøy has the production capacity and financial resources to do so. But as Alf Gøran explained to us: they feel that the French market is about quantity over quality, and as long as that remains a fact, they are fine waiting till they find the right distributor that shares the same values regarding quality.

4.2. TOWS

In the SWOT summary, we highlighted the most important findings from our analysis of Kvarøy's strategic position. The TOWS matrix uses these findings and puts them up against each other to see which factors will act together and create the most predominant effects on a company's activities. By using this, we further uncover how Kvarøy's strengths and weaknesses will play against the opportunities and threats posed by the business environment. We have then used this information to start forming our strategic options.

Usually the matrix is used to generate strategies for all the four different categories. However, seeing that we are considering the possibility of entering a new market, we have focused the category compiled of strengths and opportunities and how these present themselves. Our findings are presented in Figure 11. The two categories WO (weaknesses and opportunities) and ST (strengths and threats) were used to identify needs for any specific focus to minimise negative aspects of the original SO (strengths and opportunities) strategy. The last category, WT (weaknesses and threats), identified the biggest potential issues that Kvarøy could face with a market entry. We used these issues in our overall assessment of the possibility and evaluated their likelihood and consequences.

Figure 11 - The TOWS Matrix

		Opportunities	**Threats**
		• Consumption and perception of salmon • Increasing focus on quality and sustainable salmon	• Fragile perception of aquaculture • Increased prices and currency fluctuations • Outbreak of fish lice
Strengths	• Sustainable production • Partial vertical integration • Family owned business • Market network	*Increased focus on quality and sustainable salmon – which Kvarøy excels at producing*	*Kvarøy's partial vertical integration could help them avoid rising prices through curbing supplier power*
Weaknesses	• Limited human resources • Limited international experience • High price	*The increased focus on quality and sustainability could lead to lower price-sensitivity*	*Kvarøy's premium priced salmon could face challenges in the already price sensitive market*

Figure 11 – The TOWS Matrix (adapted from Johnson et al. 2014)

Kvarøy's main strength is linked to the quality of its salmon, and that it is farmed though sustainable aquaculture. This is deeply founded in the company and part of the culture, something that influences and strengthens other aspects of the company. This combination of premium quality and sustainability links well with the opportunity in the market that is an increasing focus on aspects such as quality, origins and sustainability. If Kvarøy were to enter the French market with their product, they could position themselves in a niche product market which has seen recent growth. We would here build and propose a strategy that focuses on continuing Kvarøy's competitive advantage in its sustainable quality and launch this product on the French market through suitable channels.

The fact that Kvarøy has partial vertical integration will also present a good option to seize the opportunity of an increasing perception of aquaculture within the French market when combined with their sustainable production. By focusing on their sustainable production and combining it with their control over larger parts of the value chain, this could work towards lowering negative aspects with aquaculture through securing sustainability and quality throughout the value chain.

Kvarøy's partial vertical integration also works towards lowering supplier power in terms of the industry attractiveness. By eliminating suppliers by vertically integration, Kvarøy decreases the number of suppliers and by that the supplier groups power to influence Kvarøy's profits. This is an important issue with regards to securing consumption levels. We have seen that price is an important aspect, and keeping prices as low as possible through keeping costs as low as possible is paramount for a market entry for Kvarøy.

The one major issue that presents itself, and could hinder the success of Kvarøy's market entry, is the price of salmon. There is, as our research shows, and issue with the high price of salmon. This issue could be further enhanced by the high premium price of Kvarøy's sustainable salmon. The combination of high price sensitivity in the market and a high price from Kvarøy, could curb the level of market penetration. The strategy therefor needs to address this WT issue.

Kvarøy could also face issues with their higher price through the market consolidations leading to bigger competitors that can sustain lower prices. This is also linked to Kvarøy's size in general, that bigger competitors pose larger threats.

Based on our findings from the analysis, we have identified an attractive market potential for the type of product Kvarøy produces. This is presently a smaller niche market, estimated to be around 2% of the market (Euromonitor International, 2017a), but a market that is growing. This in combination with Kvarøy's competitive advantage being highly connected to the quality of their production and salmon, the strategy needed for a successful market entry would have to be one that captures this competitive advantage and secures that the quality is premium through the entire value chain.

4.3. Nine Strategic Windows

We have now identified that there are possibilities for Kvarøy in the French market, and by using Solberg's Nine Strategic Windows (2015) we can assess the recommended strategy based on two dimensions; preparedness for internationalization and industry globalism. Kvarøy should adopt international business strategies according to the placements based on the scores of the two axes.

Figure 12 – Nine strategic windows

Mature	Entry new business	Prepare for globalisation	Strengthen you global position

Adolescent	Consolidate your export market	Consider expansion in international markets	Seek global alliances
Immature	Stay at home	Seek niches in international markets	Prepare for a buy-out
	Local	Potentially global	Global

Industry globalism

Figure 12 – Nine Strategic Windows (Solberg, 2015)

Kvarøy preparedness for internationalization has through our internal analysis showed to be "adolescent", as they do have the commitment to export ventures, but lack of human resources and market network, as well as experience outside the United States. Moreover, we identified that the industry consisted of major companies with multinational production and with a global market focus already, and there is a tendency towards industry convergence (Nodland, 2016), but there are still smaller and highly specified companies and non-internationalised companies that put the industry in "potential global" industry category. Overall, this would place Kvarøy in the "Consider expansion in international markets", which means they have already obtained a certain position in international markets and have built an international business culture - committed to export ventures, which can be used to further expand in international markets.

4.4. Entry Modes

We have now identified the recommended strategic choice for Kvarøy given its preparedness for internationalization and the industry globalism and assessed through Solberg Nine Strategic

Windows that their current position is located in the stage where they should consider to expand further in international markets. The next step in our strategic analysis will be to look deeper and determine how they should do it, and identify the most suitable entry approach to further expand in foreign markets, and more specifically into the French market, based the internal and external influences.

Evaluation of Entry Modes

Through the internal analysis we identified that their lack of international market network, except the United States and in their home-market, as well as the organization size, would limit their opportunities in export ventures. We could further see that they were located in the trial export phase in internationalization process, and is therefore likely to have limited experience in using market entry modes, and market insights. Due to these factors, several high costs and risk entry modes are being disqualified, such as strategic alliances, joint ventures and wholly owned subsidiaries. It then remains export-strategies, which we believe is the most suitable approach for Kvarøy as this is allowing them to gradually acquire market information and experience before potentially eventually committed more to the foreign ventures. We distinguish between three types of export – indirect, direct and cooperative export.

Indirect export is when a manufacturer does not directly handle the export activities, instead another domestic company, such as an export agent or a trader, provide these activities, usually without any involvement from the manufacturer. The advantages of this type of export mode, is minimal risk and investment in the export venture, however the down-side is no direct contact with customer and thereby valuable market information and smaller margins than with a direct export strategy (Hollensen, 2014).

On the other hand, direct export is when a manufacturer handles the exporting activities and is in direct contact with customers abroad. The main advantages of this approach is larger margins as there is no use of intermediaries, as well as direct contact with customers, which allow the manufacturer to achieve essential market insight and knowledge, however it does acquire more resources in terms of time, commitment and money than indirect export (Hollensen, 2014).

