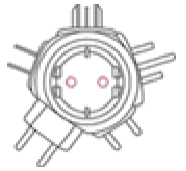


Thesis

friends[connection]



[To]

Mr. A. Schneider; Mr. V. Teillet and Mr. B. Verhagen
Friends Connection

Mr. C.F.A.M. Oomes
Fontys University of communication in Eindhoven

[Subject]

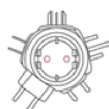
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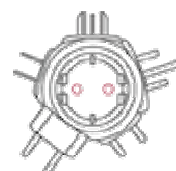
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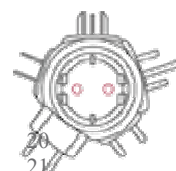
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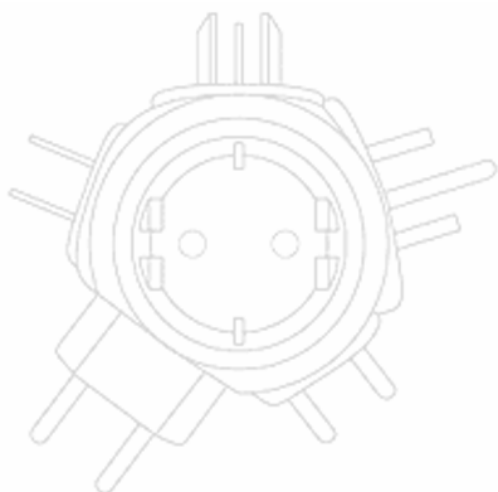


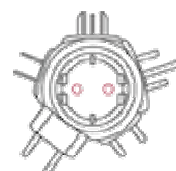
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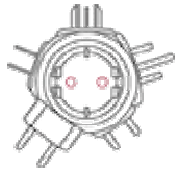
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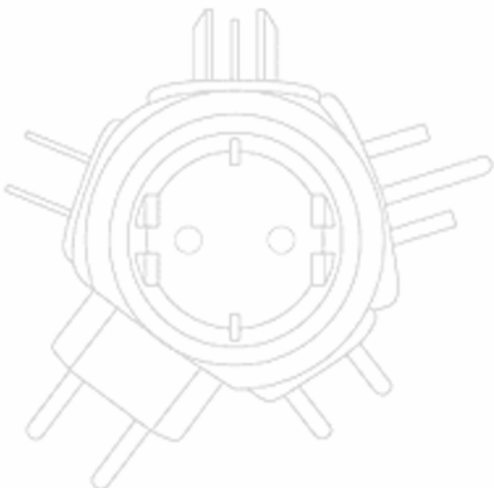


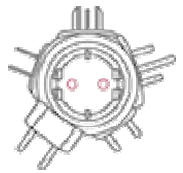
[Preface]

This thesis is the result of a graduation research to the achievability of setting up an international marketing agency. This research has started January the 30th 2006 and ended May 31st 2006.

Friends Connection has given me the opportunity to do this research quite independently, however, this thesis would not have developed without the support of some people:

- This research is initiated by Mr. **Ben Verhagen** and Mr. **Koen Verstraten** of Goals Marktbewerking in Oirschot (NL), they have been a great help in the whole process of this research, and I want to thank them for the opportunity to do this project.
- Mr. **Andreas Schneider** of Tailormade brand consulting has offered me the opportunity to take this research beyond my Dutch borders and also execute it in Germany. I want to thank Mr. Schneider and the team of Tailormade brand consulting for their overwhelming hospitality and support.
- Mr. **Vincent Teillet** who took launched the idea of Friends Connection and granted me an extensive interview about international marketing and the plans for Friends Connection.
- In this research, I was supported and adviced by Mr. **Chris Oomes** of Fontys University for communication in Eindhoven, and want to thank him for his support.
- Last but not least, I want to thank all respondents for freeing time in their busy schedules to grant me interviews!





[Management summary]

Friends Connection is a network of marketing agencies who have a lot of international marketing experience and want to apply this experience in consulting companies for their marketing in Europe. The question is still whether it is achievable to set up Friends Connection, the market is the central subject here.

To answer this question, I did research on American (IT) companies who entered the European market in the past five years. These American companies know about the process they went through while entering the European market, what needs for marketing advice they had at that time and what need for marketing advice they still have.

From desk research it seems that foreign direct investment (FDI), investments of foreign companies in activities in a certain country, have decreased after the well known bursting of the dotcom bubble, but have been rising again since 2003. The most important source of FDI in Europe is America. The American companies invest the most in activities in the United Kingdom. However, the UK is decreasing in share of European FDI. The sector in which the American companies invest the most is software. Trends which we can see in FDI are; decreasing FDI in Western European and increasing FDI in Eastern Europe, the European distribution centres are also moving eastwards within Western Europe. Another trend is the increasing relocation of European headquarters.

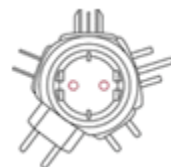
From field research it seems that companies enter the European market are often small business companies, operating on innovative and relatively small B2B markets. The process of entering the European market can take 2-5 years, depending on the situation. This process brings all kinds of difficulties, the first difficulties that are always mentioned are language, culture and law. But marketing and sales also play a very important role in this process, mostly these activities are the first ones to be established in Europe. It's often difficult for the companies to develop sales, because Europe is such a heterogeneous market and the available budget is often small. A trend in this process is that more and more companies start to set up business in Spain and Italy. Companies who use a marketing agency, like to work with a mid-sized, full-service agency who has knowledge about their market throughout Europe.

International agencies mostly only work for big (B2C) brands. The activities of these companies on the field of helping American companies enter the European market are not very extensive. There are however some marketing agencies who are specialised on this field. These agencies are usually small and have a one-stop-shop concept, including consultancy on the field of marketing, sales, legal, taxes and sometimes technical support. These specialized agencies have a fulltime job supporting companies entering the European market.

There are several government organisations who support American companies entering the European market. These organisations help by doing desk research before companies are entering the market, and help with operational things when companies are really establishing. When problems become too detailed, these organisations advise the company to contact a third party. Therefore these organisations play a very important role in the development of FDI and are a valuable source to get in contact with American companies entering the European market.

There are quite some opportunities for Friends Connection in the market of American companies who are coming to Europe. Of course there are also some threats, but not enough to conclude that setting up Friends Connection is not achievable. However positioning Friends Connection in the correct sector is going to be very important, the target audience is namely looking for European front office consultants, and not for a European advertising network. Friends Connection can be differentiated from the competitors by taking the USP of being friends and being able to deliver the best international cooperation and therefore the best international front office solutions.

This report will conclude with some pragmatic next steps to be taken.



h 1. [Introduction]

This thesis discusses the achievability of setting up an international marketing agency, to support companies who enter the European market.

In this report, I will first give an explanation of what Friends Connection is, or is going to be, this results in a central research question. After also determining the target audience of this research, I will begin with discussing the research that is done for this project.

Desk research was the first way in which I tried to get an answer to the central question. There are several interesting books and articles that discuss international business. The most important conclusions and sources of desk research are mentioned in this report, other very interesting conclusions can be found in the appendix.

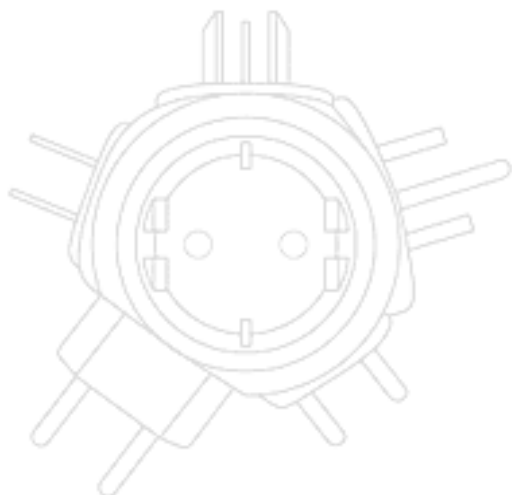
The desk research could not yet answer the central question, therefore I also did some field research. I interviewed a total of 30 organisations of the target audience, spread over two countries. The field research brought a good view on the situation of companies entering the European market, and provided me with enough information to answer the central question.

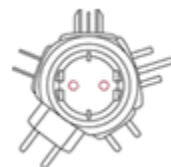
After the field research, there's a chapter that briefly discusses the most important conclusions of the research, and answers the central question. This leads to the next chapter in which I will advice Friends Connection either or not to start.

Please notice that the notes of this thesis are to be found at the end of the document. Sometimes a note refers to a respondent, this does not mean that it involves a quote, these notes only refer to the situation of the respondent, real quotes will be printed italic.

When in this report talked about "America" or "the US", this always refers to North America. If not meant North America, the text will say "the continent of America" or "South America".

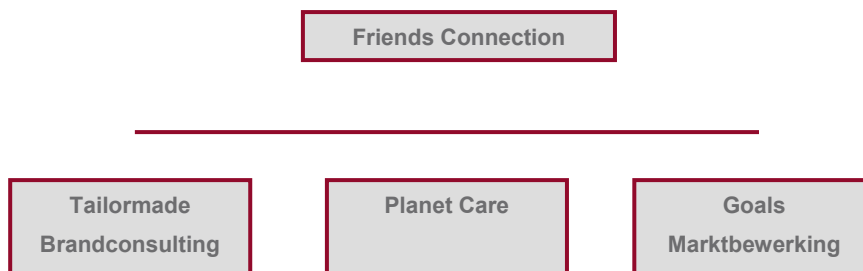
This thesis also discusses certain cultural aspects, this means that there are some assumptions made in this thesis. Culture is something that is (almost) impossible to describe in facts and text about culture will therefore always contain subjectivity. This subjectivity is also present in this thesis, coming from the subjective experience of; respondents, authors of books, authors of articles and myself. These assumptions are not meant to offend or prejudge any group or person whatsoever.





h 2. [Friends Connection]

Care, Tailormade Brand Consulting and Goals Marktbewerking are three ambitious marketing agencies in respectively Paris (France), Mannheim (Germany) and Oirschot (The Netherlands). These agencies have a wide experience in international marketing, for several companies and have developed successful pan-European campaigns. Now the directors of these agencies have the ambition to begin a new European marketing agency, called Friends Connection.



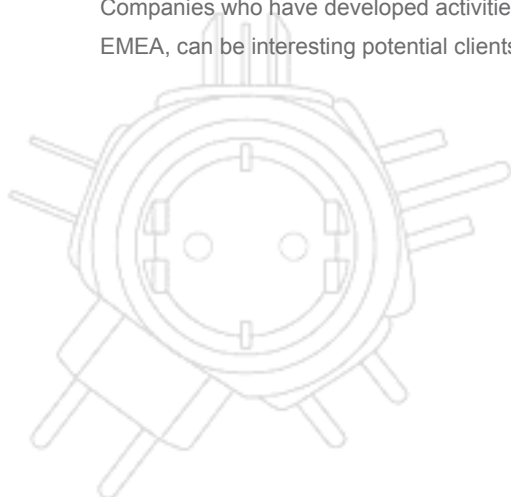
Since Friends Connection has very much expertise in developing pan-European marketing for customers, Europe is geographically seen as the playground of Friends Connection. There are several companies who have a need for European marketing. There are multinational companies who are established in Europe and have been practicing marketing for a while already, but who have the need for help when making the strategy for existing or new products in Europe. A second and also very interesting group of companies, who could make use of the service of Friends Connection, are companies who are entering the European market.

Especially the last target audience is an interesting one for Friends Connection. Companies, who are entering the European market, can have very much need for help with regard to their marketing. The marketing activities of these companies are developed for America or Asia, but not yet for the European market. This can bring interesting assignments to Friends Connection.

Looking at this target audience, the two main companies who are potentially entering the European market are American companies and Asian companies (especially from Japan, Taiwan and China). This is because multinationals usually divide there geographical activities in three regions or time zones:

- US and Canada
- EMEA (Europe, Middle East and Africa)
- Asia and the Pacific

Companies who have developed activities in either US/Canada or Asia/Pacific and want to take there business to EMEA, can be interesting potential clients for Friends Connection.





h 3. [Research target audience]

Friends Connection is going to be an agency, doing a complicated job. American and Asian companies entering the European market are a difficult target audience. Pan-European marketing is a discipline which demands a lot of experience and know-how. And achieving all this in an organisation with employees throughout Europe, working together, can also bring some challenges.

So, before investing in this agency, it's important to see whether it's achievable to start it. The most important aspect in this achievability is the market. Is there enough potential in this market to successfully start an international agency? The needs of the potential clients are the central subject here. A second, but not less important question is: 'How should Friends Connection communicate to these potential clients?'

To get a view on the questions mentioned above, it's important to do a research. Doing a research on the target audience of Friends Connection is not an easy job. Because companies who have plans to enter the European market, are not located in Europe yet. To interview the companies who are going to enter the European market, implies that the interviews would have to take place in America and Asia, or by phone, since qualitative research is the approach.

The past five years

It is very difficult to interview the direct target audience which Friends Connection will focus on. However, there is another way to get a view on the target audience. When interviewing companies who have entered the European market in the past five years, we will also get a very good view on the process that these companies have gone through and the need for marketing advice which they had in his process. They can perhaps even tell us more about the process than the companies who still need to go through it. They know about the problems which they ran into and how they coped with these problems.

American companies

The two groups of companies from the two different continents are probably very different from each other. To be able to do a research on the target audience, it's important to make a second segmentation. This segmentation is a logical one. American companies are more interesting to interview for this research than Asian companies. The most important reasons for this choice are:

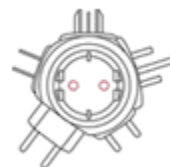
- Interviewing American companies brings less language difficulties.
- Interviewing American companies brings less cultural difficulties.
- The most European foreign investments are coming from American companiesⁱ.

Branch

The companies, who have entered the European market in the past five years, are not all in the same branch. The most companies are in the IT sector, other big sectors are the chemical sector and the life science sector.

In this research, I will focus on IT-companies, because they usually have a innovative and commercial characteristic, and are therefore the most likely to seek advice from an international agency. I will however also interview some companies from other sectors, to see how big the differences are between the different sectors and to get a complete view on the group of companies entering the European market.

Since IT is quite a broad sector, we could best describe it as the sector in which companies operate that deliver products or services on the field of information and communication technology.



Research field

It is not possible to do research on this target audience throughout whole Europe, so here our last segmentation should be made. Within the organisation of Friends Connection, it's possible to do research in two areas, The Netherlands (Goals Marktbewerking) and Germany (Tailormade Brand Consulting). Unfortunately it's not possible to do research in France, this will however not influence this research, because the respondents of this research are all companies who work and aim for whole Europe, the most important needs and demands will therefore be the same.

Summary

So far we have made four segmentations on the target audience. The target audience of this research are companies who:

- Entered the European market in the past five years;
- Originally come from America;
- Operate in the IT sectorⁱⁱ;
- Are established in the Netherlands and Germany.

But the American companies are not the only interesting respondents for this research, besides American IT companies, I will also interview government organisations and international marketing agencies.

3.1. [American IT companies]

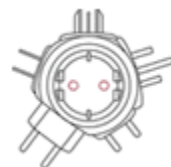
The specific person which I will interview by the American IT companies can differ. Some companies are still in an early stage of the process of entering the European market, and will therefore only have one person active in Europe. Other companies will be further in this process, and might already have a person who is responsible for marketing and/or sales in Europe. This can also depend on the strategy and culture of the organisation. The people which I interview will therefore be directors (presidents and vice presidents), sales directors or marketing directors for the region of Europe or EMEA.

The size of the companies that I will interview can also depend on the specific company and on how far the company is in the process of entering the European market.

It is possible to say something about the size of the companies in America. The most companies are small business companies, and have a size that can differ from 100 to 500 employees and \$5 to \$30 million annual revenue. A more detailed list, based on information from the American Small Business Administration office, is available at appendix 8. It's hard to give numbers on how much American IT companies entered the European market the last five years and therefore established in the Netherlands or Germany, because not all establishment dates are available. What we do know is that Germany has about 2.500 American companies, and about 20-25% of these companies are in IT. The Netherlands has about 1500 American companies, but it's not clear how many of these companies are in IT.

3.2. [Government organisations]

Almost every country has foreign investment agencies. For a government it's important to stimulate foreign investment, because foreign investments are good for the economy. A new distribution centre, for example, can generate a lot of work for both the labour market and companies in the region. Foreign investment agencies help companies entering the European market, from the moment of orientating on Europe until the company is fully operational. They accompany foreign companies through the whole process of entering the European market, and therefore know exactly which problems these companies get to cope with. In this organisations I will interview advisors who are responsible for advising American companies.



Besides the foreign investment agencies, there's the American Chamber of Commerce. The AmCham has offices throughout Europe, and helps American companies with their foreign investment. This can be support on marketing and sales, advise on the field of tax and legal, but the most important activity of the AmCham is lobbying.

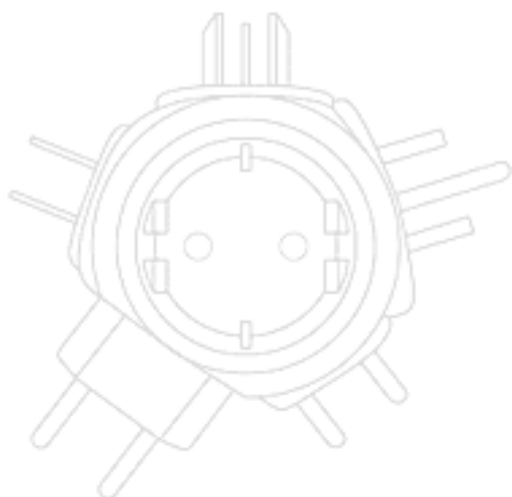
3.3. [International agencies]

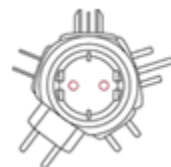
When an American company has a specific question, the foreign investment agency advises to contact a specialist (usually from their network). When it comes to marketing, these specialists are the international marketing agencies. At these agencies, the experts on pan-European and international marketing are helping out. So learning more about the marketing solutions that they offer there customers, will give a better view on the needs of American companies, entering the European market.

Roughly speaking, there are two kinds of international marketing agencies, the ones who work globally, and the ones who work for Europe. The first group works for big brands over the whole world, the second one works mostly for companies entering the European market or entering new markets within Europe.

The first group can be interesting because they have a lot of experience in international marketing, and designing pan-European campaigns, and therefore often get to cope with the problems which a company entering the European marketing would also get to cope with.

The second group is the most interesting one, but also the smallest one. These are agencies that help companies entering the European market. Often, there focus is on marketing/sales, but they provide there clients with more services than just the commercial ones, they create a one-stop-shop concept. They also provide there clients with advise on the field of tax and legal for instance, and they can also provide there clients with services, like establishing a legal entity.





h 4. [Central question]

The target audience is clear, but before the research can start, it's important to know what to ask the respondents. In other words, what is the central question for this research. This research has the following central question:

What demands do American IT companies, who are located in the Netherlands and Germany and which entered the European market in the past five years, have towards an international marketing agency?

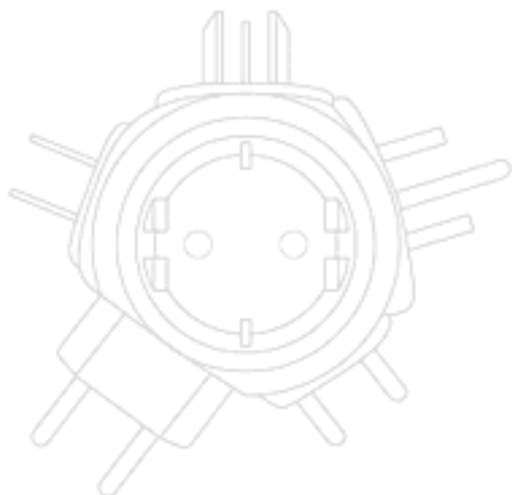
To answer this question, there need to be answers to other, underlying questions first. These questions are:

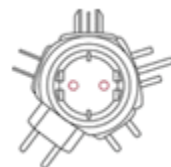
- ☐ What are the characteristics of American IT companies entering the European market?
- ☐ Why do American IT companies enter the European market?
- ☐ How does the process of entering the European market look like for American IT companies?
- ☐ What marketing activities are undertaken by American IT companies entering the European market?
- ☐ What need for marketing advise / help is there by American IT companies entering the European market?
- ☐ How should a European marketing agency communicate to American IT companies entering the European market, in order to convince them to hire the an international marketing agency for marketing consultancy?

Next steps

This research focuses on the market of Friends Connection only. It gives a view on what needs and demands the potential customers have towards marketing advise. The internal structure and the form of partnership of Friends Connection is not researched here, however, it's very important to think about this structure. Therefore, the next step for Friends Connection is to write a business plan in which important internal structures are taken in account. Examples of subjects to think about are:

- ☐ Why does/should Friends Connection exist?
- ☐ What's the core business of Friends Connection?
- ☐ What services is Friend Connection going to offer?
- ☐ How will Friends Connection approach a project?
- ☐ How will Friends Connection share costs and profits of a project?
- ☐ Will there be an extranet to share data for projects and communicate about ideas and solutions?
- ☐ To what extend is Friends Connection proactively going to search for new partners, and what characteristics should these partners have?
- ☐ What will be the corporate strategy for Friends Connection for the future five years?





h 5. [Desk research]

First I have done desk research to see whether the central question and underlying questions of this research could be answered by books, articles or other researches. In this project, I have done desk research in three different main sources:

- Articles and researches
- Books
- Companies

5.1. [Articles and researches]

The subject of companies entering the European market is very important for the stimulation of the European economy. Therefore there has already been some research on this movement in international business. These researches are usually done by national development agencies and are therefore focusing on a specific country. There are also some international consultancy firms however who also do research on foreign investment. Both researches can be very interesting for this project. A detailed list of the researches that I used. is to be found in appendix 1.

A very interesting subject of some of the articles was the history of foreign direct investment, it describes the phases that foreign investment went through until now, a summary of the history of FDI from America is to be found in appendix 2.

5.2. [Books]

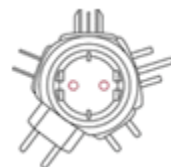
International business, globalizing companies, but especially cultural differences around the world are very interesting subjects. I'm not the only one who is interested in what moves companies around the globe, and which difficulties they get to cope with. Several authors have written books about this phenomenon, this brings the opportunity for me to see what there experience is with companies doing business and selling products around the world.

For this research I used the book "*Cultures and Organizations: Software of the Mind*", by Hofstede and Hofstede, a book about the characteristics of different cultures in the world. How cultures can be defined and how companies should cope with cultural differences.

The other book which I used is called "*Managing cultural differences*", by Lisa Hoecklin. This books describes what difference there are between cultures, and how companies cope with these problems. Strategic values, advertising, human resource management and strategic alliances are very important subjects of this book. A summary of these books is to be found in appendix 7.

5.3. [Companies]

This research has a difficult target audience, therefore it's not an easy job to find companies who will qualify as a potential respondent. The national telephone book cannot tell whether a company came from America to Europe in the past five years. To get input for my field research it is therefore very important to get access to this information in some other way. Fortunately, almost every country has organizations who help foreign companies enter there (local) market. These organizations play a very important role in the phase of desk research, by providing me, as far as they are allowed, with information about potential respondents for this research.



h 6. [Articles and researches]

6.1. [Current FDI]

6.1.1. [Ernst and Young European Investment Monitor]

Ernst and Young began monitoring foreign investment in Europe in 1997. Since this time, every year around July, a new European Investment Monitor (EIM) comes out. This EIM gives a view on the amount of foreign direct investment projects that are undertaken in the past year, foreign direct investment (FDI) is the amount of money that a foreign company invests in building new activities in a foreign countries. For example when the American Coca Cola company would build a new distribution centre in Germany, or Starbucks opening a European headquarters in Amsterdam. The EIM also monitors the most important sources of FDI, the most important destinations of FDI, and the most important sectors and activities of FDI. For this research, I had the Ernst and Young European Investment Monitor reports of the past five years available. However this doesn't mean that all information about FDI was available, the EIM reports which I used were just summaries and could sometimes not contain certain information about a certain year, that was mentioned in all the other reports / years.

6.1.2. [Rise and fall]

In 2000, the level of FDI in Europe was up to 2.243 projects. But at the end of 2001, with the bursting of the dotcom bubble. The recession started, and the foreign investments started to decrease. The FDI projects have known two years of decrease in the amount of projects. Only in 2003 did the FDI start to rise again, and at 2004, the level of FDI was back again, even a bit higher than it was in 2000. In Figure 1 of appendix 3, the decrease from 2000 to 2001 is made clear. This graphic show a diving line. All destinations of FDI saw there share diminishing, and the development which the dotcom companies went trough is also clearly displayed in Figure 2 of appendix 3.

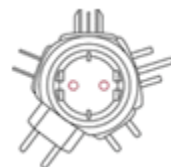
6.1.3. [Origin of FDI]

In the past five years, the most important source of FDI has always been America. The American companies are responsible for about one third of all FDI in Europe. Other important sources of FDI in Europe are the countries France, Germany, the UK and Japan. Germany has always been the second largest investor in the past five years, with an average of 10% of all FDIs. France, the UK and Japan are mostly on the third, fourth and fifth place, but all hang around the 5% and switch places a lot. This can be seen in figure 3 of appendix 3.

6.1.4. [Destination of FDI]

When it comes to the destination of FDIs, there is one very important country in Europe, namely the UK. Since a lot of American companies make FDIs in Europe, they like to look for a country with equal language and culture. The UK receives about 20% of all FDI projects in Europe. But on the long term the share of the UK is decreasing. And as to be seen in Figure 4 of appendix 3, the position of France is increasing.

In figure 4 of appendix 3, there is one other very important thing to see. All market shares are decreasing. This means that there are less investments in this part of Europe. Western Europe is overall decreasing in FDI. East Europe on the other hand is starting to receive more and more investments from abroad. The figure 5 of appendix 3, visualizes this trend.



6.1.5. [Sector and activities of FDI]

The most important sector in which companies invested in Europe in the past five years, has clearly been the software sector. The software sector had an averaged share of about 13% of all FDIs in Europe. The second largest sector of FDI projects is the automotive. The automotive sector has been bigger than the software sector only once in the past five years (in 2003). And has a average of 11,5% of all European FDI projects.

As to be seen in figure 6 of appendix 3, the most important destination of software is the UK. The UK receives an average of 35% of all FDI projects in Software. Unfortunately, there were no data available about the share of France and Germany in 2001, and Germany in 2004. the most important activity that software companies establish in these countries is sales and market., more than 50% of the FDI projects in the software sector are sales and marketing offices.

6.2. [Trends]

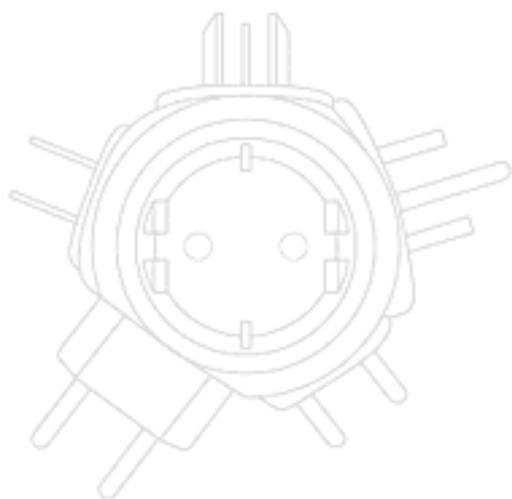
FDI projects are always moving, this means that there are certain trends in FDI. At this moment, there are two important trends on the field of FDI in Europe. Those are the European headquarters and the European distribution centres:

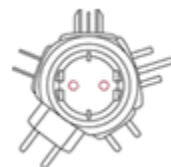
○ EHQ

The European headquarter is one of the most important FDIs in Europe, it's the central office where all activities are managed. This means that the EHQ has certain central activities like marketing and is responsible for this throughout whole Europe. A new trend in EHQ however is that they're moving. Some companies are not satisfied with there European headquarter and want to establish it elsewhere. In a research of Ernst and Young, it seems that the UK is not the most interesting place to establish. Though a lot of companies did establish in the UK. This fact might partly explain the movements in EHQ. More information about this in appendix 4.

○ EDC

Another very important form of FDI are European distribution centres. A lot of them are in the UK, the Netherlands and Belgium at this moment. However, the epicentre is going to move eastwards, so a lot of central European distribution centres are going to be shipped to Germany. Appendix 4 explains why.





6.3. [Advertising worldwide]¹¹¹

6.3.1. [World Federation of Advertisers]

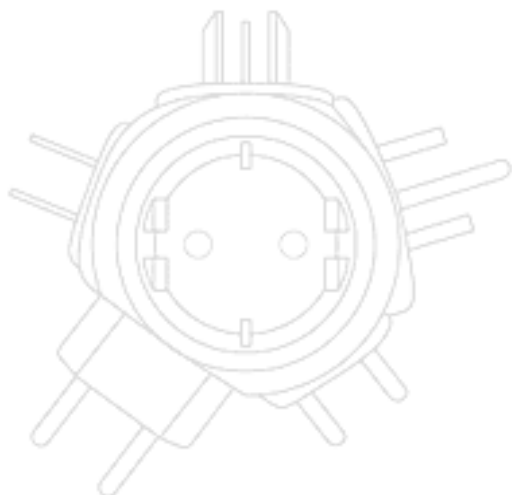
We now have an idea how the FDI developed, but that doesn't tell us anything about advertising yet. Unfortunately there are no numbers on how much the companies who come to the European market, spend on advertising. But there are numbers about the general advertising sector. This gives an impression of the market for advertising at this moment.

The World Federation of Advertisers (WFA) has done some research to advertising worldwide. In this research, the WFA especially looked at advertising expenditures. This research is done in 2004, and gives a view on the market situation of the advertising sector.

The world economy has grown about 4% in 2004. This economic growth has especially been driven by America. In this year, the advertising worldwide has done better than the economy. The advertising expenditures have grown 6-6,5% in 2004. the expectations with regards to advertising expenditures look even better, this is shown in figure 8 of appendix 5

Even more interesting, is to see how international advertising budget is spend. There can be one very important difference made in the way advertising budget is spend. Companies can spend it on B2B advertising (DM, Sponsorship, PR, etc.) or companies can spend there money on B2C advertising (TV, Print, Cinema, Internet, etc.). This situation for 2004 is to be seen in figure 9 of appendix 5.

B2B advertising was the most important source of investments in advertising worldwide in 2004. To give a more detailed view on the global expenditures on advertising, we can split up the graphic of figure 9 and see what media exactly form the 55% of B2B advertising and what media form the 45% of B2C advertising. This graphic is to be seen in figure 10 of appendix 5.





h 7. [Methods of field research]

The desk research has shown how the situation of FDI is at the moment and how it developed, it also showed the status of the advertising sector. Still this has not answered our question yet. To answer the central question, there has to be some field research done. To get a good view on what the answer to my central question can be, I researched persons from three different kinds of organisations:

- American IT companies who have entered the European market in the past five years.
- Organisations that help foreign companies entering the European market.
- International marketing and communication agencies that develop pan-European campaigns for American companies.

There are several possible forms of research to receive information from these respondents. In this research I have chosen qualitative research in the form of personal interviews with the respondents. The pond of respondents is not very big, so a quantitative research via surveys is not an interesting method of research. The complexity of the subject of this research also makes it interesting to choose a qualitative research approach. Personal interviewing is the most suitable form of qualitative research for this project, other forms of qualitative research are not interesting because they are difficult to use in this situation.

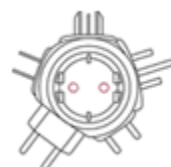
Personal interviewing gives the opportunity to do research on respondents who, to a certain extent, have different characteristics. It also gives the possibility to ask for a further explanation when answers are not yet clear, a phenomenon that frequently accurse when researching a more complex subject.

7.1. [Interviews]

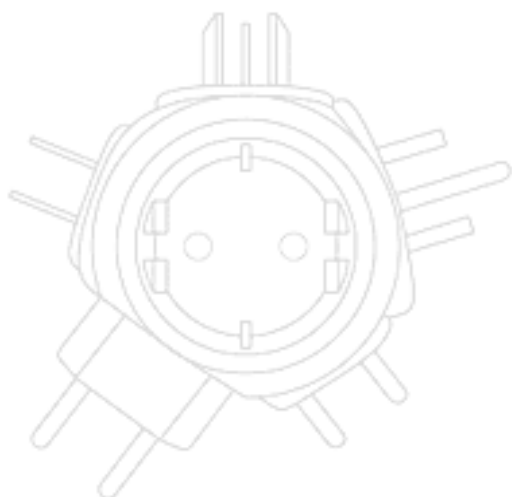
The interviews I have done with respondents for this research where not verbal surveys, it were not situations where I would ask a question, and the respondent would give an answer, and than I would ask the next question on my list. Because of the complexity of the subject and the variety of companies, it was better to approach the interview as a conversation about certain topics. Therefore I made a list of topics which I wanted to discuss. Every topic also has a list questions which where interesting for that specific topic, but those questions would not always have to be asked, and sometimes questions would be asked that were not on the list. Interviews usually took about an hour. To get a view on these topic lists and the questions that I prepared for these topics, the lists are available at appendix 9.

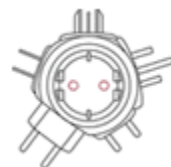
This table gives a view on the amount of interviews that are held.

	Germany	The Netherlands
American companies	5	13
Of which in the IT sector	5	8
Of which not in the IT sector	0	5
Foreign Investment agencies	2	3
International marketing agencies	2	5
Of which global marketing agencies	2	3
Of which EU marketing agencies	0	2
Total	9	21



The number of interviews are not specifically chosen or calculated with a validation formula, because qualitative research has no possibility to make a calculation. Qualitative research is about listening to things that experts and respondents from a certain target audience have to say about there company and there experience. *“When doing qualitative research, you know that the research has finished and there needn’t be more interviews, when you hear no new answers to your questions anymore, so when the answers all start to be the same.”^{iv}*

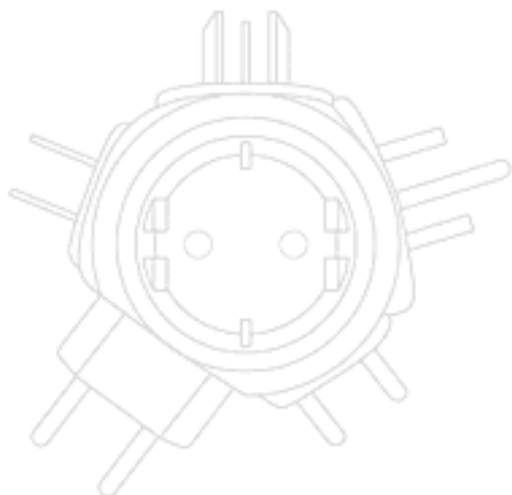


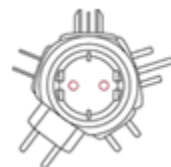


h 8. [Conclusions field research]

For this project, I have done a qualitative research, this means that the results can not be generalised for every American IT company entering the European market. It does however get the most important issues clear. Quantitative research could get a better view on the number of companies that are either or not coping with some of these same issues. However, for the goal of this research, getting a clear view on the most important issues is enough. For pragmatic details on the field research, all the minutes of all my interviews are to be found in appendix 14.