Cooperative export, also called export marketing groups, is when a company enter an agreement with other local or foreign companies to use its distribution network and sell their complementary products to a common customer in the foreign market. This approach allows the companies to form a broader product concept, that could be more attractive to a larger company. The advantages are shared costs and risk of internationalization, on the other hand it is a risk of unbalanced relationships (different objectives) and the companies might be reluctant to give up their independence (Hollensen, 2014). Below you can see an illustration of the three alternatives.

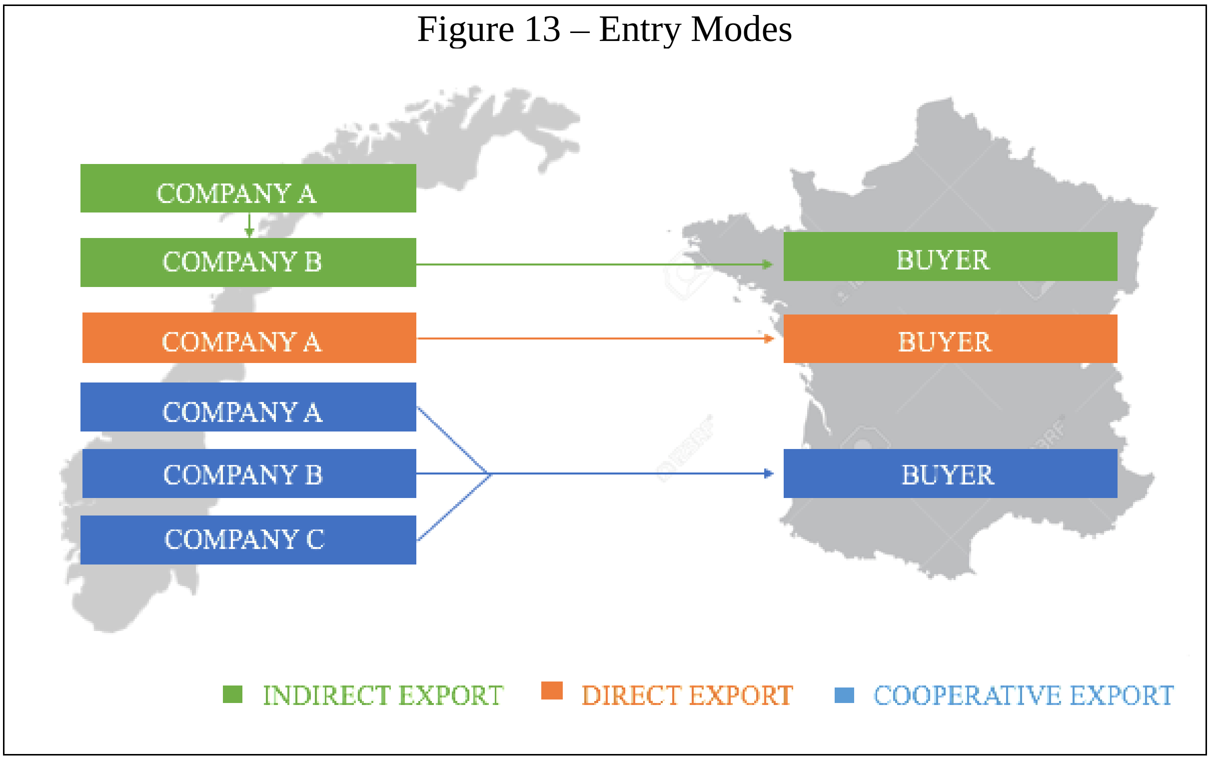


Figure 13 – Entry Modes

4.5. The SFA Evaluation

In the previous section we determined that export would be the most suitable entry mode for Kvarøy due to their lack of experience with export ventures, as well as they organization size. The next step will be to determine which strategy of direct-export, indirect export and cooperative export that would be the most suitable, feasible and accessible for Kvarøy based on the internal and external analysis.

Suitability is determined by which extent the strategic choices are suitable within the current and the expected environment and in which extent they allow Kvarøy to exploit opportunities and avoid threats (Johnsen, Scholes & Whittington, 2014). Feasibility looks at the internal capabilities of Kvarøy, and in which extent they allow them the company to pursue the strategic choices, while acceptability is concerned with the financial and non-financial outcome and stakeholder's reaction to the different alternatives.

Option 1: Direct Export Mode

Suitability

A direct export mode would be the most suitable for Kvarøy, based on the strategic direction identified in our TOWS. When using a direct export mode, Kvarøy would have direct contact with the customer in France, and through that have more control over positioning and segmentation. As we determined in the TOWS, the chosen strategy would have to focus on maintaining quality, not only actual quality, but also final consumer's opinion. By having a direct export mode, with direct contact with the customer, Kvarøy would have better control, and have a bigger say in how the product was handled, presented and sold.

This is also the most acceptable choice with regards to costs and gains. Even though this is a more resource demanding entry mode than the in-direct export, Kvarøy will have more control and, we evaluate, a better chance of penetrating the sought-after niche market. However, the market is fragile, so there are certain risks with regards to the price of Kvarøy's salmon and consumers' willingness to pay.

Feasibility

Kvarøy has strong financial results, high profitability and substantial free cash flow which in 2015 equalled 3,1 million euros, this means that Kvarøy would be able to finance the investments necessary to implement a direct-export strategy into the French market. Alongside with their finances, they also have years of experience from direct export to the United States, which has allowed them to acquire the competence and experience needed to use this approach. However, a direct export-strategy requires resources in terms of time and commitment, and Kvarøy is a small organization with only 18 employees, whereas the export is currently handled part-time by CEO, Alf Gøran Knudsen, as this export strategy can therefore be seen as a too resource-demanding method.

Acceptability

This approach will lead to better return on investment than through an indirect export mode as there is no use of intermediates, which will satisfy the shareholders. This will further allow Kvarøy to carefully select their buyers in accordance with their interests. Even though Kvarøy have had a negative perception of the opportunities within the French marked, something that would lower the acceptability, we have found that there is in fact an opportunity in the niche market. We have therefore increased the acceptability more than Kvarøy's current opinion would merit.

Option 2: In-direct Export Mode

Suitability

As mentioned, this is the least risky and costly method in terms of investment. However, it is also one where Kvarøy has much less control than with a direct export method. This could then lead to Kvarøy not reaching the wanted market position and have less sales through poor positioning and marketing with regards to the price. The overall investment might be less than with the other two options, but an in-direct export method would also imply a third party, in form om an intermediate, taking a part of the overall profits.

The inclusion of a third party in the export process would also imply that Kvarøy has less control over the end quality of their product – which is their competitive advantage. By losing at least some of this control could harm the products perception, and work against the consumers' willingness to pay a premium price. If they do not feel the full value of the product merits the price, they are much less likely to be willing to pay for it (Schiffman, Kanuk & Hansen, 2012). If this option were to be chosen, Kvarøy would need to spend considerable resources in finding a suitable third party that could ensure and maintain Kvarøy's intentions and quality.

This entry mode, as with the direct export method, would also be affected if any of the threats were to play out negatively for Kvarøy.

Feasibility

This strategy requires less resources than direct exports, and as already mentioned, Kvarøy has the financial support and experience to go forth with this type of approach. However, this strategy requires less commitment and time, than the previous one and is therefore more feasible according to Kvarøy's current organization size.