Needs and demands for a marketing agency can be a bit different from company to company. But the most important factors, the steps of entering the European market, and the problems with regard to marketing, are mostly the same for all companies. In appendix 10, there's a list of companies I interviewed for this research, this list also contains information about the sector in which the company operates.





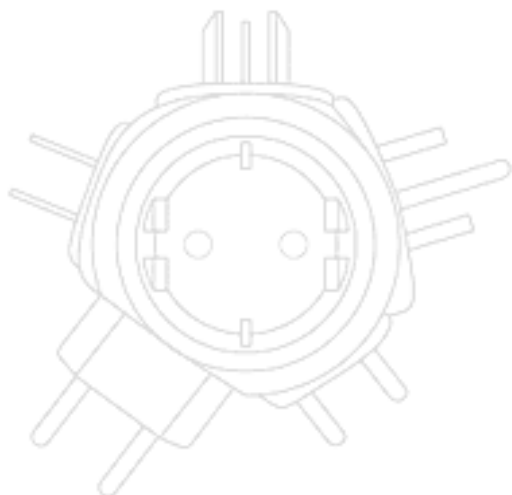
h 9. [American companies]

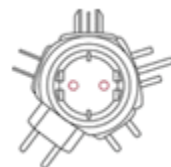
9.1. [About]

The companies which I interviewed for this research are all operating in B2B-markets. The products or services which these companies provide are not for consumers. The markets of these companies are therefore much smaller than the B2C markets. The companies themselves are mostly small business companies, so in America, they have 100-500 employees.

The sector of business of these companies is mostly IT. This doesn't mean that they always have the same activities, the IT sector is very broad and has a lot of disciplines. This can differ from the developing of software for government organisations to producing and repairing chips. It was however not possible for this research to focus on one specific sector within the IT. However, as mentioned before, the subjects discussed in this research are roughly the same for most of the companies. So the diversity of these companies does not have a negative influence on this research.

As mentioned before, not only IT companies are interviewed for this research, as to be seen in the table of paragraph 7.1, also some non-IT companies cooperated with this research. These companies were also all in B2B-markets and mostly have the size of small business companies. The sectors in which these companies operate are very diverse, from finance, to legal, to medical, to food. The process of entering the European marketing is roughly the same for these companies, they have the same problems, but use different solutions. The process to find these solutions is also mostly the same. Marketing has also got a lot of similarities, the companies all have small target audiences with the need for marketing based on building relationships.





9.2. [Entering the European market]

9.2.1. [The process of entering the European market]

In my research on American companies who have entered the European market, I have focussed on the process that these companies went through and the problems with regard to marketing they ran into. Of course phases that a company goes through when entering the European market can differ, depending on the specific sector where the company is in and the product or the service that the company provides its customers with. But the main phases of entering the European market are the same for all companies.

The process that an average companies goes through, would look like this:

O Dividing the world

Companies who work worldwide, divide the world in three regions, US/Canada, EMEA and Asia/Pacific, this means that when a company enters the European market, they are often really looking to enter the EMEA market. Or entering the EMEA market is a step that comes after entering the European market. When a company is developed in the European market, there is a big chance that the EMEA headquarters is going to be established in the Europe, which means that the activities for Europe are done in Europe, but also activities for the Middle East and Africa are going to be coordinated from Europe. This brings business opportunities.

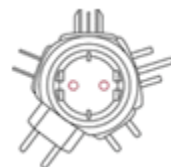
O The need to enter the European market

Before a company enters the European market, there has to be some kind of need to do so. It rarely happens that a company enters the European market, just because they wanted to take a chance and see where it would end up. A lot of times, companies already have a client-base in Europe. This begins with an international customer for whom the company works in America. When this customer is satisfied with the services that the company delivers in America, they can ask the company to also start working for them in Europe. So the first assignments in Europe get started. If this experience goes well, there might be other customers who also have a subsidiary in Europe, where the company can also do some assignments. Via this way business is slowly going to grow. At a certain point, the company makes the step to enter the European market, this last decision comes when the revenue has reached a certain point from which on it's interesting to establish in Europe. This revenue point differs from company to company.

There can be other reasons for a company to enter the European market, perhaps there is a new product, doing very good in America, and the company wants to give it a try at the European market. Or a company notices that the competitor is planning to enter the European market, and wants to be faster than his competitor^v. But mostly, the reason for entering the European market is because there are customers there, and the company wants to serve these customers better, and then start to expand its customer base.

The most important reasons for companies to enter the European market are:

- O** There business is worldwide *"IT is a worldwide business"*^{vi}
- O** A new innovative product has potential to take the company to the European market.
- O** The line between the client and the company (R&D) should be as short as possible^{vii}
- O** Follow international clients to Europe^{viii}
- O** The competitors all enter the European market, considering the order of entry, it can be necessary to enter the European market as well.
- O** The European market can develop to be interesting for a company^{ix}.



- It's there goal to "concur the world". (entrepreneurship)

The NFIA^{xi} is active in American to get American companies to enter the European market. To do this, they approach companies of which they know are having plans to enter the European market. But they are also proactively convincing other companies to enter the European market. For this last group, they can not simply send a mailing to all the American companies, because this group is far too big. From there experience with companies entering the European market, they know when it's interesting for a company to make the investment in a subsidiary in Europe. So they can make a selection of companies who are ready to enter the European market. The specific criterions of this selection are mentioned in appendix 11.

○ **Country of establishment**

When a company has decided to enter the European market, a second choice is which country to establish in. There are several countries in Europe that are very interesting for a company to establish its first subsidiary in. But the most companies prefer to begin with the UK. The UK makes the American people feel at home. The language and culture are very much the same. This fact can not only be found in the results of my interviews, the desk research also points out this way^{xii}.

In this process of making the decision which country to locate, the CEO and his team make a so-called fact finding trip. This is a trip, usually leaded by the countries foreign investment organisation. The CEO and his team visit each country on there shortlist to get an impression of the possibilities there. The foreign investment agencies, give the CEO and his team the best treat they can. They have a great interest in the company establishing a subsidiary in there country.

○ **City of establishment**

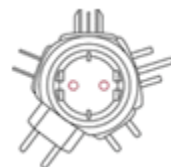
When a company has chosen a certain country to locate, it has to make a choice in which city it wants to establish its subsidiary. In this process, the company makes another fact finding trip to the chosen country. This fact finding trip can be a bit shorter and more specific, usually, the company already has an idea where to establish, because they visited some interesting places on the first trip. In this process, the national foreign investment agency has a role, but the more local foreign investment agency^{xiii} also start to play an important role.

○ **Starting up a new business**

When starting up a new business in a European country, there are a lot of things to do. This begins with the law and procedures of the country with regard to setting up a subsidiary. There are business directories in which every company has to be listed. To a certain extend, governments can give subsidy to a company for certain activities. A company might be able to get subsidy because they live up to the local environment-rules for instance. Another thing the American companies put a lot of effort in, is the arrangement of legal aspects. To sort out all these things, it takes some time before a company is really fully operational. For most companies, this takes about a year. In this year the company gets a lot of help from the foreign investment organisations, both local and national.

○ **Business in Europe^{xiv}**

When the American company is going to set up the new subsidiary in Europe, usually an employee comes over from America. Most of the times, this is a highly qualified person. This person has the task to create the basis of the organisation. For a lot of companies, marketing, sales and distribution have the most important role in this phase. The person starting up the business in Europe, has to make contact with good business partners and designs the process in which the company gets it's product to the customers. These specific activities depend on the type of business the company operates in. Usually distribution takes the most attention in the



first year. Not only choosing the channels, but also finding out how to manage these channels the right way, can be an important field of attention. The time that it takes a person to develop the business in Europe depends on the type of business a company is in. Usually the American employee stays for about 2-5 years. These activities can also be done by hiring a local manager.

O Becoming a European company

When the American employee has finished his task in Europe, usually he goes back to America. A local (European) manager takes over the management of the European subsidiary. The employees whom the company has hired in the past years are usually also European. So the company really starts to become a European company, having European employees, and to a great extent, also a European culture. Usually, the American company keeps having important influence on the European subsidiary.

Business in Europe

The phases described above are still rather roughly. To get a good impression of the steps that a company takes while entering the European market, with regard to the different business activities^{xv}, it's good to take a look at the order in which business activities are transferred to the European market. This gives a more detailed view on the above mentioned phases "business in Europe" and "becoming a European company".

O Product

The first step of entering the European market is almost always getting the product sold in Europe^{xvi}.

O Marketing and Sales

When establishing in a European country, usually, the first step is marketing. The reason why marketing is the first discipline to be transferred to the European market, is because companies enter the European market following clients and looking to further expand their business. The most important reason for companies to enter the European market is proximity to clients^{xvii}.

O Distribution

Distribution is a discipline that usually comes to Europe at the same time as marketing and sales. Because when a product is sold, it should also be distributed to the client.

O Shared Service Centre

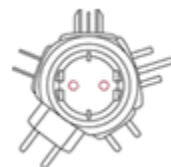
A shared service centre is established when a company already has multiple subsidiaries. A shared service centre gets established because it gets more efficient to centralise certain activities (for example administration).

O Research and Development

When a company has developed its market in Europe, it becomes more important to focus on product development in Europe. The rules of the European governments and demands of the European consumers can differ, so products often need European research and development. These disciplines are transferred to Europe when the sales are high enough.

O Assemblage and production

The last discipline that comes to the European market is the production and assemblage of products. This is an activity that usually comes as the last one, because this is the most expensive discipline to transfer. Wages are high in Western Europe (the part of Europe where companies usually focus on in the beginning). American companies also keep the production of their products in America for as long as possible, because they want a product to be a real American product.



9.2.2. *[Where to begin?]*

The above process already describe the need to chose a certain country within Europe, to set up the first business activities, this is always a race between the countries on the shortlist. The UK is a country which wins this race a lot of times. For American companies, it's only a small step to establish a subsidiary in the UK, because language is not a problem in this country^{xviii}. The market if the UK is also often an interesting market for companies from America. But when it comes to bringing the product or service to the rest of Europe, the UK does not always prove to be the best location. The UK is a bit of an island and does not always fit in with the rest of Europe^{xix}. So doing marketing and building relationships with companies in the so called continental Europe can be difficult from the UK. One of these difficulties is that distribution from the UK to continental Europe is expensive.

This is why some companies who start in the UK and try to enter the European market from there, run into problems. When they find out that one subsidiary in the UK is not enough to get business going throughout whole Europe, their focus starts to move towards Germany and France, the two biggest and often most interesting economies in Europe. They can either chose to establish subsidiaries in both these countries and penetrate these markets from these two subsidiaries, or they can chose to find a location which can function as a central subsidiary for both these countries. For this last option, the Benelux (especially the Netherlands) is often interesting because it has good distribution possibilities and has highly educated people available who are capable of doing business with both Germany and France.

9.2.3. *[Expanding business in Europe]*

Entering the European market is not always as simple as described in the process above. Because for the most companies it is not possible to do business with whole Europe from only one subsidiary. Europe is a continent which is divided in several different regions of countries that can be approached in the same way, for these different regions, the marketing should be either translated or sometimes even adjusted. For example the three countries of the Benelux are quite the same, so a company could role out one marketing approach for the whole Benelux. The German speaking countries do also often get a shared marketing approach. In this way, a company can divide Europe in regions for which the European marketing strategy should be translated or adjusted.

When a company has made its first establishment in for instance the Benelux, they have the possibility to do business from here to whole Europe, but there will come a time when they realize that business in certain regions needs a separate subsidiary. Marketing is usually not the problem, this can be designed centrally, and translated/adjusted for each country. But support and other after sales services do need to be local. Also when a company delivers services such as installation or implementation of the product, or when a company is simply a service provider, such as lawyers, they will have to be local.

The strategy which a company will use to enter the European market, depends on the risk a company is willing to take.

9.2.4. *[Distributors / resellers]*

For IT-companies it is possible to do marketing from only the Benelux, but it's not always possible to do the implementation and support centrally^{xx}. In this case, a company can chose to do the marketing central, with some adjustments for the different regions, and for the support and implementation, the company can find resellers or distributors. These distributors / resellers can do all the work to penetrate a certain country. They have the contact and experience in doing business in this country. This distributor / reseller has also got the capabilities to do the marketing. When the product has reached a certain turnover / revenue / market share, the company can chose to open an office in the country itself, and stop doing business with the distributor / reseller, or they can chose to acquire (a part of) the distributor / reseller, and in this way establish an office^{xxi}. Which one of the two situations will be chosen depends on the situation a company is in. Acquiring the distributor / reseller can cost a lot of money, and is not always an option, but on the other hand, the distributor / reseller does already have the reputation in the market. This last thing means that if a



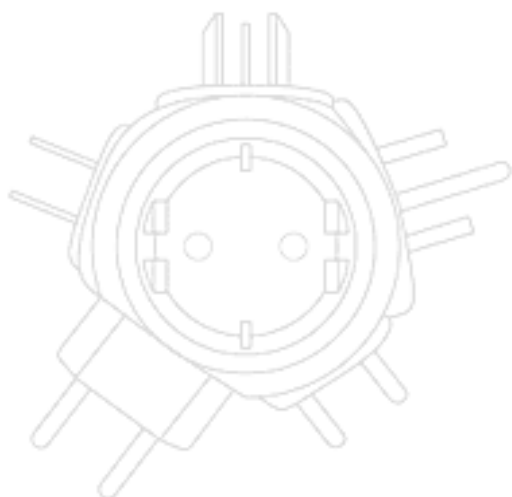
company doesn't acquire the distributor / reseller, a marketing investment has to be done in which the company tells its target audience not to contact the distributor / reseller anymore, but to contact the company directly^{xxii}.

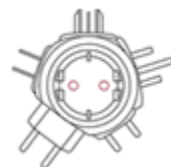
9.2.5. *[Expand your own business]*

Finding these reseller / distributors can be a hard job, because a partner should be trained to implement and give support on the product, sometimes, partners should be specialists and it can take more than a year to train someone in the specific product. In this scenario, some companies chose to not work with partners, but to expand there own business. When this is the strategy, a company will try to enter the market of the 'new country' by simply doing assignments and getting experience. The activities will be centrally coordinated and executed by someone from the central office. This means that the employees will be travelling a lot between the central European headquarters, and the clients. The second step in this process is usually dividing Europe in different regions, and setting up a small office centrally in this region, this is usually one man working from his home, selling the product, for services or after sales, a team will be flown in from the headquarters^{xxiii}. The goal is to grow the business to a point in which it is interesting to set up a local business, meaning a real office, with sales, all the services and other activities (like administration). So when the turnover / revenue in a certain country is high enough, the company can open an own office to sell and support.

9.2.6. *[R&D companies]*

There is one very important exception on the process and aspects described above, the research and development companies. These companies are primarily focussed on developing a product or a certain technology, and do not focus on selling it. When the product is developed, they simply sell licences to use the patented technology or product. These companies have only one reason to come to the European market, to improve R&D. The companies I interviewed who primarily focussed on R&D all came to the European market (or better said, a certain country or even place), because a smart professor or developer lives there^{xxiv}. In every sector there are a few really dedicated and intelligent people who invent the next steps, and therefore determine the future of a technology or product. For a company developing and selling this specific technology, it can be really important to have this one guru on the team. Therefore it happens a lot that a company sets up a research subsidiary, specially for this person. Disciplines like marketing, sales and distribution have no role in this company^{xxv}.





9.3. [Difficulties]

Entering the European marketing is not an easy job. An American companies comes from a different culture, and enters a continent in which not everybody will speak English, and the market is very different from there home country. In this process of entering the European market, there are some difficulties, these difficulties are a result of differences in culture, law and other procedures.

9.3.1. [Language]

The first, and probably most important problem of American companies entering the European market, is language. American people usually only speak English, for American people there's not such a need to learn another language, because they hardly speak to anyone who doesn't know English. Therefore, the assumption does often exist, that people from Europe will also be able to speak English^{xxvi}. This is not always so, the most mentioned examples of this are Germany and France, the two biggest and most interesting economies of Europe. The people in both these countries prefer to speak there own language. So when companies wants to do business with Germany and France, they should have employees which speak these languages fluent^{xxvii}.

France is the most difficult one of these two. To a certain extent, a company can do business in Germany in the English language, so there are possibilities to get business started speaking the English language, but when a company really wants to be successful in Germany and grow further, the German language is going to be needed.

In France however, a company will not get as far with the English language as in Germany. The French business people don't like to speak English, and a company entering the France market should therefore also speak fluent French from the first day on.

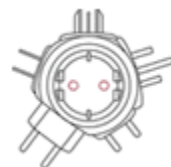
The mentioned countries are the most important Western European economies. When looking further to Europe, focussing on the East European countries, the language will be there in every country, maybe bringing even more difficulties than the Western European countries.

9.3.2. [Culture]

Culture is a subject which is often discussed with regard to international business. Cultural differences always exist, the question is what influence they have. The respondents of this research also mentioned cultural differences as a difficulty they had when entering the European market. These companies are all in B2B-markets, a discipline in which cultural differences are not as difficult to cope with in compare to the B2C markets. The respondents of this research all had to cope with differences in business culture of different countries within Europe.

Before I discuss the most important cultural problems these companies have, it's important to make general note about American companies coming to the European market and managing with cultural differences. One very big mistake many American companies make is seeing Europe as a second America. This means they see Europe as a homogenous continent. This means that they see it in the same way as they see America, one quite consistent and equal culture. The fact that all countries in Europe have another language, and don't all speak English is pretty fast understood, but the fact that the cultural differences can have a huge impact, is not accepted easily. This makes coping with cultural differences a bit more difficult, the American employees working in Europe will experience the cultural differences but can't get there supervisors in America convinced of the existence and impact of these cultural differences. An important reason for this last fact is that it's very hard to describe culture or cultural differences. The only things that are easily describable are the specific problems that you run into when working in a different culture^{xxviii}.

The most important cultural problems where respondents of this research had to cope with where with regard to the business culture. The extend of formality, the sales methods and especially the mentality towards American people. This



last thing can sometimes be a sensitive one in business. Some countries are not pro-American, and therefore do not always like to do business with American companies. The politics of President Bush, the policy towards terrorism and especially the war in Iraq have a lot of influence on the way American companies are seen. America's image in Europe does also include the problems which American companies have on the labour market. American companies have the image of companies where an employee has to work really hard and do a lot of overtime.

The American culture has certain specific things that bring difficulties in doing business in Europe. One very important aspect which was mentioned in interviews a lot is the proud of the American companies. This proud can be seen as arrogance in Europe^{xxx}. For instance, Americans are used to saying that they are the best or the biggest in the world. In every form of communication, some companies can have a line saying how big and successful they are. This is a specific cultural aspect, a promotion which works in America. But when American companies do this in Europe, the European people get the idea that the Americans are show-offs. When a company in Europe says he is the biggest or the best at something, the company will have to prove it somehow, else, the company will just be seen as very arrogant. Really being the biggest company in Europe does not have a very good image in B2B either. European companies have the idea that big companies are slow, and impersonal. They rather deal with smaller and more local companies, which they think are more trustable.

Another typical characteristic of the American companies is there opportunism, this means that they think in opportunities and not in possible problems^{xxx}. This can sometimes be experienced as naive by some European people. This opportunism combined with the view on Europe as homogenous is however a very important source of motivation to enter the European market. A company sees how big America is and how much money is made there, and then looks at Europe as a second America and decides to enter the European market.

9.3.3. *[Law and legal]*

American people have a strong focus on legal^{xxx}. It's very important for the companies to make sure that legal aspects of a business are always correct. When entering the European market, a big investment is made, this investment should legally be protected for as far as possible. This can bring some difficulties.

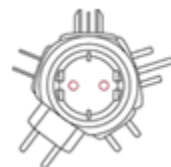
Business entity

To begin with, it's important to establish a business entity in the country that is entered. This means that there are some procedures to be completed, an important one is the establishment of a legal entity, the organisation should have a registration in the 'new countries' as an Inc. (American), GmbH (German), SA (French), Ltd. (UK), B.V. (Dutch) or other legal form. The process to establish a legal business entity is different for each country, but one thing is the same for most countries, the process brings difficulties. Usually only a registered citizen can establish a business entity, so before the business can be registered, a person from the company should be registered as a citizen, this is a process that can take quite some time, depending on the local policy. When a company has a local employee who is going to run the business and is already a citizen of the country in question, this process can go much faster^{xxxii}.

When the business entity is established, there are some other legal things to be done, the brand and products for example should be registered in forms of trademarks, patents and/or intellectual property. Since the companies who come from America at this moment have an innovative focus, this process can be very important.

Employees

Another important difficulty with regard to legal is the hiring of employees. Each country in Europe has a different approach to the agreement that should be made between the employer and employee. The Netherlands for example is a country which is very protective with regard to the employees. This means that the company has to grant all kinds of rights to there employees, in the beginning, this can be a very strange phenomenon for American companies. They are not used to giving there employees a vacation with a minimal length, and even give them 'vacation-money' to^{xxxiii}. In America, it's not so hard to fire an employee, in the Netherlands, firing someone is a complicated process.



Some companies work with expatriates, the arrangement of the working licence for these people is difficult in some countries, the policy in the Netherlands with regard to bringing expatriates in, is very tight, it's very hard for expatriates to get a working licence.

Accountancy

The way in which a company should report its financial situation can differ among the different European countries. This means that the way in which accountancy is approached is different for each country, depending on law and tax policy. A subsidiary should arrange the accountancy in a way in which it meets both the local policy, as the company policy^{xxxiv}. A lot of companies get assisted in this by an external advisor.

Product adjustment

The above mentioned difficulties are usually not the ones bringing the biggest problems. There is one difficulty with regard to legal that brings the most and biggest problems to companies entering the European market. The products which a company sells must be adapted to the local law. Every country has rules with regard to the characteristics of products. This can be with regard to for instance health rules, technical rules or environment rules. Adapting a product can take a lot of time, which can be a problem for the innovative companies who aim for the shortest time-to-market as possible. These adjustments can be critical for the success of the company in the European market, it's very important in this process to make sure that the product doesn't lose its uniqueness.

Law and language

As the American people have such a good focus on legal, these problems do not come unexpected. Most companies have a very good American jurist who can solve these problems for them. But in a lot of European countries, the laws and procedures are only available in the local language, and translating legal texts is not an easy job. Some companies therefore chose to work with a local law office, other companies have an international law office^{xxxv}.

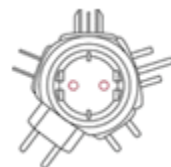
9.3.4. *[First employer]^{xxxvi}*

Finding the first employee can be a very difficult task for American companies enter the European market. Of course these companies are looking for a person who is capable to set up business in Europe, this is a difficult job. The first employee should therefore be a smart person who is able to really expand business in Europe. But this is not the only quality, this person is going to manage the company in Europe, and should therefore also be able to handle more tasks, administration, HRM, et cetera. This person should therefore really be a entrepreneur.

The problem is to get these people, because the job has quite some risks, and people are usually not willing to leave their low-risk job to begin a high-risk job. So the company has to find a way to convince a potential first employee to change jobs, a higher salary is usually not the key offer, money doesn't seem to be that important to people, it's more of a basic demand. The thing that usually gets people to seriously consider taking the job is the affirmation of a high function in the future, a function in the board of directors for example.

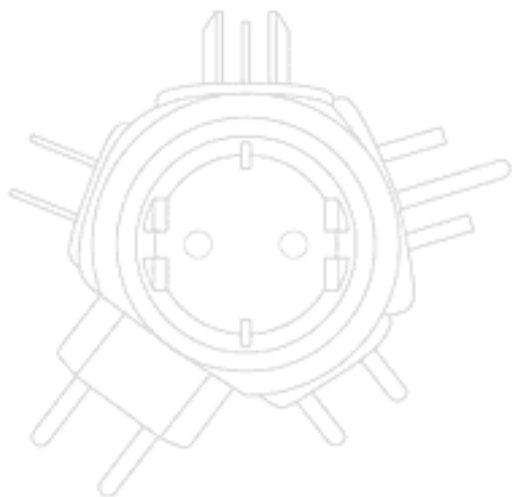
The first employee should be local and have a lot of experience in the specific market. This makes the most important aspect, the person's network. A person with a big network has a lot of possibilities to get sales started. However this usually means that the first employee will have to be taken from the competitor, this can be difficult. Usually the persons that react on the function of setting up the business are not happy with there current job, they can for example have irritations or problems with working with the superior.

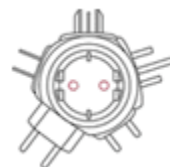
9.3.5. *[9/11 and the bursting of the dotcom bubble]*



The effect of the terrorist attack on America on the ninth of September 2001 is something that also effected the FDI from America. Not only the bursting of the dotcom bubble or the recession that it caused, but also the mentality of American people has been changed since this day. This means that the way in which American companies approach FDI is also different. The most important differences are the risk and the costs that American companies are willing to cope with. The projects and investments in Europe are smaller, there's not always an American employee coming over anymore, and the risk that companies take is also decreased.

A very important thing about the risk that companies take is to be seen in the IT sector. Some companies that I interviewed, focussed on big markets when they entered the European market before 2001. These companies had very much customers, existing of small dotcom companies. With the bursting of the dotcom bubble, a lot these little companies couldn't pay there bills anymore, some even went bankrupt. To ensure their own business, a lot of American IT companies therefore changed their target audience at this point. From a big market with a lot of little companies, they went to a small market with only a few very big companies. They work only for the fortune-500 and this is usually an OEM construction.





9.4. [Marketing]

9.4.1. [Business to business markets]

Most of the companies which I interviewed were operating in an innovative market. A market that has not been developed very far yet in Europe. Most of the companies are therefore in a market that is still quite young. This means that the markets are not very big yet. The marketing of these companies is therefore also very focused on building relationships with prospects. Some companies really focus on the fortune500 clients, other focus more on government organizations. Though there are also innovative markets which are not small, for example the market for certain software applications which focus on business process management, such as geographical software^{xxxvii}, call centre software or supply chain management software. About half the companies I interviewed were in a small market.

9.4.2. [The relation between marketing and sales]

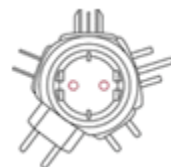
The marketing of the companies I interviewed all had a business to business characteristic. This means that the sales cycles are long, and the building a relationship is important. The marketing of most of these companies therefore was also focused on sales, marketing material is focused on supporting the sales process and building a reputation. This can differ from corporate brochures to seminars to direct mailings and cold calling. This sales process is very important for these companies, mostly sales is also the first thing that is established in the European market. Marketing however is still often done from America or the UK, and translated or adjusted for the European market(s).

The most important reason for the marketing to be more on the background and operating to support sales, is that the markets in which these companies operate are characterized as "people's business"^{xxxviii}. A client doesn't buy because he trusts the brand, he buys because he trusts the person advising him / representing the brand. This however doesn't mean that branding isn't an issue anymore for the company, the execution of the branding is only different. In this form of branding, making the right advertisement for the brand is less important, but hiring the right salesperson for the brand is very important. Salespeople should represent the brand personality.

9.4.3. [Marketing activities]

The marketing strategy and marketing material is still often made in America. The strategy and corporate design is set for communication around the world. However there are also a lot of headquarters in the UK where marketing for Europe is designed^{xxxix}. The most companies aim to centralize the marketing activities as much as possible, the designing of a brand strategy or a campaign is preferred to be done centrally by either the American marketing department or the central European marketing department. It hardly happens that every country is responsible for its own campaigns. The marketing is centrally designed and translated or adjusted for each country by, or in cooperation with the local office.

Translating a marketing text is usually a job for international agencies or translating agencies. But for the companies which I interviewed, it was not always possible to use these agencies for the translating. The most important reason for this is the amount of jargon and terminology in texts. Especially for innovative technologies, it can be really important to chose the right words, technical knowledge about the product is required to do this^{xl}. Working with an agency for texts would therefore take a big investment in briefing for only a small text. Companies who cope with this problem, usually do the translating themselves. When a company has such a specific product and market, they rarely chose to hire an marketing agency to support them with there marketing activities. The agency would first have to go through a long process of studying the market and products of the company, cooperation would therefore get to expensive. This means on the other hand, that when a company ones works with an agency, the cooperation is probably going to last long.



9.4.4. *[Marketing difficulties]*

Investment and budget

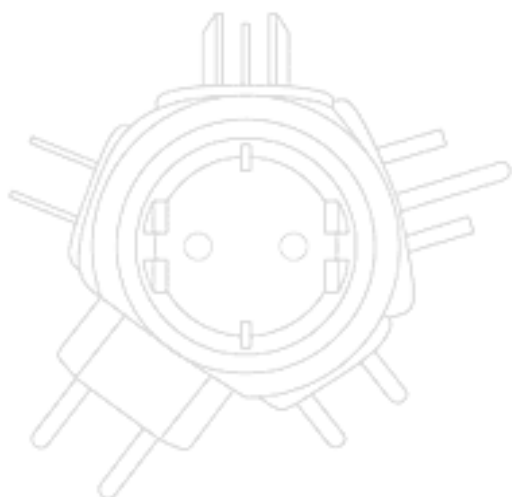
When it comes to making costs and getting ROI, Americans have a very simple policy. First there has to be profit, then there will be investment^{xli}. If there is no sight on profit, or only at the long term, there will not be a big willingness to invest. This means for the European market that a company must first generate sales, before the marketing budget for Europe is going to develop. An approach which brings even more focus on sales.

Most of the companies I interviewed also got their marketing budget granted determined by the turnover or revenue. A company has a total corporate budget for marketing, this budget is to be used for marketing over the whole world. So this budget should be divided in the different regions in which a company wants to develop marketing activities. This is often done by looking at the ROI, turnover or revenue of a certain region. And for most American companies, this means that the biggest part of the marketing budget goes to America.

So the biggest difficulties that marketers for these companies have, is getting sales started in the heterogeneous Europe, without a lot of budget.

Centrally and centrally

A company can choose to develop marketing centrally, this can mean centrally in the worldwide headquarters in America, or centrally in the European headquarters. When a company chooses to develop marketing centrally in the European headquarters, the difficulties discussed in the first part of this paragraph will be the most important ones. But when a company decides to develop the marketing centrally in the worldwide headquarters in America, they will also run into another difficulty. This is that business goes much faster in America. Sales cycles are shorter in America, and also the wear out of campaign will be reached much sooner in America. A central developed campaign can sometimes be needed to be refreshed in America, while it's not running long enough already in Europe. This means that sometimes campaigns in Europe will be substituted too early. This can not only result in a confused customer who can't make up what the brand stands for, but it can also be a problem for the European marketer considering his budget. When a campaign needs to be substituted more often than necessary, it means a lower ROI on the investments of marketing budget in Europe. A low ROI on an already small marketing budget is not good, especially when this small marketing budget is only allowed to grow when the ROI is high enough.





9.5. [Culture]

American culture

American business culture is a bit different from the European business culture. The business in America has more formalities. So the business environment can be harder than in Europe. Though this doesn't mean that people have only got a business relation with each other. Relationships can be very open and personal. The thing not all European countries do for instance is small talk, talking about things that are not very important, like the weather or sports.

The companies however can have a very central structure of direction. The vision and mission show this very good. In Europe, companies do have a vision and a mission, but they are not taken as seriously as they are by American companies. This model of mission and vision is centrally set, and everybody in the organization should act out these values^{xiii}. The culture of a company is very important for American companies. Employees are therefore more part of the company and not only act as representatives of the company. The relationship between an employee and his superior is based on hierarchical structure. When the boss says to an employee "jump", the reaction of the employee should be "how high?"^{xliii}.

American business people are therefore really committed to their work and their company. This is also seen in the procedures of companies. There are very hard goals to achieve, and people can have long working days^{xliv}. There is less vacation in an American company, compared to a European company. However, interpersonal, American people are really good. Building relations and playing those relations in a very smart way is really a strong point of the American people. Especially in business to business situations, this can be a very valuable strength^{xlv}.

European culture

Countries within Europe can strongly differ on culture. Much more than the American states differ on culture. Different countries and different languages do almost always mean a different culture.

Roughly the North European countries have a less stiff culture. Interpersonal relations are very unstructured and it's no problem for an employee to be informal to his boss. In business culture this means that it can be easier to do business with these countries from the perspective of American companies. In these countries, the most people speak English and have no problem with other cultures.

The Southern European countries have gotten a more formal structure when it comes to business. The people I interviewed especially experience this with France. In France, organizations are more structured and there is a different interpersonal relationship in business. French people tend to have more respect for their superiors. This means that organizations are built in a way that has a lot of similarities with the American companies. The only problem which American companies run into when doing business with French people, is the fact that they have to speak French. The French people are namely proud of their country and their identity, and therefore do not like to speak English^{xlvi}.

The German culture has had the same image in the past. However, this image is slowly adjusting, as the German business people adjust themselves to the English language. Still a lot of American companies set up a local entity with German speaking people if they want to enter the German market.

The Eastern European countries, and Spain and Italy, have a business culture that is very much focused on relationships. This means that a company will need to build a relationship with the other company, before it's possible to do business. This relationship is built between people of the companies, and not between the companies themselves, this means that when a company would send a new representative, the process of building a relationship would begin all



over again. A company who has goals to achieve can have difficulties when doing business with these countries. It can take quite some time before the relations begin to make the company money. This does however mean that the relationships in business can be longer than in other countries.

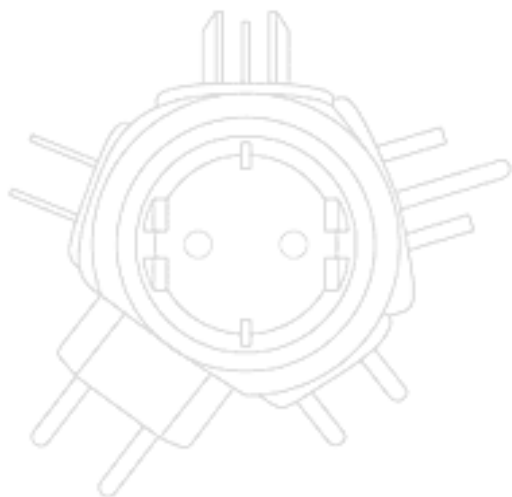
Then there is the UK, the UK is often seen as one of the West European countries, but in a certain way it's not. The UK is an island and has always had a bit more distance from the rest of Europe. The culture of the English has a lot of similarities with the American culture. Hierarchy is important and there is a certain respect for the superior. English people do not always speak two languages, but for American companies, this is no problem.