Acceptability

In terms of financial return, this option will be less profitable than with a direct export strategy due to use of intermediates, which can give less satisfied shareholders. Moving over, an indirect export strategy will indicate a longer distribution chain, which can affect the freshness of the fish, and thereby against Kvarøy values and ambitions. This type of export will reduce the interest of the employees, as they will have limited involvement.

Option 3: Cooperative Export Mode

Suitability

This method has many of the same positive aspects as the direct export option. It provides direct contact with the costumer and works towards higher profitability in terms of less profit sharing with a potential third party as with the in-direct method. However, the downside with this option is that it would be crucial for Kvarøy to find other parties to cooperate with that would fit Kvarøy's needs and ambitions. If Kvarøy failed to do this, it could have the same negative aspects as with in-direct export, in that the quality of the product and the impression of the final consumer could work against Kvarøy succeeding with their market entry.

As with the two other options, the threats that we identified in the market and industry could affect the success of a cooperative export method.

Feasibility

Taken advantage of another company's distribution network, requires a less commitment than direct-export mode, and according to the internal analysis, Kvarøy has the experience and capabilities needed to pursue this type of strategy.

Acceptability

A cooperative export strategy will lead to higher profitability due to shared costs, however it can be hard to find companies who shares the same focus and values of sustainability as Kvarøy, and the choice of wrong cooperative companies, as well as distribution network can lead to interest of conflicts and damage of their image. This approach will therefore not be seen as acceptable according Kvarøy, as it might collide with their company ambition.

4.6. SFA Summary

To summarise the SFA evaluation, we have listed the three options and given them individual scores for all three criteria. The scores are given on a scale from 0 to 5, and are based on our evaluation on how the options fair against the criteria of each evaluation. We have further added the scores up to a final total score, which will be used to choose the best strategic option for Kvarøy to proceed with.

Figure 14 – SFA Framework

Options 1: Direct Export	**Options 2: Indirect Export**	**Options 3: Cooperative Export**
Suitability: 4 Feasibility: 4 Acceptability: 4	Suitability: 2.5 Feasibility: 5 Acceptability: 3	Suitability: 3 Feasibility: 4 Acceptability: 3
Total: 12	**Total: 10.5**	**Total: 10**

Figure 14 – SFA Framework (adapted from Johnson et al. 2014)

Based on our evaluation, the option of direct export is the best one for Kvarøy to pursue. It scores well on all three of the criteria based on that it addresses Kvarøy's strategic position and is suitable for the company, it is feasible based on Kvarøy's available resources, and it is the most acceptable option with regards to the companies ambitions and its stakeholders.

4.7. Segmentation and Positioning

We have now identified the most suitable entry mode for Kvarøy into the French market. In this section, we will go deeper and identify the most accurate target segment and how they should position themselves in the French market to achieve a distinctive place in the mind of the target market (Johnson et al., 2014).

4.7.1. Segmentation

For Kvarøy it is important to choose retailers or wholesales who share the same values of producing quality and sustainable salmon. We have used statistics from our quantitative analysis to see how French consumers view different types of retailer or wholesales, to identify which of the types that would be the most suitable according to Kvarøy's ambition and image. Our survey showed that the quality of salmon is highest perceived at the fishmonger, thereby ecological and bio-stores, while packaged in supermarket was ranked at the lowest along the three. While people who shop salmon at independent fishmongers tended to be less concerned with price - which indicate that these consumers are less price-sensitive and/or emphasis quality over price.

Segmentation is a strategy organizations apply to differentiate between groups of customers that exists in the same market. These groups of customers are different based on their wants and needs, and will have different strategical measures to address each group specific needs.

There are two types of customer's producers have to deal with; the shops they sell their products to, and the end-customer. Even though both customers influence strategic decisions, one of them has more influence over the other. This is what is defined as a *strategic customer*.

It is critical to identify the strategic customer in order to formulate the appropriate strategy for a successful outcome. In the past, Kvarøy has successfully executed strategy by being selective as to who they sell their products to. This was done with the criteria of the distributor they choose to sell their products to having an equally high standard regarding the products attributes. To formulate a good strategy to reach the strategic customer, it is important to develop critical success factors that match the customer’s preferences so they can create and sustain a competitive advantage in the market.

That is why we are recommending doing a *blue-ocean strategy*. A blue-ocean strategy allows Kvarøy to identify gaps in the market that has less concentration of competitors and a higher focus on unique qualities that is often associated with companies seeking a niche corner of the market. Here we will reference back to our STEEPLE-C and Porter’s Five Forces, which allows us to match Kvarøy’s capabilities and competencies with the current external conditions in the environment.

Some of the characteristics of a niche-market is that both distributors and consumers value attributes of products differently compared to a market with a high concentration of competitors and little differentiation between similar products. Typically, these attributes, dependent on the product/service of course, include; quality, price, accessibility, and product specifications. In supermarkets, where you will find different brands offering the same products, price and quality will be set to meet the minimum set of the requirements of their customers in order to be competitive. Profitability is rationalized with volume - the quantity that is sold, as the number of consumers are high. In niche-markets you will find specialized or exclusive stores that offer products that is not available everywhere and focus on the specifications of the products they sell.

As mentioned, Kvarøy sells their products to distributors/retailers (B2B), which is why we are applying an industrial market segmentation, where we will identify the criterions of the distributors/retailers that is the most suitable for Kvarøy. This segmentation is operationalized on a macro-level, where size, geography, operating market and industry are the main factors, as well as at micro-level that details the information about the companies, buying decision criteria and attitudes in each macrosegment defined.

Size

Taking into consideration that Kvarøy is a relative small-sized company of 18 employees with one person running the export department, and limited production capacity, the most suitable option would logical (and logistically) be to find a retailer that is small to medium sized when entering into a brand-new market. This excludes big supermarket chains right off the bat, as both Kvarøy as an organization has limited human resources and are not able to produce the high amount of volume a supermarket chain would require. Furthermore, Kvarøy sells their products on the specifications revolved around how they handle and produce their salmon; it is a sustainable and contains no GMO's, antibiotics or additives which is usually found in salmon sold in supermarkets. These product specifications go directly to the quality of the product and would be rated secondary by consumers found in supermarket, where price being the primary factor in the buying decision process, per our research.

Management

An added bonus of seeking small to medium-sized retailers is the direct access to management and information. Small retailers usually contain a centralized power within their organization (like Kvarøy), where the power distance between management and employees is small. This is good in terms of communication between the companies, and it would allow Kvarøy to gather information about the market, their customers and how their products are received. This will be valuable if Kvarøy wants to expand their presence in the market at a future date.

Quality

The quality-factor is important as it goes to the core of Kvarøy's values and operations. Their focus on being the best has meant producing salmon that is above the industry standard, and requirement of finding the right kind of distributors/retailers that has a high-quality focus. These retailers will often have customers that are selective and seek out quality. That is why it is important to ensure that Kvarøy's products meets the expectations of its customer profile as it relies more on returning customers who receive their products well to be profitable.

External research also tells us that there is an increasing focus on sustainable fish and seafood among consumers in France, which signals that the time is right to enter the market with Kvarøy's sustainable salmon.