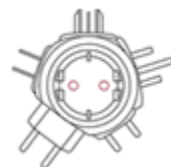
Differences and difficulties

When comparing the cultural situations in Europe and in America, there are some similarities. The most important European countries / economies are proud and can sometimes even be considered arrogant by an outsider. Just like the Americans are proud of their country and identity. The Western and Northern European countries are open for other cultures and countries, they speak English and do not form a lot of problem to do business with. The Southern European countries are focused on building relations, while the American people are good at building relations and playing those relations to benefit their companies. Of course this doesn't mean that it will be easy for an American company to start doing business in Europe. As mentioned before, the most important difficulty is that American companies do not always believe cultural differences to exist and / or have such an impact on business.

One thing the American people like to do is centralizing, it can bring synergy in an organization and can also save costs. This means that there's mostly a European headquarters and a European board of directors. One thing that is important in this organizational structure, is that the board of directors for Europe are also only European people. This is something that is not only important on the top management level, also on management level^{xdvii}. As Mr. Kramers, CEO of Excelergy, said, *"Keep local things local"*, this means that when running a company in Europe, the management of the subsidiaries should be local. A company focusing on the German market, should be managed by a German manager, a company focusing on the French market, should be managed by a French manager, et cetera. This does not have to mean that every country has to have its own local management and office. Some countries can be managed together because the differences between them are not so big, examples are the Benelux or the German speaking countries.

This local management can prevent conflicts to occur. For example, Mr. Van Wendel of Manhattan Associates said *"Some American managers can send all the employees on a plain to Paris to celebrate the good revenue of a quarter, and fire a lot of employees the next quarter because the revenue was bad again"*. This American way of management is different from the European way of management. Therefore, to avoid problems, companies should keep their management local.





9.6. [International agencies]

Hiring an international marketing agency

Cultural differences do not only have effect on the internal organisation, the marketing is also effected by culture, this means that it's sometimes better for a company to outsource a part of the marketing. When it comes to marketing, there is a group of agencies which have experts on international marketing. These agencies can help American companies who are entering the European market, because they have knowledge of marketing for whole Europe. About one third of the companies I interviewed, worked with an international marketing agency. These companies usually working together with these agencies to develop a strategy to approach the European market, and these agencies would also develop the marketing communication material for the company (as far it isn't developed in America yet). These agencies can be a big help for American companies, because they can not only determine which strategy to follow for the brand in Europe, but they also know exactly how to design advertisement for whole Europe.

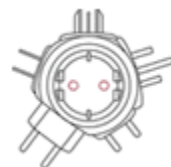
American companies tend to work with external partners more than European companies would. The reason they have for this is mostly because they want to focus on their own business, and have no time to do the marketing. Another important reason for working with an agency was because there is no knowledge available yet about marketing, and the organization is still to small in Europe to make it profitable to hire an employee for marketing, it can in this case be more cost-efficient to hire an international marketing agency. Like Mr. J. van Wendel of Manhattan Associates said *"Decisions with regards to either or not to hire an external consultant are always made based on costs. There will simply be a calculation to determine what a new employee will cost, and what an agency will cost, the most cost-efficient option will be chosen"*.

Marketing activities

The companies who work with an international marketing agency, usually do this via the European headquarters. The marketing for Europe is than centrally developed at the European headquarters with support of the international agency, and rolled out for whole Europe. The activities which companies usually do with these agencies are focused on business to business marketing and therefore aimed at building relations with a small target audience, and supporting sales activities. The role of marketing in companies who have a strong focus on sales has a lot of market research in it. Marketing should not only tell sales how to position the brand, what the unique selling point of the product is, but it's also an important role of marketing to determine which (sometimes even niche) markets are the most interesting ones for sales, so sales can focus on only selling^{xlviii}. This means that an agency should also have knowledge about markets which can be interesting for a company in Europe and about researching these markets. Though companies have the need for some marketing research to support sales, the role which marketing research plays in the process of entering the European market is not very big. Since companies usually already have clients in a market before they enter this market, they have no need for marketing research anymore. This means that marketing research usually only plays a role when a companies starts to look to expand their market in Europe.

Which agency

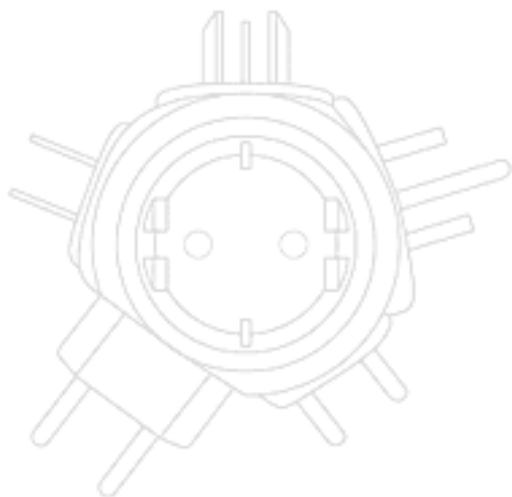
The companies I interviewed are small business companies, which means that they do not work with the big international marketing agencies that much^{xlix}. These big international agencies focus more on the business to consumer markets, and are more focused on clients with big markets. Therefore working with these big agencies would be too expensive for the small business companies. The agencies which these American companies work with are the midsize agencies. Though the agencies are midsize, the American companies do have the need for them to be full serviceⁱ. The American companies like to have one reliable partner which can arrange all the commercial aspects for them. For the American company, more different partners means more difficulties in the process of designing international campaigns. So they will look for an agency who can provide them a one-stop-shop concept.

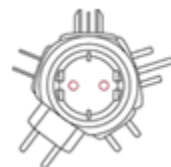


Demands towards an international marketing agency

So summarizing, the most important demands which the American companies have towards international marketing agencies are:

- ☐ **Midsize**
- ☐ **Full service**
- ☐ **Having an office in the country of the European headquarters of the client**
- ☐ **Knowledge about marketing for whole Europe**
- ☐ **Knowledge of the market of the client**
- ☐ **Knowledge about sales**





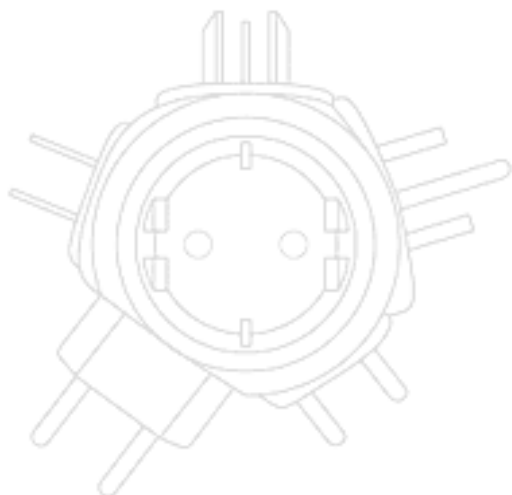
9.7. [The future and the trends]

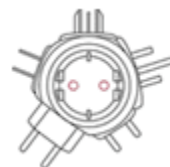
Future

The companies I interviewed where in Europe for five years already, which means they had usually finished setting up a business, hiring employees, and where very busy expanding sales. Depending on the company there would be one office or more offices in Europe. Most companies who I interviewed where doing well, and the sales throughout Europe was increasing. When sales increases enough, it becomes interesting to look at opening more offices in Europe. This is the phase of expanding business as mentioned before in this chapter. It is interesting to see that companies who have entered the European market about five years ago, now start to look for expansion in Europe again. This means that an important part of the process of entering the European market will be done again for another European country. Companies already have experienced how to approach this process, but most difficulties which they ran into when entering the European market, will have to be taken again only then for a different country.

Trends

The focus of the American companies starts to move towards the Italian and Spanish market. The Italian market is interesting at this moment because of the stage it is in. IT solutions are getting interesting for companies in Italy now, IT solutions that were interesting for other European countries some years ago. The Spanish market is interesting for American companies for the same reason, with one extra argument. A lot of companies already have employees speaking Spanish and marketing material in the Spanish language, because South America also speaks Spanish. So entering the Spanish market can be attractive for American companies at this moment.





h 10. [Agencies]

10.1. [Different kind of agencies]

In chapter 9, the needs of American companies towards an international marketing agency is discussed, but this doesn't say anything about the actual market yet. In the market for international marketing, there are basically three different kinds of international marketing agencies:

○ The multinational

The multinational is an organization who has offices over the whole world, serves clients with marketing consultancy in every country, and works together for assignments who are international. All the agencies are part of one holding and mostly all have the same name.

Examples are: Lowe, Ogilvy, TBWA, DDB, JWT, Grey, BBDO and Hunterskil Howard.

○ The network

The network is an alliance between independent agencies from different countries, who work together to serve international customers. The agencies only work together for certain assignments and have no responsibility towards each other.

BBN for example

○ The agency

The agency is one central agency who does national and international assignments. This agency has no subsidiaries in other countries.

Examples are: TC-One and the Lawrence Wellingham Group

The first two agencies are both network agencies, they help international clients by working together with other agencies in other countriesⁱ. The third agency doesn't have the international contacts that much. These agencies usually exist of one or two smart persons who are capable of thinking beyond their borders. These persons are usually the directors of the agency.

Not every agency fits 100% in the above described categories. Hunterskil Howardⁱⁱⁱ for example has offices around the world, and would therefore fit best in the multinational category, but they are also part of the BBN international advertising network. Hunterkil Howard's membership of BBN especially has the function of exchanging information with other members to be able to serve the international customers better. The agency has one big office in Eindhoven, which forms the international brain of the agency. Most international thinking is done from the office in Eindhoven, therefore, the third category could also be correct.

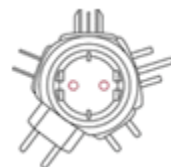
Similarities and differences

All the above mentioned agencies work especially for the West European market. And serve companies from Western Europe, America and Asia. The services these agencies provide their clients with are roughly the same. The client has a certain international marketing or communication problem. The biggest difference between these agencies are the type of client which they work for. The multinational works mostly for big international brands, this can be B2C brands, but also some big B2B brands. They have a small pound of clients with which they have a long lasting relationship. So new assignments are not created by getting new clients, but by new assignments from existing clientsⁱⁱⁱ.

The network and central agency focus more on smaller clients. They do some assignments for bigger brands, but not as much as the multinationals do, because it's very hard to compete to the multinationals when pitching for an assignment.

The clients where these agencies work for are usually the small business companies who are growing internationally.

Companies entering new international markets are a very important source of assignments.



When it comes to companies entering the European market, the network agency and the central agency play an important role. When helping companies entering the European market, the services that are delivered, are not only marketing services. Since companies entering the European market have the need for a one-stop-shop concept, these agencies also help their clients setting up a legal entity, sorting out legal business, getting partners, opening an office, et cetera^{liv}. The part that marketing plays in the assignments which these agencies get can even be smaller than the organizational part of the assignment. Usually however there is a focus on the front office of the organization. Especially since companies entering the European market usually begin with establishing sales and marketing. So this means, that when the agencies help their clients with organizational aspects, this usually involves thinking about the process of the clients front office, sales structures, partnerships for after sales, defining target audiences, et cetera. Since most companies are in B2B and have marketing which is designed to serve sales, the assignments for companies entering the European market are usually also focused on sales. Therefore, sales consultancy also plays an important role.

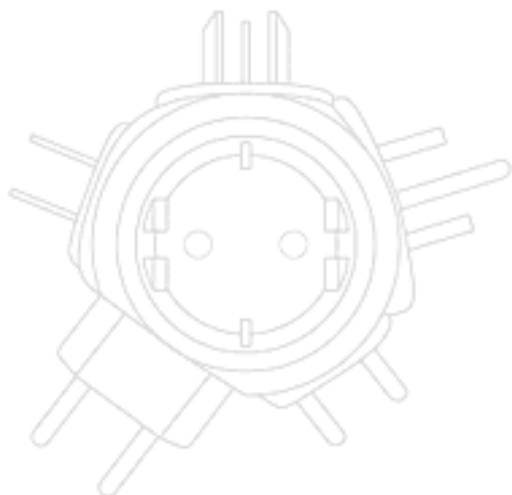
The above mentioned agencies who have specialized in helping companies entering the European market ,are TC-One and the Lawrence Wellingham Group. Both agencies have a fulltime job helping their clients with international sales and marketing problems.

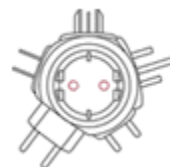
Mr. Ing. B.C.P. Pieters DMS MBA, director of TC-One:

"TC-One is an agency with fifteen employees, and twenty years of experience in international sales and marketing. We help our clients with their international sales and marketing activities. Thereby, TC-One especially focuses on non-European companies entering the (West-)European market, and European companies entering non-European markets. Most of our clients operate in business-to-business markets."

Mr. R. Peeters, director of the Lawrence Wellingham Group:

"The Lawrence Wellingham Group is an agency who helps companies entering the European market. The clients of the Lawrence Wellingham Group are mostly companies operating in technical markets like IT, Telecommunications and the electronic market. About 95% of the clients are in business-to-business markets. Yearly, the Lawrence Wellingham Group completes about twenty assignments for international clients, most of these assignments are completed in a very short timeframe, only five or six assignments take longer than six months."





10.2. [Clients]

Type of clients and assignments

Between 1997 and 1998 the foreign investments have started to increase. The internet trend or dotcom-bubble was rising. A lot of American companies entered the European market in this time. And with the bursting of the dotcom-bubble in 2001, the foreign investments started to decrease again. The agencies I have spoken all profited from the dotcom-bubble, but when the foreign investments from America started to decrease, they had to find business somewhere else. The movements within Europe formed an interesting source of business in this time. So the agencies helped companies who wanted to expand their business from one European country to another. At this moment, the recession starts to turn into a progression again and the foreign investments increase again. Therefore the American companies are interesting clients again, but the agencies keep doing assignments for European companies.

The assignments which the agencies do can differ. The type of assignments is of course related to the type of client and the type of agency. The multinational agencies especially do assignments like^{lv}:

- Repositioning a brand;
- Launching a new product;
- Creating a corporate campaign;
- Creating an internal campaign.

Sometimes these assignments are created to enter the European market, launching a product for example can be a pan-European assignment, or the corporate campaign can be used to gain brand awareness when entering the European market. However these assignments are usually given by clients who are already active in the European market and just use the marketing campaign to improve their position in the European market.

The assignments which the central agency gets are for smaller companies and more for companies who are entering the European market. The most important assignments are^{lvi}:

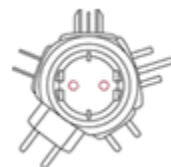
- Market research;
- Designing the sales structure for the European market;
- Presales activities (lead generation for instance);
- Sales;
- Other organizational activities (legal, taxes, selection of future employees, et cetera).

The network agency is an agency which is positioned between the multinational and the central agency, and therefore works for both the big brands as the companies entering the European market.

Hiring an agency

The clients of international marketing agencies can have several reasons for hiring an international agency, as mentioned before in this chapter, time and knowledge is not always available, and therefore, hiring an agency can be the best option. The agencies I interview could name some more arguments why clients hire them:

- **Hiring an agency is more cost-efficient**
Like mentioned before in this chapter, when a company hasn't got enough work to hire a fulltime marketing manager, it can be more cost-efficient to let an agency do the marketing.
- **There is no time for marketing or employees shouldn't lose their focus**
When a company has just entered the European market, there are usually not a lot of employees active yet. So the one or two persons who are running the business in Europe have a lot of different tasks. Sales, marketing, administration, channel management, et cetera. Sales is the most important task for them, they have their



targets and need to get the business running in Europe. Therefore, it happens that the company outsources some activities to enable the European employees to focus on their core activities.

O First profit, than investment

When a company doesn't have (enough) clients in Europe yet, but does want to enter the European market, they first want to make sure that there is profit to be made in a potential investment. In other words, they first want sales to be running before they open an office and start to make costs. This can be done by hiring an international marketing/sales agency. This agency can set up the sales for the company (even do the sales interviews) in Europe.

O Cost reduction / centralization

When a company is doing separate marketing in every country, they can reduce costs by centralizing all marketing activities and putting them in the hands of the central European headquarters, who will hire an agency.

O Cross border buying

Some companies have clients who buy international. Half-fabricates for example are often bought in other countries. This forces a company to think beyond the borders and start to pro-actively approach foreign markets. An international marketing agency can help them with this.

O Internet

The internet has been a new channel for companies to approach customers. Worldwide, a lot of products are bought via the internet. Entering new markets can therefore go quite fast. When selling on the internet, some foreign markets can appear to be very interesting, with the help of an international marketing agency, companies can approach these markets pro-actively.

O Political game

Another reason that might sometimes play a role in hiring an international agency is getting in contact with good international marketers. This can be because the company is looking for a new market director for Europe, and wants to get to know some people. It can also be the other way around, when marketing manager from the company is looking for a new job or just to expand his/her network for possible future jobs, hiring an international agency can lead to interesting contacts.

O Fun

Business is not always about facts and numbers. Especially in economical good times, having fun can also play a role. Outsourcing (parts of) the marketing to an international market agencies, means getting to know international people and working together cross cultural. Meeting people from different cultures and travelling a lot through Europe can be one of the reasons for hiring an international agency.

New business

An international agency who focuses on American companies entering the European market, has a different new business model than an average marketing agency does. The clients of these companies are not in the European market yet. This means that they can't find new business in their own country.