Conclusion

After taking an in-depth look into the different qualities of Kvarøy's options in the French market, and comparing them to Kvarøy as an organization and the products they sell, we would recommend that they seek out small to medium sized companies. A supermarket would not be the right fit in terms of volume, price and quality. The characteristics of the company that would be the most suitable for Kvarøy, are the ones that shares their values and focus on quality. Existing in a niche-market means that they automatically are more reliant on a good reception of their products to create returning customers with a high rate of satisfaction. This would mean that Kvarøy would make themselves profitable by quality, selling their products at a higher cost as opposed to being profitable by the volume they sell.

4.7.2. Positioning

Based on the segmentation, the positioning defines where and how the company should position itself within the market. When one talks about positioning, the term most commonly used is the strategic business unit (SBU), which covers the supply of goods to a specific destination and market (Johnson et al., 2014). A SBU can either be a division of a larger company or, as Kvarøy, a small company supplying focused on one or a few markets.

When developing a positioning strategy, we have chosen to look at what Michael Porter called generic competitive strategies (cited in Johnson et al., 2014, p. 193). This approach uses two measures to create different strategies, how the company achieves competitive advantage and which competitive scope is chosen. Competitive advantage can be gained either through having lower costs than one's competitors, or by differentiating one's product, typically in quality and user value, from those of the competition.

Figure 15 – The Three Generic Strategies

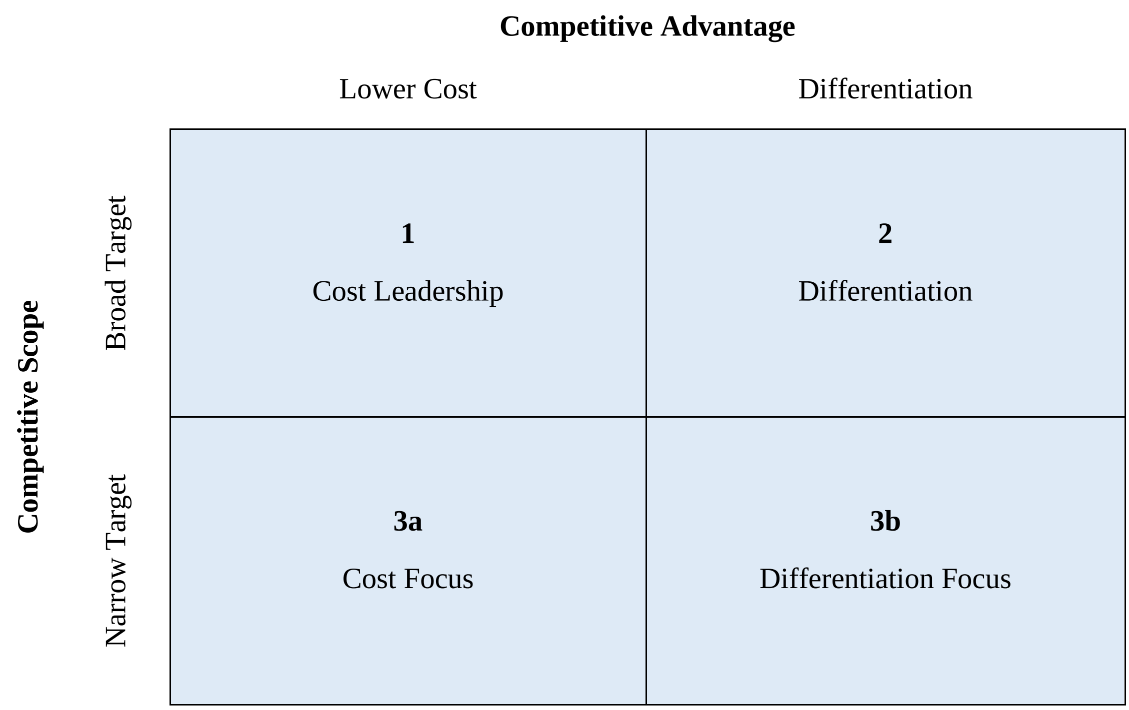


Figure 15 – The Three Generic Strategies (Johnson et al. 2014)

Based on our findings through the TOWS, it became obvious that Kvarøy would be best suited for a differentiation strategy for capturing a competitive advantage. Further, as we identified in the segmentation, that the most suitable for Kvarøy is to follow a blue-ocean strategy and focus on small to medium sized retailers in a niche market. This tactic would set Kvarøy up for a differentiated focus strategy, gaining competitive advantage by differentiating themselves towards a narrow target segment.

This strategy of focused differentiation would work towards Kvarøy having a better chance of reaching their target segment. This is based on that a focused strategy works towards tailoring the product for the sought-after segment, and by it excluding others. For Kvarøy, this would mean that they should continue their focus on high quality and sustainability, tailoring it for the identified potential in the niche market. Such a strategy focuses on distinct segment needs, one of the key factors for focus strategies (Johnson et al., 2014), and uses Kvarøy's strengths to gain a competitive advantage.

4.8. Marketing Mix

In this section, we break it further down, and recommend how they should position themselves and offer their product to the French market in terms of price, product, place and promotion. These recommendations are based on findings in our survey, as well as secondary data from Norwegian Seafood Council and FranceAgriMer.

Promotion Mix

Product

We recommended Kvarøy to use a focus-differentiated strategy, as their product is produced for a smaller quality-sensitive niche market. However, in order to for the strategy to be successful, the product characteristics must be adapted to meet the demand of the target market. That is why we researched French consumers' preferences concerning how to buy salmon in terms of product-type, packaging and shape of the salmon. We could see significant differences regarding what type of salmon French consumers tend to buy, where 47% buy fresh, 44% smoked and only 9% usually buy frozen.

Moreover, the study by the Norwegian Seafood Council found that pre-packed salmon is a limited success in the French market (TNS Gallup & NSC, 2016), and comparing that with our own findings we could see that only 19% of the respondents buy pre-packed fillets in supermarkets. We could see that a considerably amount of French consumers buy fillets at fishmongers, which tells us that this is the French consumers preferred way to buy salmon. This is suitable towards what Kvarøy sells today, as they do not produce the packaging of their products, and have stated that they do not intend to do it in the near future.

Analysing the most important factors when buying salmon, we found out that design of packaging and brand is non-essential factors in the selection process, while sensorial aspects such as taste, smell and texture, as well as natural and safety are critical factors that have a high influence over what products French consumers buy. Based on these findings, we can conclude that French consumers prefer to buy fresh salmon in fillets, without any type of packaging. Conclusively, this is the best product-strategy for Kvarøy to implement for a successful entry in the French market.

Place and Price

As we discussed in our segmentation of the market, Kvarøy should seek out small to medium-sized retailers to sell their products to. This effectively places them in the niche corner of the market and affords them the opportunity to be strategically selective about which retailers they choose to do business with. Taking a more detailed look at the characteristics of what type of retailers they should seek out, it is crucial to keep in mind that in order for the business-relationship to be successful, it is not only Kvarøy to meet the requirements of the retailer, but also the other way around. One of the core values of Kvarøy is their focus on sustainability and quality, and it is why it is important to find someone who shares their values. According to our analysis, independent fishmongers and bio/eco-stores has the highest quality association among French consumers, while supermarket scoring less so in our research. As consumers expect high quality from these types of retailers, indicate that the retailer would be more quality-sensitive.

We also formulated a question about how important price is when buying salmon, and found out that the consumers who shops at independent fishmongers, don't consider price to be an important factor, while those who shops at local markets and supermarkets ranked price as a very important factor when buying salmon.

When we compare our findings revolved around quality and price, we can conclude that the factors that goes into the buying process between consumers shopping at supermarket, and consumers that buys salmon at fishmongers’ have different expectations and qualifications:

- Consumers who buys salmon at supermarkets rate price as more important than natural/no additives when buying salmon.
- Consumers that buys salmon at an independent fishmonger, rate natural/no additives as a considerably more important factor than price when buying salmon.

Based on these analysis of the place, market and consumers, we can conclude that the best retailers for Kvarøy to sell their products to would be independent fishmongers as they are more suitable in terms of Kvarøy’s focus on quality over quantity, as well as less price-sensitive. This allow Kvarøy to set a higher price for their products, than the average in salmon-price in the market, where the price will reflect its quality.

Promotion

We recommended Kvarøy to apply a focus-differentiation strategy, and emphasis on differentiation attributes in their promotion. However, identified through our qualitative research, French still have some negative attitudes towards salmon due to bad promotion concerning pollutants and antibiotics, and even though our external analysis shows it is recovering, it seems like the French consumers need a reassurance, which could be why our survey shows that French people think information about the product is essential when buying salmon. Here we can refer back to the findings of our research that told us that there still exists negative attitude towards salmon due to bad news coverage regarding pollutants and antibiotics. Even though our external research tells us that the reputation of salmon is recovering, there needs to be a focus on informing the consumers in order to build a good association to salmon and Kvarøy's products, as information was one of the factors our respondents answered was important.

Kvarøy is in the position to promote their awards, qualifications and certifications. Just in the last year their products got a "Good Alternative" rating from Monetary Bay Aquarium's Seafood. This can go a long way to promote and insure consumers about the quality Kvarøy is selling in their products. According to the market research done by Norwegian Seafood Council, 90% of French consumers think that origin of country is important (TNS Gallup & NSC, 2016). In our own research, we found that Norwegian salmon has ranked highest on safety, exclusivity and taste among French, Scottish and Norwegian salmon. All of this tell us that being a Norwegian producer, is a promotable attribute.

5. FINAL RECOMMENDATION

Throughout this entire project we have gathered information and data about the business environment surrounding the fishing industry and conducted market research to identify the potential in the French market. Equally important, we have analysed which resources Kvarøy has, in terms of financial capital, technology and assets, as well as human capital in the form of experience and know-how. Conducting these analysis and audits has given us the ability to say something about the strategic position Kvarøy is in with regards to the company's potential entrance into the French market.

Starting with our market research, and using both primary and secondary data, we identified a niche possibility within the premium salmon market. We used this data further in our environmental audit, and looked at major and minor aspects of the business environment that would affect Kvarøy. By looking at competitors and the industry build-up, we could determine how and where Kvarøy should position themselves to capture the market potential. Throughout the entire process, Kvarøy's resources and capabilities helped determine which environmental aspects to follow up on.

To answer our initial research question regarding whether Kvarøy should enter the French market, and what the best strategy for doing so would be, we have determined the best suitable option: We recommend that Kvarøy seek to enter the French market using a direct export mode and using a distributer in France to place its salmon in small to medium-sized companies with shared values and-believes on sustainability. This segmentation would target a quality focused segment where price is less of an issue than in the regular market. We would further recommend a positioning within the market where Kvarøy should use a focused differentiation, and obtain a competitive advantage through their premium quality salmon and targeting the niche market. The product would be fresh non-packaged salmon, targeted towards independent fishmongers through promoting qualifications and certification awarded their products to overcome the threat of negative attitudes towards Norwegian salmon, an issue within the market, but one we believe Kvarøy could manage. We would also advise Kvarøy to take further use of the resources that the Norwegian Seafood Council can provide, to better their knowledge of the French market and industry, and secure their future in France.

By selecting this niche market, Kvarøy would capitalise on a possibility to enter Norway's second largest export market for salmon, as well as achieve a diversification of their risk by entering a new growing niche market. This would secure a position in an important market, which could lead to greater opportunities in the future.

6. APPENDIX

Appendix 1 – View on Norwegian, Scottish and French salmon.

	Please rate you view on Norwegian salmon: 1= lowest and 5= Highest – Price	Please rate you view on Scottish salmon: 1= lowest and 5= Highest – Price	Please rate you view on French salmon: 1= lowest and 5= Highest. Please rate you view on French salmon 1= lowest and 5= Highest – Price	Please rate you view on Norwegian salmon: 1= lowest and 5= Highest – Quality	Please rate you view on Scottish salmon: 1= lowest and 5= Highest – Quality	Please rate you view on French salmon: 1= lowest and 5= Highest. Please rate you view on French salmon 1= lowest and 5= Highest – Quality
Mean	3.52	3.49	3.35	3.77	3.52	3.25
N	83	83	83	83	83	83
Std. Deviation	.786	.687	.772	1.074	.786	.713

Please rate you view on Norwegian salmon: 1= lowest and 5= Highest – Safe	Please rate you view on Scottish salmon: 1= lowest and 5= Highest – Safe	Please rate you view on French salmon: 1= lowest and 5= Highest. Please rate you view on French salmon 1= lowest and 5= Highest – Safe	Please rate you view on Norwegian salmon: 1= lowest and 5= Highest – Exclusive	Please rate you view on Scottish salmon: 1= lowest and 5= Highest – Exclusive
3.64	3.35	3.25	3.30	3.10
83	83	83	83	83
.983	.756	.713	.972	.726

Please rate you view on French salmon: 1= lowest and 5= Highest. Please rate you view on French salmon 1= lowest and 5= Highest – Exclusivity	Please rate you view on Norwegian salmon: 1= lowest and 5= Highest – Taste	Please rate you view on Scottish salmon: 1= lowest and 5= Highest – Taste	Please rate you view on French salmon: 1= lowest and 5= Highest. Please rate you view on French salmon 1= lowest and 5= Highest – Taste
2.99	3.82	3.61	3.29
83	83	83	83
.789	.913	.713	.635

Appendix 2 – Financial calculation

Cash flow from operations			
	2013	**2014**	**2015**
EBITDA	42625	82193	57668
Depreciation and amortization	5072	4722	4531
Net financial items	-408	1096	2568
Changes in inventories	-3525	-10074	1393
Changes in customer accounts receivabl	-28204	-848	-26159
Changes in accounts payable	22427	-10545	12724
Tax payable	0	-5556	-21612
CF from operations	**37987**	**60988**	**31113**
Net investments	-1550	-3513	-11907
Net changes in loans	-2796	-4740	-8347
Free cash flow	**33641**	**52735**	**10859**