The DMU of the companies they are looking for are the President, Vice president, CEO or team for foreign investment. The team for foreign investment is an important one, when a company wants to enter the European market, the CEO/President makes a team of people to coordinate this process. This team will do all the research and will guide the company through the process of entering the European market. All decisions with regard to entering new markets will be made by the CEO/President, but the CEO/President is informed and advised by the team. The team mostly plays the most important role in this process, because the CEO/President almost always takes over the advice of his team. To reach these decision makers, the international marketing agencies use the following channels:

O Foreign investment agencies



The foreign direct investment agencies are organizations who help American companies entering the European market. So they are the ones who have a lot of contacts with American companies who are planning to enter the European market. Their role is to convince American companies to enter the European market, and then help them doing so. When the American companies are in the process of entering the European market, questions about marketing and sales can pop up. The employees of the foreign investment agencies, are foreign investment experts, and have mostly not gotten the job to help companies with there marketing in Europe, so when these questions pop up, the foreign investment agencies advice the companies to contact a certain consultant/agency. For the international marketing agencies, it's therefore very important to have a good relation with the foreign investment agencies.

O Mouth to mouth

American entrepreneurs of course have their own network. This network does also include companies who potentially want to enter the European market. Some American entrepreneurs in Europe even have contacts with American companies who are thinking about entering the European market, but haven't taken the step yet because they have not gotten enough market information, or because sales in Europe is not high enough yet. When an international marketing agency has helped an American company with entering the European market, and setting up sales, the mouth to mouth effect can generate new interesting contacts, an existing client can advice a relation to contact the agency, because he had good experience in working with them.

O Direct mail

Direct mail is a possibility to get in touch with America companies, the only problem is, which companies should receive mail. For the direct mail, a database should exist, filling this database is difficulty, and the data should mostly come from networking.

O Networking

For every company, networking is very important, especially in business to business markets. This is also true for the international marketing agencies. There are a lot of people who have contacts in America because they do business with these companies. The agents and distributors for instance have contact with American companies who are starting up sales in Europe. Through these agents and distributors, an international marketing agency can get in touch but potential clients.

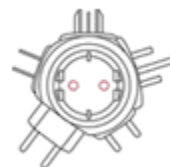
O Matchmaking

The government or the foreign investment agencies organise a matchmaking trip once, or a few times a year. In these trips, a person of the government, for instance the president of the foreign investment agency, goes to another country, for instance America, for a meeting with the foreign investment agency there. This president than takes along some of the companies from his country who are planning to enter the American market, this trip does not directly bring American companies to Europe. But it usually does result in a trip of the president of the American foreign investment agency to come to Europe and bring some companies. It can sometimes be possible for an international marketing agency to get in touch with the companies who come along with these companies, perhaps by giving them a presentation about entering the European market.

But this concept does not only work with government organizations. When international marketing agencies run into companies who want to enter the American market, they can advice them to get in touch with an American marketing agency, when the American agency then runs into American companies who want to enter the European market, they might advice these companies to contact the European international marketing agency.

O Internet

As mentioned before, the CEO/president makes a team of people who are responsible for coordinating the process of entering the European market. This team does a lot of research on the steps that are potentially going to be taken. An important source of information for them is the internet. Therefore, getting in touch with the members of this team is possible via the internet. Therefore, international marketing agencies optimize their internet site to get high in the results of a search engine when searched for 'marketing agency',



'international marketing', 'European marketing', et cetera. The agencies also place banners on websites where members of this team often seek information.

O Seminars and workshops

One other channel which a lot of companies use to generate new business are seminars and workshops. These seminars and workshops can be organized by the agencies themselves, but usually they are organized by government organizations and foreign investment agencies. The AmCham for example organizes interesting seminars several times a year. On these seminars, agencies usually only meet companies who have already entered the European market. These companies usually have contacts with American companies who have plans for entering the European market. When it's possible to give a presentation on these seminars, this can also be interesting, the companies who are present might be interested in expanding business and have the need for marketing in other European countries.

Process of international marketing

The process of making an international campaign is roughly the same as making a national campaign, the only difference of the design process is the target audiences. The target audience is more heterogeneous and should therefore be analyzed better than normal. For this activity, it brings a huge advantage when the marketing team exists of people from different countries.

The exact process will of course be depending on the situation and the assignment. But it's not the process that brings makes international marketing difficult. It's the contact with the client and then especially the roll-out of the campaign. Getting the buy-in of the key countries is the biggest challenge for an international marketing agency.

Marketing when entering Europe

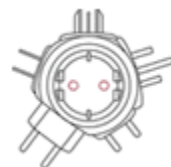
When a company is entering the European market, marketing can play a role. The strategy of the company in entering the European market is important. Every marketer knows that segmentation is always the key word. When entering the European market, companies should therefore begin with one test market. A country, product and vertical. When this goes well, the marketing can be build out to other markets^{lvii}. This process should begin before the company physically enters the European market. Because the process takes time and doesn't necessarily deliver high sales at the beginning.

A second important thing when companies enter new markets, or enter the European market, is that the company keeps it's identity^{lviii}. This doesn't refer to the corporate identity as formulated in the marketing strategy, it means the roots of the company. Some companies from America try to hide in Europe that they're an American company, because they think acting like a European company brings advantages. But usually it's this approach that makes the cultural differences to a problem. Not only because it's difficult to really act like a local company, but especially because clients will find out eventually that the company is from America, and start having negative connotations with this fact, because it was hidden. But when the company is honest about his roots, and is proud to be an American company, cultural differences can play a much smaller role. It's important to communicate pride of the roots of the company, and thereby also mention the advantages of these roots, so clients will be more likely to get positive connotations with this fact.

Working together internationally

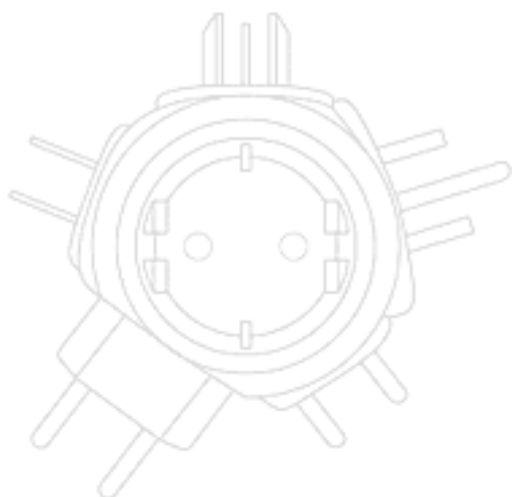
When it comes to international business, assignments are always the binding factor. This means that there needs to be a specific assignment when you want to successfully work together internationally. It will especially be important that there is profit to be made, because, a company stays a company and there will mostly not be a lot of investment, both in time as in money, if there is no sight to making profit. Besides a specific assignment and the opportunity to make profit, the third ingredient is a timeframe. If there is no timeframe, the project will take too much time and be inefficient.

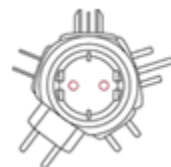
International marketing can be very interesting, but it also brings a lot of difficulties. Language and cultural differences are the most common ones. The cooperation with people from different countries can be very nice, but it can also be difficult, because it's not always possible to understand each other correctly. International cooperating people should get



to know each other very well, so in communicating, a half word would be enough to understand each other. Especially when it comes to making a creative concept and speaking about details, this is very important. The strength of a lot of marketing campaign is in the details, creative thinking is always detailed thinking. So when making an international campaign, it's very important for a team to be able to understand each other in details. Details are the things that make a campaign aim for a specific target audience, and therefore make the specific target audience feel 'approached'.

It happens often that the people, with work together internationally, turn out to become personal friends. This is also one of the basic ideas of Friends Connection, international communication is difficult, but when there is friendship, it gets easier to understand each other, which leads to the ability to make detailed and successful campaigns. International business has more social aspects than rational aspects, simply because there are more social differences internationally.





h 11. [Government organisations]

Foreign investment agencies

The foreign investment agencies are usually a part of the government. The most important reason for the existence of the foreign investment agencies is the need to develop the economy. Foreign investments can have a very important stimulating effect on the local economy. Especially when it comes to big companies, establishing in a region, this will bring a lot of jobs and business to the region.

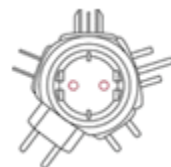
It's usually the ministry of economic affairs that has to role of stimulating economic development in their country. But when it comes to foreign investments as source of economic development, this ministry has often delegated this activity to a separate organisation. The foreign investment agencies have more knowledge of international business and know how to sell the country. The ministry itself, or its department of economic development, usually focuses on national economic development.

The organisation of foreign investment organisations, has usually got more levels. This begins with a national foreign investment agency, like the NFIA, Invest-In-Germany, Invest-in-the-UK, or Invest-In-France. These agencies have the job to promote their country, the image of the country in the world is very important for these agencies. Besides branding their country, another important activity is to get foreign companies to establish or invest in their country. This can be companies who are going to enter the market, but also companies who are already present and are thinking of opening another office or expanding certain activities.

A whole country can be a big region to promote, and it's not always possible for the national development agencies to know about certain details that make a certain region in their country attractive. Also when a company establishes, there's always a specific region in which this country is going to establish, and when helping companies setting up their business, it can be very important to know a bit more about the region in which they are going to establish. For all these things, the more regional foreign investment agencies exist. These agencies are usually divided per state or province, for instance the WFIA (West Holland), the BOM (Dutch province Brabant) or Hessen Agentur (the German state of Hessen).

These agencies help companies when establishing in their region, and usually have pragmatic solutions to offer these companies. For example when a company wants to establish in Hessen, but doesn't know yet where to find an office, and where the most convenient place would be. They can than ask the Hessen Agentur to advice them and look for a location, near a university, near an Airport, and near the highway. Though these more regional agencies are not only doing detailed advisement. A lot of times, these agencies have activities that have similarities with the activities of the national agencies. Hessen agentur for example is more active on getting companies to establish in German, while Invest-In-Germany is more focussing on the image and branding of Germany. And the WFIA also has relations in America through which they try to persuade companies to establish in West Holland. Because the choices of foreign investors do not always exactly follow the route of choosing country, choosing region and establishing, but sometimes companies directly look at a certain region. Therefore the activities of the foreign investment agencies have a lot of overlap.

The last form of foreign investment agencies, are the very regional ones. Some big cities have an own foreign investment agency. Frankfurt for example is one of the most important places for foreign investment in Hessen. A lot of foreign investments in the state of Hessen are concentrated in Frankfurt, therefore, to promote Frankfurt, and help these companies establish, Frankfurt has founded the 'Frankfurt economic development agency'. This agency has the same activities as all the other foreign investment agencies, but focus on Frankfurt only.



A two way road

But the foreign investment agencies are not only active in helping companies who are coming in to there region, they are also active in helping companies who are established in their region, and want to look beyond their borders. Because when foreign investment goes somewhere, it has to come from another place. So the management of foreign investment, in every region, has to have an incoming and an outgoing department. The agencies therefore also advice companies who for example want to establish an office in London, or in America. Though these activities are not as big as the incoming activities because it often happens that the 'receiving' country also has agencies around the world to get companies to invest in their country.

The AmCham^{lix}

A very important organisation which is closely involved in foreign investments from and to America, is the American Chamber of Commerce. This organisation has a subsidiary in almost every European country, and has the task of helping American companies in 'foreign' countries, and helping companies from the 'foreign' countries to make the step to America. Before the foreign investment agencies where founded, the AmCham was the most important source of help for American companies entering the European market. At this moment, the policy of European countries towards foreign investment has changed, and American companies get a lot of help from the local government. The activities of the AmCham are therefore currently more focussed on the American companies already present in the local country. They especially help these companies with lobbying and form an interesting network.

Foreign investment in Europe

The most foreign investments in Europe come from American companies. Asia also begins to be an important source of foreign investment, but doesn't have the quantity which the investments from America have. However the investments that come from Asia at this moment, are mostly bigger than the investments from America. This is because the companies who come from Asia are the big companies and the big companies from America are present in Europe for a while already.

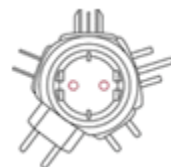
The foreign investments are concentrated in the West European countries, the UK, France and Germany are the biggest 'receiving' countries. The activities established in the process of foreign investment are usually marketing and sales. Because companies come to the European market for the commercial opportunities. The people in Western Europe are all higher educated and richer than the world average.

In The Netherlands, there are 1500 to 1600 American companies at this moment^{lx}, and the Netherlands is a very important place for foreign investment focussed on the European market. Tax structure, infrastructure and international orientation are the most important qualities of the Netherlands that make companies want to make there investment in the Netherlands. The foreign investments in the Netherlands have a focus on sales and marketing, but European headquarters are also a very important form of incoming investments in the Netherlands.

In Germany, there are 2500 American companies at this moment^{lxi}. The German market is a very important market for foreign investments. Germany has a population of 82 million people and therefore forms the most important European market together with France^{lxii}. In the development of the European Union, the Eastern and Northern European countries are getting more important, therefore, Germany is strongly moving to be the central European country. Tax structure in Germany is very difficult and therefore has an negative effect on foreign investments. But the logistic possibilities, high education and good scientific possibilities compensate this negative effect. The most important form of foreign investments in Germany are marketing and sales offices.

Trend

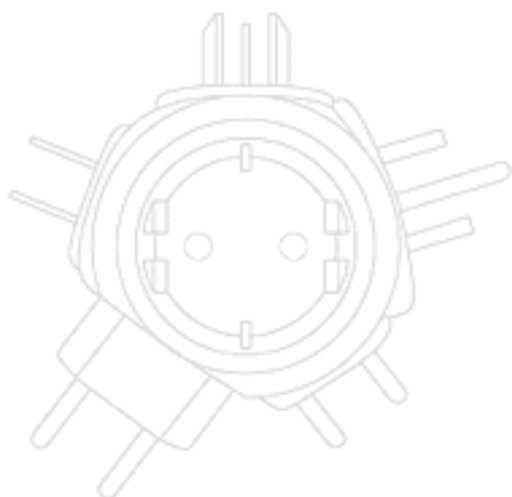
In period of the dotcom bubble, foreign investments have known a enormous rise. A lot of IT companies entered the European market and invested a lot of money. But in 2001, the dotcom bubbly has burst. The recession started and times changed. Since this moment, the foreign investments have decreased and American companies have not been so generous with there budgets anymore. The management of the risk of foreign investment has became an important issue. Companies that used to have small IT companies as clients, now chose to sell to a big OEM company and let this

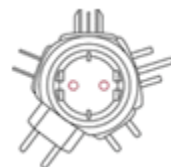


OEM companies do the selling to the smaller IT companies. Doing direct business with a big amount of small clients is not that interesting anymore for the American IT companies. They haven't got the marketing budget to communicate to all the small clients, and therefore choose more safety. They do business with only the big clients, the companies of which they know will pay and for which the sales and marketing is more factual and controllable. Also the process of entering the European market has changed, there is more research before a decision is made, and the investments are not that big anymore. Sometimes, American companies don't even send an American employee anymore to set up the business in Europe. Budgets are smaller, developments are slower, and strategic directions are different. However, since the economy is getting in a progression again, this trend might divers again in the future.

Events

There are certain events and gatherings organised for American companies in Europe. The foreign investment agencies are an important source of interesting seminars and workshops. But also the AmCham has a strong networking function. The AmCham also organizes seminars and workshops for American companies. The American people are known for their good networking skills and these gatherings are therefore interesting to get in touch with the American companies. Besides these organisations, there are quite some other network facilities for American companies, probably the most important ones are the American business clubs, which can be found in most big cities.





h 12. [Conclusions]

The central question of this research is:

What demands do American IT companies, who are located in the Netherlands and Germany and which entered the European market in the past five years, have towards an international marketing agency?

To answer this question, there need to be answers to other, underlying questions first. These questions are:

What are the characteristics of American IT companies entering the European market?

- ☐ Small business companies;
- ☐ Turnover of 5-30 million;
- ☐ 100-500 employees;
- ☐ Business to business;
- ☐ Innovative and small markets;
- ☐ Young.

Why do American IT companies enter the European market?

- ☐ There business is worldwide *"IT is a worldwide business"*
- ☐ A new innovative product has potential to take the company to the European market.
- ☐ The line between the client and the company (R&D) should be as short as possible
- ☐ Follow international clients to Europe
- ☐ The competitors all enter the European market, considering the order of entry, it can be necessary to enter the European market as well.
- ☐ The European market can develop to be interesting for a company^{bxiii}.
- ☐ It's there goal to "concur the world". (entrepreneurship)

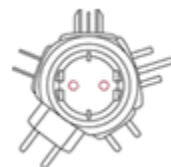
How does the process of entering the European market look like for American IT companies?

American companies often begin in Europe by establishing business in the UK, London is one of the biggest business cities in Europe. From London they try to enter the rest of the European market, but selling and distributing from there is difficult. Therefore they often open a new office on continental Europe, from here, they try to get sales going in the key European markets (usually Germany and France in the beginning) and expand there business, until it's cost-efficient to open a local office in a country. Simultaneously the existing office gets expanded by adding activities as marketing, support, administration etc. The process of entering the European market looks roughly like this.

- ☐ Begin selling at the market;
- ☐ Strategic choice for Europe, a certain country, and a certain place;
- ☐ Establish a sales office;
- ☐ Look for an employee or send someone from America;
- ☐ Start doing sales, expanding to other countries and expanding in activities.

What marketing activities are undertaken by American IT companies entering the European market?