Appendix 3 – Semi-structured In-depth Interview Guide

French Food Consumption
In-depth Interview Guide

<table>
<tr><td>Place:</td><td>Date:</td></tr>
<tr><td colspan="2"><h2>About the interview</h2>This interview is conducted as part of a dissertation written by Linda Dieseth, Daniel Liam Flåtten and Nicolai Larsen Haarr. We are all students at Grenoble Ecole de Management as part of an exchange program from BI Norwegian Business School. This interview is part of several in-depth interviews conducted in the qualitative part of our market research. Our dissertation is about the possibility of exporting a Norwegian food product and launching it on the French market. This interview therefore aims to uncover patterns in your food consumption, as well of aspects regarding your daily life which might contribute to these patterns.</td></tr>
<tr><td colspan="2"><h2>Anonymity</h2>ALL INFORMATION AND ANSWERS gathered through this interview will be kept anonymous to anyone outside our group. Any reference to this interview and/or its contents either to our professors, in the actual dissertation text, or in any other manner (appendices, questionnaires, presentation, etc.) will be kept strictly anonymous towards the interviewee. With the approval of the interviewee, the interview will be recorded. The recording will be subject to the same anonymity as all other information and answers gathered throughout the interview. The recording will be deleted after the project’s completion.</td></tr>
<tr><td><h2>Demographics</h2></td><td>Interviewer:</td></tr>
<tr><td>Interviewee #:</td><td>Gender:
☐ Female ☐ Male</td></tr>
<tr><td>Nationality:</td><td>Age:</td></tr>
<tr><td>City of residents:</td><td>Occupation:</td></tr>
</table>

Marital status:	**Number of children:**	**People in household:**
Living arrangements:	**Income:**	

Interviewer signature

Interviewee signature

Part 1

This part contains topics and questions regarding your habits concerning food consumption, and topics that are relevant and affect your consumption.

Question 1 – General Eating Habits We would like to get an insight into your general eating habits with regards to what different kinds of food you eat, when you eat them, and why?
Topics/key words: Eating at home – Eating at restaurants – Types of meal – Occasion – Social – Culture
Possible questions: How often do you make food at home? How often do you eat out? What main dishes do you eat in a normal week(days) (meat, chicken, pork, fish)? What main dishes do you eat on the weekends? What main dishes do you eat on the weekends special occasions? (Cheese, meets, seafood)

Question 2 – General Shopping Habits We would like to get an insight into your general shopping habits with regards to what you buy, where you buy it, how often you shop and what influences this.
Topics/key words: Budget – Location – Shops – Time – Role – Price – Sales – When – Advertisement
Possible questions: What is your average weekly/monthly budget for food? Where do you usually shop? Why? At which time do you shop? How often (times a week) do you shop? How important are differences in price between shops?

How important are sales?
Which role do you have when it comes to shopping?

Question 3 – General Cooking Habits
We would like to get an insight into your general cooking habits with regards to what you cook, how often you cook, when you cook and what you cook.

Topics/key words:
When – Where – Time – What – How – Cuisine – Trends – Advertisement – Recipes

Possible questions:
How often do you cook?
How much time do you use when cooking?
Do you like to cook new things?
What cooking facilities do you have?

Question 4 – Word Association
We would like to see your immediate response to certain foods, so please say the first words (one word or phrase) that comes to mind when you hear the different words.

Words:

Ground beef	Chicken	Steak
Pork	Fish	Lamb
Salmon	Prawns	Falafel

Question 5 – Activity Level and Focus on Health
We would like to get an insight into your level of activity in your day-to-day life as well as your focus/concerns regarding health and eating.

Topics/key words:
Fitness – Training – Diets – Trends – Motivation – Season

Possible questions:
How often do you work out?
What type of training do you do? Team sports, fitness, bodybuilding, jogging/running?
Do you determine what you eat based on your physical activity?
Do you see food as a way of getting in better shape/health?
Are you generally concerned about the health benefits of what you eat?

Question 6 – Environmental Concerns/awareness We would like to get an insight into your level of concern/awareness for the environment, and how that affects your eating and shopping habits.
Topics/key words: Carbon emission – Local – Origin – Organic – Sustainability – News – Campaigns
Possible questions: Would you say you are generally concerned about environmental issues? Do you consider the environmental impact of the food you eat? Do you consider where your food comes from? Is it important to you whether the food you eat is organic or not? Is sustainability in food production important?

Part 2

This part is concerning your consumption of salmon and aims to uncover aspects that affect your consumption of salmon.

Question 7 – How often do you eat salmon?		
"Often"	**"Sometimes"**	**"Never"**
Question: How often would you say? (Times a week/month)	**Question:** How often would you say? (Times a month/year)	**Question:** Why do you never eat salmon?
Questions: What do you eat instead of salmon? Has this changed over the recent years?		

Question 8 – Where do you eat salmon?					
Suggestions:					
At home	Restaurant	Cafés	At parties	At friends'	Other
Questions: Why not at home? Has this changed over the recent years?					

Question 9 – When do you eat salmon?		
Weekdays	**Weekends**	**Special occasions**
	Question: Why only at weekends?	**Question:** Why only at special occasions?

Question 10 – To which meals do you eat salmon?					
Suggestions:					
Breakfast	Lunch	Dinner	Snack	Party foods	Other
Questions: Why? Has this changed over the recent years?					

Question 11 – How do you eat salmon?					
Suggestions:					
Fried fillet	Soup	Backed	Sushi/ Sashimi	Smoked (Fumé)	Other
Questions: Why do you prefer this/these way(s)? Has this changed over the recent years?					

Question 12 – Why do you eat salmon?				
Suggestions:				
Taste	Healthy	Variation	Environment friendly	Other
Questions: Why is this important to you? Any other reasons? Has this changed over the recent years?				

Question 13 – How often do you buy salmon?		
"Often"	**"Sometimes"**	**"Never"**
Question: How often would you say? (Times a week/month)	**Question:** How often would you say? (Times a month/year)	**Question:** Why do you never buy salmon? What could change this?
Questions: What do you buy instead of salmon?		

Question 14 – How do you buy salmon?									
Fresh				**Frozen**			**Pre-made meals**		
Whole	Half	Fillet	Smoked	Whole	Half	Fillet	Frozen	'Micro' /Instant	Fresh
Question: Why do you prefer/buy it this way?				**Question:** Why do you prefer/buy it this way?			**Question:** Why do you prefer/buy it this way? Is this because you find it hard to cook salmon yourself?		

Questions:
Has this changed over the recent years?

Question 15 – Which factors are important when you choose to buy salmon and affects your choice?					
Suggestions:					
Brand	Origin	Organic	Healthy	Looks /appeal	Other
Questions: Why do you prefer this/these way(s)? Has this changed over the recent years?					

Question 16 – Which brand do you usually choose?						
Suggestions:						
Casino Norwegian French	**Labeyrie** Norwegian Scottish Irish	**Monoprix** Norwegian Scottish Alaskan	**U** Norwegian Wild	**Petit Navire** Norwegian Scottish	**Findus** Wild	**Others**
Questions: Why do you prefer this/these brand(s)? Did you know that the salmon this brand uses is from …? Is the origin of the salmon important to you? Is the origin a reason why you buy it? Would you consider yourself loyal to this/these brand(s)? Has this changed over the recent years?						

Question 17 – How does the packaging affect your choice?					
Suggestions:					
Size of package	Number of fillets	Whole fish	Information	Design /appeal	Other
Questions: Why is this important?					

Question 18 – Have your habits in consumption and purchase of salmon changed the last few years?				
Suggestions:				
Where you eat salmon?	How you eat salmon?	How often?	Where and how you buy salmon?	Other
Questions: Why has your consumption changed? Why has the way in which you buy salmon changed? Which factors lead to these changes?				

Why did these factors affect you?

Question 19 – Which factors would/could increase your consumption of salmon?				
Suggestions:				
Lower price	Better availability	More appealing packaging	Advertisement /marketing	Other
Questions: Why would this change your consumption?				

Question 20 – What would be an (more) acceptable price for salmon?	
High:	**Low:**
Questions: Would this change your consumption?	

Question 21 – Why do you not eat salmon?				
Suggestions:				
Price	Availability	Taste	Cooking possibilities	Other
Questions: What could change this and make you buy salmon? What would be an acceptable price? – See question 20. Has this changed over the recent years?				

Question 22 – What is your opinion of salmon		
Topics:		
Fresh	**Farmed**	**Norwegian**
Questions: Your response to salmon in the Word Association was … could you elaborate on this? What is your opinion on salmon in general? Which category of food would you put (fresh) salmon in? Which foods would you say “compete” with (fresh) salmon? What is your opinion on fresh salmon? Better than frozen salmon? What is your opinion of farmed salmon? Better or worse than free-fished salmon? What is your opinion on Norwegian salmon? Better or worse than French (other) salmon? Has any of this changed over the recent years?		

Appendix 4 – Survey

Ce sondage est en relation avec notre these de bachelor /licence et porte sur la vision et l'attitude des consommateurs français à l'égard du saumon. Ce sondage devrait prendre moins de 6 minutes de votre temps. Merci d'y répondre et de contribuer à notre thèse de Grenoble Ecole de Management. Toutes les réponses sont anonymes et resteront confidentielles.

En pourcentage, quelle est votre part d'investissement au niveau des courses ? (100% si vous vivez seul, moins si vous vivez à plusieurs)

Please specify in % how much of the groceries' shopping you do?

0 10 20 30 40 50 60 70 80 90 100

%

Quand vous faites les courses, quand les faites vous ?

In what occasion do you do the grocery-shopping?

- Tous les jours
- Le Weekend
- Occasions spéciales
- Jamais

A quelle fréquence faites vous (ou votre foyer) les courses ? Nombre de fois par semaine.

How often do you/your household buy groceries? Times per week.

Quelle est l'importance de l'équilibre alimentaire lorsque vous achetez de la nourriture ?

How important is "health" when you buy food?

- Extremement importante
- Très importante
- Assez importante
- Peu importante
- Pas importante du tout

A quelle fréquence mangez vous du saumon ?
How often do you eat salmon?

- Jamais
- Moins de 4 fois par an
- Aux alentours d'une fois par mois
- 2 à 3 fois par mois
- Environ une fois par semaine
- Deux fois par semaine ou plus

Quand mangez vous du Saumon ? (Plusieurs réponses possibles)
In which occasions do you eat salmon? (Possible to add multiple answers)

- A la maison
- Au restaurant
- Pendant les soirées
- Pendant les vacances
- Je ne mange pas de saumon
- Autre, précisez

Comment achetez vous votre saumon ?
How do you usually buy salmon?

- Fumé
- Congelé
- Frais
- Je n'achète pas de saumon

Comment achetez vous votre saumon ?
How do you usually buy salmon?

- Fumé
- Poisson entier au supermarché
- Poisson entier préparé par le poissonier
- Sacs de filets préparés au supermarché
- Filets préparés par le poissonier
- Je n'achète pas de saumon
- Autre, précisez

Comment mangez vous votre saumon ? (Numérotez de 1 à 4 selon vos préférences, 1 étant celui que vous consommez le plus)
How do you eat salmon? (Please rank the order, that corresponds to your frequency of consumption, 1 being the 1 you consume the most and 4 the least.

Cru, sushi et sashimi/Raw - Sushi & sashimi
Fumé/Smoked
Congelé - cuisiné
Frais/cuisiné

Quelles sont les raisons pour lesquelles vous mangez du saumon ?
What are the reasons you eat salmon? (Possible to add several options)

- Facilité/rapidité de cuisson
- Goût
- Nourriture équilibrée
- Environnement
- Aucun risque à manger
- Tout le monde aime
- Valeur sure
- Autre, précisez

Ou achetez vous le saumon ?
Where do you shop salmon?

- ○ Hypermarché/Supermarché
- ○ Poissonnerie dans les supermarchés
- ○ Marchés locaux
- ○ Restaurants
- ○ Poissonnerie indépendantes
- ○ En ligne
- ○ Je n'achète pas de saumon
- ○ Autre, précisez

Comment percevez vous les saumons en élevage
Please state how you perceive farmed salmon.

Prix élevé	○ ○ ○ ○ ○	Prix bas
Basse qualité	○ ○ ○ ○ ○	Haute qualité
Bonne nutrition	○ ○ ○ ○ ○	Mal nutrition
Pas exclusive	○ ○ ○ ○ ○	Exclusive

Comment percevez vous l'exploitation de saumon durable au sein des élevages ?
Please state how you perceive sustainable farmed salmon.

Prix élevé	○ ○ ○ ○ ○	Prix bas
Basse qualité	○ ○ ○ ○ ○	Haute qualité
Bonne nutrition	○ ○ ○ ○ ○	Mal nutrition
Pas exclusive	○ ○ ○ ○ ○	Exclusive

De quel pays achetez vous généralement votre saumon ?
From which country do you usually buy your salmon from?

- ○ Norvège
- ○ Ecosse
- ○ Alaska
- ○ Irelande
- ○ France
- ○ Je n'ai pas de préférance
- ○ Autre, précisez

Donnez votre avis sur le saumon Norvégien. 1 étant la plus basse note et 5 la plus haute
Please rate you view on Norwegian salmon. 1= lowest and 5= Highest.

	1	2	3	4	5
Prix	○	○	○	○	○
Qualité	○	○	○	○	○
Sureté	○	○	○	○	○
Exclusivité	○	○	○	○	○
Goût	○	○	○	○	○

Donnez votre avis sur le saumon Ecossais. 1 étant la plus basse note et 5 la plus haute
Please rate you view on Scottish salmon. 1= lowest and 5= Highest.

	1	2	3	4	5
Prix	○	○	○	○	○
Qualité	○	○	○	○	○
Sureté	○	○	○	○	○
Exclusivité	○	○	○	○	○
Goût	○	○	○	○	○

Please rate you view on French salmon. 1= lowest and 5= Highest.
Please rate you view on French salmon. 1= lowest and 5= Highest.

	1	2	3	4	5
Prix	○	○	○	○	○
Qualité	○	○	○	○	○
Sureté	○	○	○	○	○
Exclusivité	○	○	○	○	○
Goût	○	○	○	○	○

Quels facteurs augmenteraient votre consommation de saumon ? Notez l'influence de ces facteurs. 1 = pas du tout, 5 = Beaucoup

Which factors would increase your consumption of salmon? Please, rate in which degree they would effect your your consumption. 1= Not at all and 5=High degree

	1	2	3	4	5
Prix	○	○	○	○	○
Disponibilité	○	○	○	○	○
Différentes tailles d'emballage	○	○	○	○	○
Standards	○	○	○	○	○
Information sur les origines	○	○	○	○	○
Information sur l'impact environmental	○	○	○	○	○
Information sur les bénéfices au niveau de la santé	○	○	○	○	○
Attractivité du design	○	○	○	○	○
Familiarité avec la marque	○	○	○	○	○

Donnez votre avis sur le saumon frais vendu par les poissonneries en supermarché. 1 étant le plus bas et 5 le plus haut.