The American IT companies who have enter the European market, are at this moment especially focussing on building relationships. After the bursting of the dotcom bubble, they have reorganized and focussed on less risky activities, and



therefore now have small markets with big companies. The possibility exists that the companies will slowly grow towards bigger markets and bigger risks again in the future.

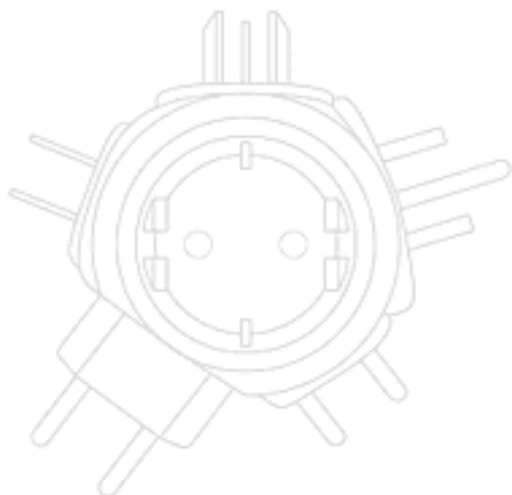
At this moment marketing is often done centralized, either by the American headquarter or the European headquarters (often in the UK). However, some organisations also have decentralized marketing and get supported by a local agency. The tools they use are mostly the standard business to business tools; DM, telemarketing, events and corporate brochures. Marketing is especially focussed on supporting sales.

About 33% of the companies that were interviewed for this research, used a marketing agency, a local midsized agency with specific market knowledge. But the company can also use an international agency and work together with this agency from the European headquarters.

What need for marketing advise / help is there by American IT companies entering the European market?

The most important difficulties which American companies had when entering the European market, reflect the most interesting fields on which they can be advised or supported by an agency. The most important difficulties where:

- ☐ Language;
- ☐ Culture;
- ☐ Market research;
- ☐ Getting sales started and achieving goals with low budget;
- ☐ Product adjustment;
- ☐ Structure of their distribution;
- ☐ Finding employees.





h 13. [Advise]

13.1. [SWOT analyses]

To get a good view on the present and future situation of Friends Connection, the most important results of the research are implemented in a SWOT analyses. The first step is dividing the conclusions in strengths, weaknesses, opportunities and threats. This analyses can be found in appendix 12.

13.2. [SWOT matrix]

In appendix 13, the SWOT matrix combines the four aspects of the SWOT analyses to see whether they would have effect on each other, the extent of correlation between two factors are given by 0 (no correlation), + (possible correlation) and ++ (important correlation).

Conclusions SWOT

In the SWOT matrix of appendix 13, especially the factors that have an 'important correlation' are going to be important for the future of Friends Connection. However, not all correlations are opportunities, the way they should be handled is shows in the next figure.

	Strengths	Weaknesses
Opportunities	Exploit / Grow	Improve / bend to strengths
Threats	Defend	Avoid

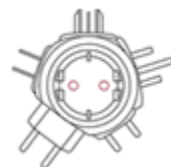
Exploit and Grow

One very interesting opportunity is that the world is globalizing, but cultures in the world are not becoming homogenous. This means that there will be more need for transcultural advise. However this opportunity lies more on the long-term. A more short-term opportunity is the fact that costs are very important for American companies when making a decision. Friends Connection is a small and flexible organisation with low overhead and can profit from this fact. The relocation trends of EHQ and EDC are things that really give Friends Connection the opportunity to show that the marketers of the agency are international experts who can also advice on the field of distribution and can provide solutions for EHQ who don't have marketing employees yet. Companies finding partners also form an opportunity, Friends Connection has a wide network of experts and therefore knows which partners are interesting and reliable. The last but probably most important thing for Friends Connection is the need for sales that organisations have, and since Friends Connection has also got sales experts, this is a very good opportunity.

Improve

The fact that Friends Connection is a virtual agency can be a weakness, for example because American companies are taking smaller risks now, or because government organisations want to advice their clients to an agency who has more than a website. Therefore, an address would already help. Another thing is that all the agencies who are part of Friends Connection don't really have much time at this moment, while establishing in this market, building the relations with the players in this market, and also doing actual international assignments, does take a lot of time.

Defend



A lot of companies who are entering the European market, do not have a lot of marketing budget, this means that hiring an agency will not be their first priority. However, like mentioned before, Friends Connection is not the most expensive agency in the market, still it will have to take some effort to convince marketers about this.

Avoid

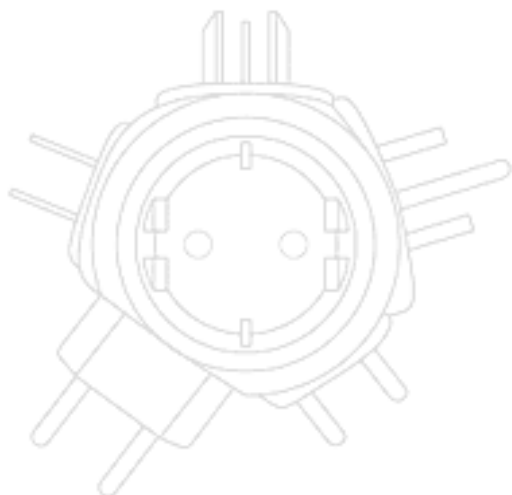
Sometimes companies are in specific markets, and they demand an agency who knows this market throughout Europe. The strength of Friends Connection is the small amount of marketers, but the chance that someone has experience with a certain specific market, does shrink with this fact. A second thing is that a lot of companies are looking to invest in Eastern Europe, this can be a specific situation in which it's hard to help the clients from a basis of more Western European marketers.

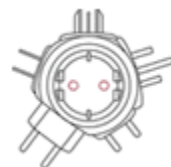
13.3. [Conclusions]

The central question for Friends Connection is: *Should we or should we not start this company?* Looking at the SWOT analyses, the answer is yes, Friends Connection has enough opportunities in the market, and is an organisation who has some specific strengths that the market needs.

However I don't think Friends Connection should focus on the target audience of American IT companies only. There are also other interesting companies entering the European market, for example the Asian companies who are entering the European market. Besides the companies who are enter the European market for the first time, there are companies who have already enter the European market and are developing further in Europe by expanding business to other countries. This target audience is also a very interesting group for Friends Connection.

This means that the target audience of Friends Connection is every company moving to or within Europe.





13.4. [American companies]

Like mentioned before, a lot of American companies who are enter the European market get to cope with the same issues, and therefore to a great extend have the same demands towards an international marketing agency. In this research I also interviewed some non-IT companies, the main reason for this was to see whether they really had the same situation and demands for marketing. It turns out that they indeed have the same situation and go through the same process when entering the European market. The only difference is that their market is a bit different, but this doesn't effect the most important situational aspects and their demands for marketing that much.

The non-IT companies I interviewed all had difficulties when entering the European market, American companies seeing Europe as homogeneous for example is mentioned a lot, the need to approach every European country a bit different was therefore an important issue for them. Most of these companies came to Europe following international clients. The first thing that was established in Europe was sales. The UK was an interesting place to make the first presence in Europe, but didn't seem convenient to enter the continental European markets. So the next focus went to Germany and France the two major European economies. Marketing is usually supporting sales and focussed on building relations with prospects. About 2/5 of these companies use a marketing agency, when they use an agency, they are especially looking for a medium sized agency with knowledge on European marketing and on their market.

Hence my conclusion (based on five interviews with non-European companies) is that the American companies that are entering the European market, are homogeneous when it comes to the process they went through, the difficulties they had in this process and the demands they have towards a marketing agency supporting them.

13.5. [Sector]

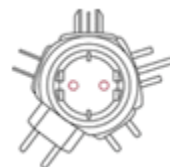
It's very important for Friends Connection to have the correct positioning towards the target audience. The first and perhaps most important part of the positioning is the category in which the target audience should place Friends Connection.

American companies do have a need for marketing and communication advise, but their need is broader than just that. There are several other difficulties which they run into, so when hiring a consultant, they want this consultant to take all their work out of their hands. Searching for several consultants who are experienced on several field takes to much time, creates a bigger risk for the company, is mostly more expensive and is not good for the constancy of the organisation in the European market.

Therefore Friends Connection should not only position itself as an agency who does branding, or an agency who is good at creating pan-European campaigns. Friends Connection should position itself as European Front Office Consultants. This means that the services are not limited to communication. Friends Connection has experts on all fields, and can therefore design the whole front office for Europe. So unlike the agencies who focus on branding and marketing, Friends Connection can also give advice on the field of distribution (how to design the European distribution structure), product (to what extend does the product need to be adjusted), alliances (which partners are reliable to start business in Europe) and recruitment.

13.6. [Competition]

The market of European front office consultants is not very big, the international marketing agencies are no competitors in this market, because they don't offer a lot of services that European front office consultants do. However there are some agencies that can help American companies entering the European market. I interviewed two of them and want to mention a third one which I wasn't able to interview.



O TC-One

TC-One is a sales consultancy agency that focuses on companies entering a new European country.

This can be non-European companies enter the European market, but also European companies entering a new European market. The main focus within Europe is on Western Europe.

TC-One is founded by Mr. B. Pieters and Mrs. U. Rozemeijer, two experienced international commercial consultants. The agency has 15 employees at this moment.

TC-One works for two kinds of companies, start-ups and multinationals. They support start-ups when entering new West European markets, and multinationals with new products in West European markets. Service which this agency provides are very broad, not only commercial analysis, advise and execution, but also advise on the field of legal, taxes and finding partners. Therefore this agency creates a one-stop-shop concept for companies who want to enter a European market. The companies gets its leads through the NFIA, mouth to mouth promotion, direct marketing and especially networking.

The USP of this agency is that TC-One has one of the most interesting (local) networks. The network of TC-One contains very interesting big industrial managers.

More information is to be found in the minutes in appendix 14 or on <http://www.tc-one.com>.

O The Lawrence Wellingham Group

The Lawrence Wellingham Group is an agency which helps companies entering the European market. This agency especially focuses on technical markets like IT, Telecom and electronics. The main activities of this agency are European business development and sales services. This means that the agency helps companies design their sales and distribution channels and also manages these channels. The agency exists since 1999. In the beginning the agency only focussed on American companies coming to the European market, but with the bursting of the dotcom bubble, there was not enough market potential anymore, and they also started to work for companies moving within Europe.

Services which this agency offers are not only sales and channel management, they also provide services on the field of taxes, legal and technical support. This last thing means that they have partners who can do implementation and supporting activities for companies who are not present in Europe yet, or do not have enough capacity of technical support yet. This agency gets its leads through networking, international trade shows and foreign investment organisations.

The USP of the Lawrence Wellingham Group is that the agency has technical and pragmatic knowledge about sales in Europe.

More information is to be found in the minutes in appendix 14 or on <http://www.wellinghamgroup.com>.

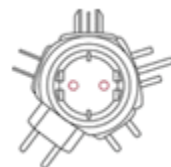
O 1step2Europe

Unfortunately I haven't been able to interview this agency, still I want to mention it. This agency is a very important competitor. The agency focuses on American IT companies, enter the European market. The company has a offices in Hamburg (Germany) and in Mount Olive (America). The services which this company offers are divided in consultancy, channel management, sales and merges / acquisitions. This agency therefore really positions itself as European front office consultants and focus on one specific target audience. The USP of 1step2Europe is the experience and proven track record of successfully placed high-tech products.

More information is to be found on <http://www.1step2europe.com>.

13.6.1. [Positioning]

The category of Friends Connection is clear, and we know the positioning of the three most important competitors. But what is going to be the USP that Friends Connection should have to distinguish itself from the competitors? Having a one-stop-shop concepts is not unique in this market, neither is having an interesting local network or having experience and proven methods. The unique proposition of Friends Connection should be something else.



The most important strength of Friends Connection lies in the vision of the agency. Being and becoming friends is the best way to do international business. And the concept of friends is also the best concept for organisations coming to Europe. An organisation should pick the right friends in the new market (partners / distribution), and a brand should create a fan club as big as possible (clients).

Positioning statement

To American companies, entering the European market, Friends Connection is the differentiated brand of European front office consultancy, that offers the best international solutions by the best international cooperation, because the cooperation between the agencies of Friends Connection is cooperation between friends.

This positioning statement is targeted at American companies and not specific on American IT companies, this is because Friends Connection should not only focus on IT companies, like mentioned earlier in this chapter.

Of course, American companies are not the only target audience of Friends Connection, as mentioned in the second chapter of this thesis, Friends Connection is expert on marketing for Europe, so other companies with need for marketing towards Europe are also going to be interesting. Looking at the position of the competitors and the markets they focus on (also inter-European movements), the positioning of Friends Connection as mentioned above can also be used for this market.

13.6.2. [Services]

Like mentioned before, Friends Connection is not just going to be a marketing agency. Friends Connection is going to be a network of European front office consultants. European front office consultants have a broader line of services as a normal marketing agency has, therefore it's very important to spend some attention on what services a European front office consultant should offer. There are three important categories of services that Friends Connection should offer:

- Communication services;
- Marketing services;
- Business development services.

Communication services

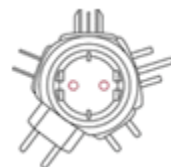
The first category contains communication services, these services are the basic services that every communication agency offers. These services are:

- Brand consulting;
- Sales consulting;
- Concept creation;
- Other communication related services.

Marketing services

But besides the services with regards to communication, there are also services with regard to other areas of marketing:

- Distribution design;
In this service, Friends Connection designs the way in which a company should distribute the product in Europe. The most important question in this design is: *where should the product be sold?* The second step is designing the process of getting the intermediaries to get the product on the right place. The push strategy of the product.
- Product strategy consultancy;



Sometimes products should be adjusted to the European market, to know what changes the product needs to go through, there has to be some market knowledge. Friends Connection can do this throughout Europe. Legal aspects are very important in this service.

O Consultancy on the field of labour;

Getting employees is a very difficult task for American companies entering the European market. Finding the right person to set up the business in Europe is important for the success of the company. Friends Connection has a wide network and might be able to suggest some potential candidates. A very important advantage of this service is that, when Friends Connection can find a suitable person in the network, this person has a good relation with Friends Connection and might be open to doing further business.

O Alliance consultancy;

A lot of companies who are entering the European market, need a network of reliable partners to support them with activities that they cannot do themselves in Europe yet. Finding reliable partners, creating alliances, and sometimes even doing acquisitions are the three central ways in which American companies set up their business model in Europe. But finding the right partners is often difficult for American companies, because they don't know the market yet. And when doing acquisitions, the cultural differences are very important. On these fields, the experts of Friends Connection can support them.

O Other marketing related services

Business development services

Besides these front office services, there are some operational services that Friends Connection should offer clients. Because the prospects have the need for a one-stop-shop solution. These services should probably be provided by 'partners' or 'friends' of Friends Connection:

O Legal

In the beginning of the process of entering the European market, a company needs to arrange all legal aspects. Especially American companies are very focussed on working out the legal aspects in detail. Because a lot of laws are only available in local language, it's hard to let the American lawyer do this. A good European or local lawyer can therefore help these companies. Friends Connection doesn't have a lawyer, but a partnership with a lawyers office can be very valuable. Not only does it provide Friends Connection with the possibility to offer a one-stop-shop concept, but it also creates a channel of potential new business. Because American companies can also start in the European market by approaching a lawyers office to support them, in this way, the lawyers office can also bring clients in the network.

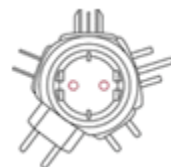
O Tax

For taxes, the situation is quite the same as it is for legal aspects. American companies have the need for tax advise, especially in the beginning this can be important. And tax-advise will also be a part of the one-stop-shop concept that American companies are looking for in a European front office consultant.

13.6.3. [New Business]

Friends Connection is going to be a front office consultancy agency, and will position itself in the market as the network of friends, and therefore the network with the best possibilities to deliver international solutions. Which solutions that are going to be, is mentioned above, but the way in which this whole concept is going to generate business is not yet mentioned.

The target audience is difficult to find, so the most important question here is: *what channels can we use to reach the target audience?* Finding and managing these channels is therefore one of the most important jobs of the new business model of Friends Connection. When determining what channels are capable of reaching this target audience, there are



two sources of information. The target audience, who can tell what channels they use, and the competition, who can tell from which channels they get the most new business. From these experiences, the following list with interesting media developed:

○ Networking

There are some companies who have contact with American companies who want to enter the European market. A lot of these companies are government organisations, but there are also consultants who have contact with these companies. A good relation with these people and maybe a cooperation on certain projects can be very interesting. At least relationships should be built with the foreign investment agencies and the AmCham, they frequently advise companies to an expert.

○ Internet

Since a lot of companies search on the internet before they enter the European market, this is a good channel to get in touch with them. Especially since Friends Connection is a virtual agency, the e-commerce should be really extensive. Google is an important tool which American companies use when searching for information about the European market. Friends Connection should therefore make sure to be present when entering certain search strings from a computer in America.

○ Seminars/events

Several organisations, again mainly government organisation organize seminars and workshops about international business, these events are visited by companies who are looking to expand in Europe. The events can be organized by the AmCham for American companies and sometimes by a foreign investment agency, or by a local chamber of commerce for inter-European movements (companies expanding business in Europe).