Please rate you view on fresh salmon at fishmongers/fishmongers in grocery stores. 1=lowest and 5= highest

	1	2	3	4	5
Prix	○	○	○	○	○
Qualité	○	○	○	○	○
Sécurité	○	○	○	○	○
Information sur le produit	○	○	○	○	○
Ecologique	○	○	○	○	○
Produit propre/naturel	○	○	○	○	○

Donnez votre avis sur le saumon frais en sachet dans les supermarchés. 1 étant le plus bas et 5 le plus haut.

Please rate your view on fresh packaged salmon in grocery stores. 1=lowest and 5= highest

	1	2	3	4	5
Prix	○	○	○	○	○
Qualité	○	○	○	○	○
Sécurité	○	○	○	○	○
Information sur le produit	○	○	○	○	○
Ecologique	○	○	○	○	○
Produit propre/naturel	○	○	○	○	○

Donnez votre avis sur le saumon frais dans les magasins bios. 1 étant le plus bas et 5 le plus haut.

Please rate your view on fresh salmon in ecological/natural grocery stores. 1=lowest and 5= highest

	1	2	3	4	5
Prix	○	○	○	○	○
Qualité	○	○	○	○	○
Sécurité	○	○	○	○	○
Information sur le produit	○	○	○	○	○
Ecologique	○	○	○	○	○
Produit propre/naturel	○	○	○	○	○

Quelle marque de saumon en sachet achetez vous en general ?
Which packaged salmon brands to you usually buy?

- Carrefour
- Casino
- AB
- Delpierre
- Monoprix
- U
- Je n'ai pas de préférance
- Je n'achète pas de saumon en sachet
- Autre, spécifiez

Quelle est votre nationalité?
What is your nationality?

- Française
- Autre

Quel est votre genre ?
What is your gender?

- Homme
- Femme

Quel est votre âge ? Ecrivez le chiffre
What is your age? (Please type in numbers)

Quelle est votre situation ?
What is your current living arrangement?

- Seul
- En couple
- En famille

Combien de personnes vivent dans votre foyer ? (en vous comptant) Si vous vivez en colocation, n'incluez pas les colocataires.
How many people live in your household? (including yourself). If you live in a collective, do not include roommates.

- 1
- 2
- 3
- 4
- Plus de 4

Combien d'enfants avez vous ?
How many children do you have?

- 0
- 1
- 2
- 3
- Plus de 3

Quel est votre salaire annuel net ? Si vous etes étudiants, quelles sont vos bourses ?
What is your income after tax per year? (If you are student please include your grant.)

- Moins de €10,000
- €10,000-€24,999
- €25,000-€39,999
- €40,000-€59,999
- €60,000-€74,999
- €75,000 et plus

Quel est votre budget mensuel pour les courses ?

What is you monthly budget for groceries?

- Moins de €200 euros
- €200-€349
- €350-€499
- €500-€749
- €750 et plus

Appendix 5. List of Topics, Qualitative Analysis

Demographics

The demographic questions on the front page are there to create a baseline for who the interviewee is and which situation he or she is in. We assume that the most important of these questions are those regarding living arrangements and income – which we estimate to have the highest impact on a respondent's food consumption.

General food consumption

This topic and the accompanying line of questioning is to determine a baseline of what habits the respondent has, regardless of the respondent's consumption of salmon. This to uncover aspects of their habits without them being affected by their knowledge that we are interested in salmon.

Shopping habits – Regularity and location

In order to get an insight into how location and regularity of the respondents shopping might affect his or her food consumption, we wish to uncover habits for where and when the respondents does the groceries shopping.

Word association – projective research technique

We have chosen to use the projective research technique of word association in this part of the interview. This is to get the basic associations the respondents have towards different food types (Clow & James, 2014). Our main goal is to uncover the "gut feeling" regarding salmon. However, we have chosen the neutral words to be within the main topic – food consumption. This is to use these answers, together with others throughout the interviews, in the strategic part of our dissertation, specifically in the industry attractiveness and Porter's Five Forces in identifying which foods should be considered substitutes and which should be placed as competitors (Johnson et al., 2014).

Activity level and health concerns

Our assumption is that many view salmon as a healthy food and something that could be included in a healthy diet. We therefore want to uncover habits in the respondent's activity level and general health concerns in order to see if there is any link between this and their food consumption.

Environmental concerns – Organic and local products

Much as with activity level and health concerns, there are many aspects towards salmon, and seafood in general, that appeal to environmentally conscious people – specifically towards organic and sustainable products, as well as where food comes from. We wish to uncover habits and factors that impact these habits which also could be related to their consumption of salmon.

Consumption and purchase of salmon

These topics and possible questions are chosen to get an insight into all the aspects we assume are important in terms of purchasing and consumption of salmon. Even though this part of the guide is quite structured, these are merely suggested topics and accompanying questions to guide the interview if the respondent does not carry the interview. It is paramount not to become too structured in this part of the interview because it is primarily here that we stand to uncover the most important aspects regarding the purchase and consumption of salmon – and most important reasons that limit this behaviour.

Opinions towards salmon

This last part is set up as a final unstructured part of the interview in order to uncover any other additional aspects that have not been brought up during the other topics.

Appendix 6. Anonymity of Respondents

We have chosen to keep our interview respondents anonymous. This was we a choice made based on that some of the topics we will be discussing such as income and health concerns, can be sensitive for the respondents. In keeping the respondents' names out of our dissertation, and any other published materials, we lessen the likelihood of respondents answering untruthfully or avoiding answering certain questions on these topics which is a likely outcome if a respondent feels uncomfortable during an interview (Malhotra, 2010). The way in which we have obtained this anonymity is by not having the respondents filling out their name during the interviews.

On the first page of the interview guide we give the different respondents an interviewee number which will be linked to their answers on the first page and the audio-recording and its transcription. We also state in the interview guide that their names will be kept within our group and not be revealed throughout the process.

We evaluate this anonymity to have now impact on the credibility of our research or the actual research in itself – rather the opposite. By systematically changing the name to a number and using this throughout the process we will have the same process and gather the same data, if not more accurate data, as we would be using the names of the respondents. This anonymity will also help us in keeping an ethical a professional conduct towards our respondents and show that we respect their privacy (Clow & James, 2014).

Appendix 7. Audio-recording of Interviews

To secure the capture of the data from the individual interviews properly, and be able to use it throughout our dissertation, we chose to audio-record our interviews. Be doing so we improve our ability to retain the information after the interview is conducted and can even use direct quotes from the interviews, something that would be very hard to achieve if we were to rely on our ability to take complete notes throughout entire interviews. It will also give us a better flow during the interviews by enabling us to have a better connection with the respondents in staid of focusing on taking notes.

An issue with this process is that some respondents may be concerned and uncomfortable about being recorded (Malhotra, 2010). We have addressed this issue by informing about this before the interview takes place, as well as ensuring the respondent that his or her anonymity will be maintained throughout the process and that the recording will not be distributed to anyone outside our group and it will be deleted upon completion of the project. Their approval of the audio-recording and our insurance of anonymity and handling of the recording will be insured with both interviewer and interviewee signing the first page of the interview guide.

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