○ American business clubs

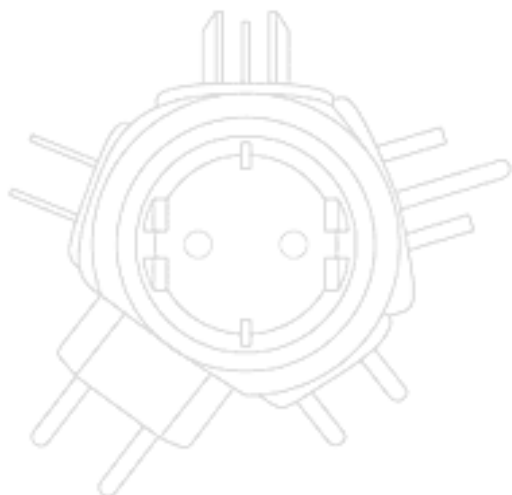
In every country there are several American business clubs, these clubs are especially for American companies who already are on the European market, but could be interesting either when they want to expand in Europe, or have a friend in America who wants to enter the European market. These clubs are best reachable by speaking at one of their events.

○ Mouth to mouth

A very important source of new business is always mouth to mouth promotion. Therefore, clients should be motivated to share their experience with friends in America.

○ Friends Connection

As a network agency, Friends Connection has also got a very important function in exchanging clients. When a company has already entered the Dutch market for example, and starts to look at the German and French market, partners of Friends Connection can advise clients to contact the German or French agency of Friends Connection.





h 14. [Next steps]

Friends Connection is not an operation agency yet. So there are still some things that need to be done to establish the agency. As mentioned earlier in this thesis, writing a business plan would be a very good idea for Friends Connection. When starting to write a business plan, there will be some important choices to be made. This makes clear what Friends Connection is going to do and how this is going to be done. Most importantly, writing a business plan will result in pragmatic goals and action points. This last thing is especially important because all three agencies are not having a lot of time at this moment, so spending time on developing Friends Connection will have to be planned to be able to make it happen. There are two important things to be done:

- Designing the internal organisation
- Designing the external activities

14.1. [Designing the internal organisation]

The questions that are asked on the beginning of this report will be important when thinking about the internal organisation of Friends Connection. There is already a lot of experience with regard to processes of international marketing, however this doesn't mean that these processes need no attention anymore, on the contrary, the internal organisation is what distinguishes Friends Connection from the other agencies, it's the essence of the USP of Friends Connection. When Friends Connection is going to be successful, and prove their clients that what they promise them, is true, the process and internal cooperation will have to be very good.

Some questions that need to be asked are:

- Why does / should Friends Connection exist?
- What's the core business of Friends Connection?
- How will Friends Connection approach a project? (In terms of processes)
- How will Friends Connection share costs and profits of a project?
- Will there be an extranet to share data for projects and communicate about ideas and solutions?
- To what extend is Friends Connection proactively going to search for new partners, and what characteristics should these partners have?
- What will be the corporate strategy for Friends Connection for the future five years?

14.2. [Designing the external activities]

The second important thing for Friends Connection to do, is to enter the market. Like the future clients of Friends Connection, the agency will have to create presence in the European market. In the chapter 13, there is already some input for the marketing of Friends Connection, but this is not a detailed marketing plan yet. In the external activities it's important to know how to get new business. There are four things that are on the agenda for the short-term:

- **Website**
At this moment, Friends Connection does already have a website. But the website is not active for the international agency yet. Therefore, the web structure and plan for e-commerce should be made. The website <http://www.friends-connection.com> can perhaps be used. Google AdWords can be used to generate relevant traffic on this website.
- **Contact facilitation**



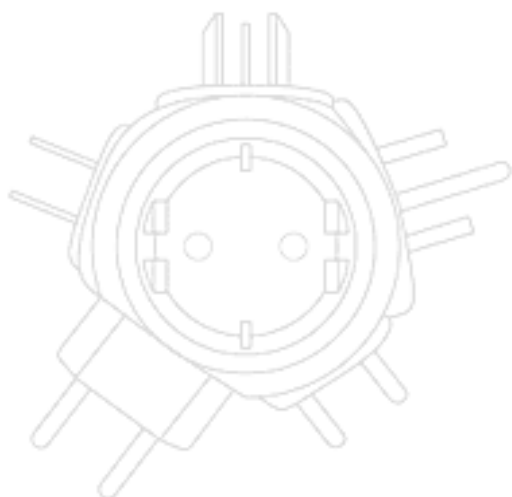
When the website is made, the goal is to get prospects to contact Friends Connection. But since Friends Connection is a virtual agency, there is no office to contact. However, prospects on the website are going to need an address and phone number, this can be done by in two ways. The first possibility is to make a central number in for instance Brussels, this will give Friends Connection a 'headquarters', one of the agencies will then take the role of the headquarters, by putting through the phone. The second option is not to create a 'headquarters' but give a telephone number for every local agency on the website, which means that prospects can call a subsidiary of Friends Connection. The first option is the best, because this positions Friends Connection as a European company, and not as a network of agencies.

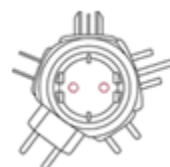
O Relations / partners

Like mentioned in the chapter 13, one very important part of the business model of Friends Connection are the partners which make Friends Connection able to create the one-stop-shop concept. This does mean that Friends Connection will have to find good partners in every country, this means that every agency will need an own local network. This network will be very important for the success of Friends Connection when working for companies who enter the European market.

O Marketing

One very important part of the business plan of Friends Connection is going to be the marketing plan. This plan will determine the marketing actions that are proactively going to be undertaken by Friends Connection. It's very important to make this plan pragmatic and detailed with action points and goals. And then... just do it!





h 15. Appendixes friends[connection]

[To]

Mr. A. Schneider; Mr. V. Teillet and Mr. B. Verhagen
Friends Connection

[Subject]

Mr. C.F.A.M. Oomes
Fontys University of communication in Eindhoven

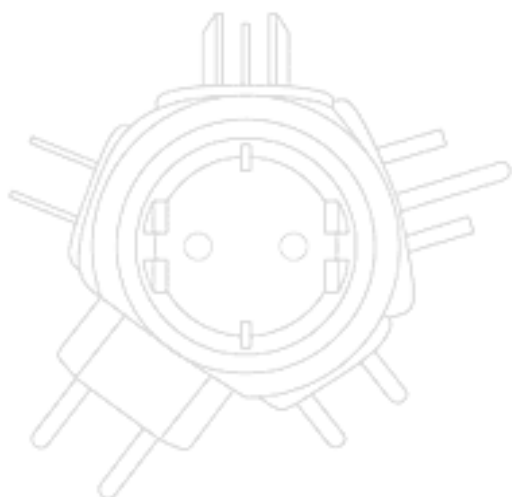
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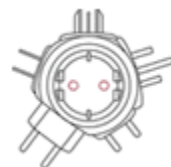
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[Date]

Ruud Verstraeten
Fontys University of communication in Eindhoven

28 June 2006





15.1. Appendix 1 [Sources of deskresearch]

Articles

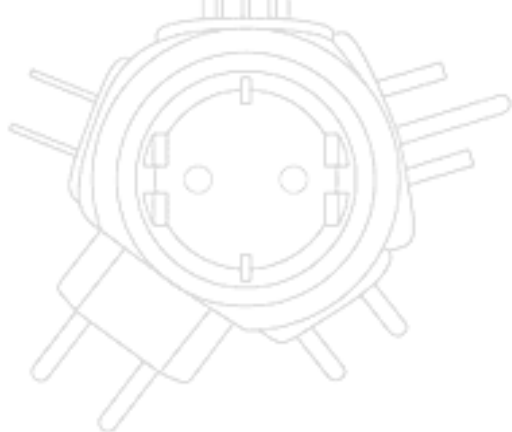
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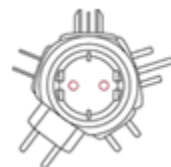
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15.2. Appendix 2 [History American FDI]

Foreign direct investment (FDI) is not a new phenomenon in the world. Multinationals have been existing since the roman empire, so the phenomenon FDI can't really be that new to us. When looking at the history of FDI, the most important part of the development begins in the first half of the nineteenth century.

South-Turn

The beginning of foreign investment in America, lies in the first half of the nineteenth century, North America was doing well, the country was developing and growing quite fast. In this time, American companies were also looking to expand their business. A very important reason to expand business for American companies at that time was getting commodities. Therefore, a lot of companies started to open activities in South America. But it were not only the commodities that drove these companies to the south, there were also markets they wanted to enter. Mexico, Brazil and Argentina were interesting markets for a lot of companies.

North-turn

When the Southern American region was 'concurrent' by the North American companies, they started looking at Canada. Not because Canada had the most interesting possibilities in getting commodities, but because they wanted to enter the Canadian market. There were several good reasons for companies at time, to enter the Canadian market:

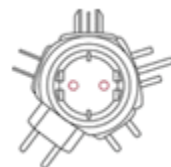
- Canada was close to North America;
- American people already had knowledge about the Canadian market;
- The Language and culture would not form any problem;
- Canada had a stable political situation.

European market

The American companies had expanded their business to the first, and most convenient places. Now it was time to go look beyond the borders of the American continent. The economy started to rise in the second half of the nineteenth century already, the most important reason for this rise has probably been the industrial revolution. But this industrial revolution didn't hit the whole world at this same time. The UK was a country which was very early in the cycle, and had a lot of profit of the industrial revolution. In other European countries the revolution didn't even begin until the end of the nineteenth century.

Still, in this time, American companies were not in Europe that much yet. This in because the industrial revolution only really started to change things in the first world war (1914-1918). After the first world war, the first American FDI in Europe were made. The most important sector in which American companies started to invest was machinery construction. The main focus of foreign investment was on heavy industry. In this time there were also some service-orientated companies (Bradstreet and New York Life Insurances), but they didn't have the amount of investments as the heavy industry did. After the first world war, the automotive was also a very important sector of FDI

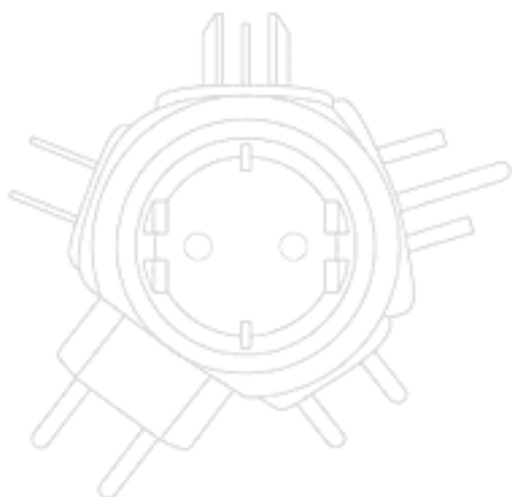
When the second world war (1940-1945) came, the FDI of American companies diminished. And after 1945, it took some time for the investments to start again. The European economy was not really strong at that time, and a lot of European countries were depending on foreign investment, to be able to develop their economy again. To help these European countries, the American Foreign minister George C. Marshall proposed the ERP (European Recovery Program), also known as the Marshall-Plans. Approved by 16 European states, this plan led to economic progression again in the fifties.

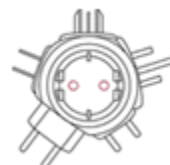


In the fifties and sixties, the European economy, and therefore also the FDI from America where growing. They continued to grow until the middle seventies. This time the oil crisis brought the decrease in economy and FDI. The amount FDI in the eighties was also effected by this. The intra-European investments began to be more and more important for European countries. The sectors in which investments where made, also started to change. The industry was not the most important sector anymore, trade and services started to be the biggest source of foreign investment.

When in the nineties the economy started to really bloom again, the FDI from America started to rise to. Especially with the dotcom bubble developing and rising. A lot of IT companies started to open offices in Europe. Again here, technology drove the foreign investments in Europe. The dotcom companies multiplied fast, and the foreign investments have made an enormous rise in this time.

The dotcom bubbly however didn't last as long as the effect of the industrial revolution did. After 2001, the dotcom bubble has burst. The economy went into a recession and the FDI went down.





15.3. Appendix 3 [Graphics of FDI]

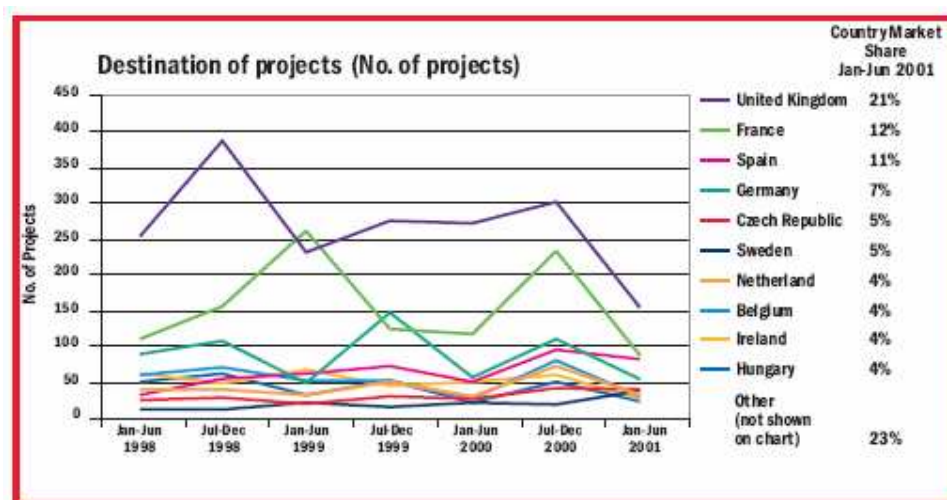


Figure 1

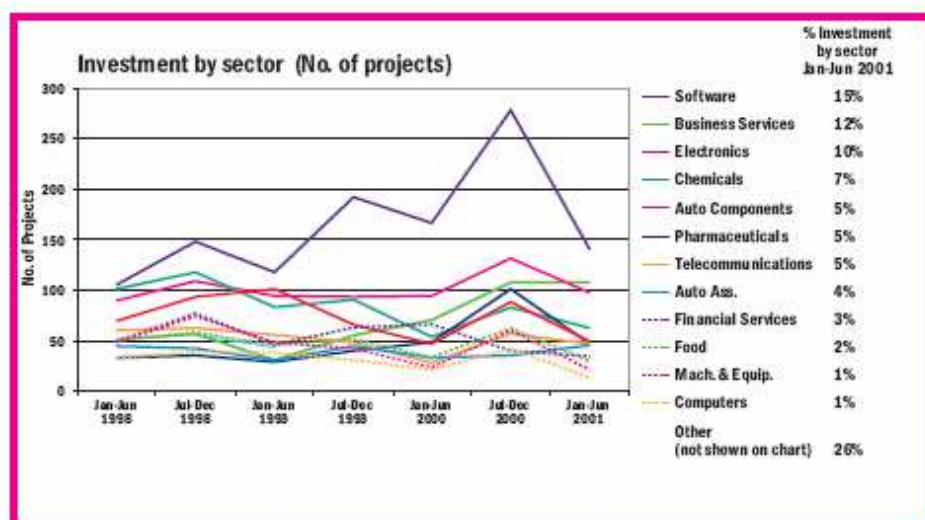
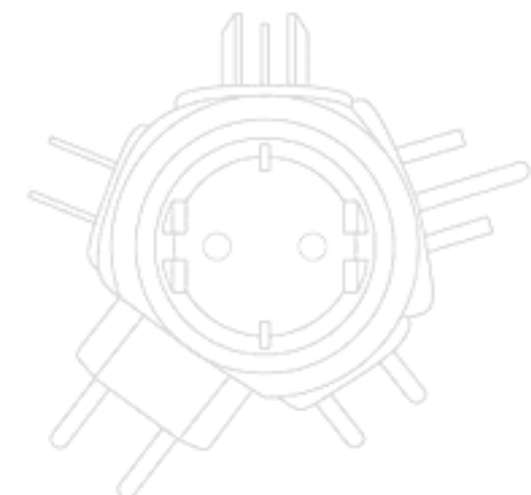


Figure 2



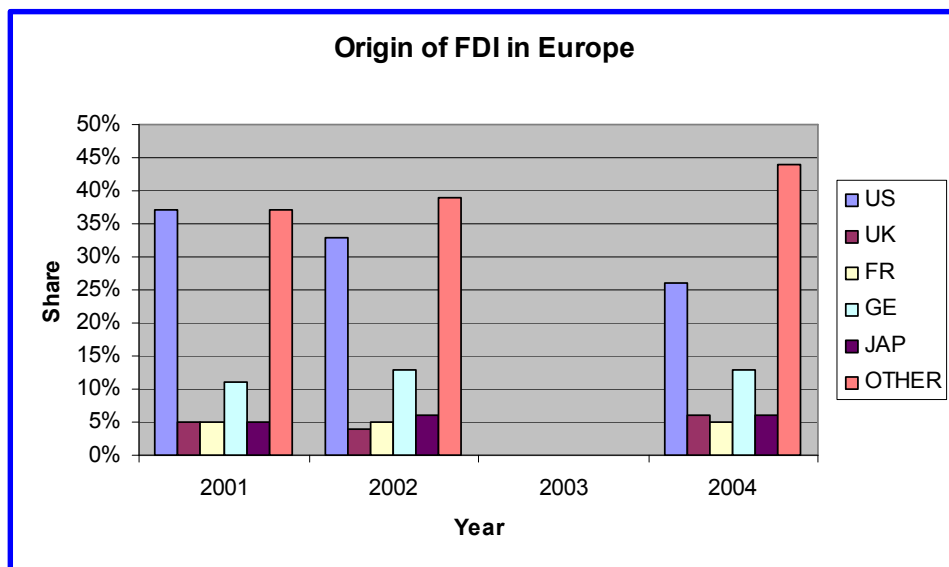
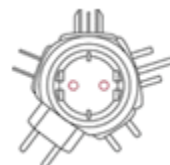


Figure 3

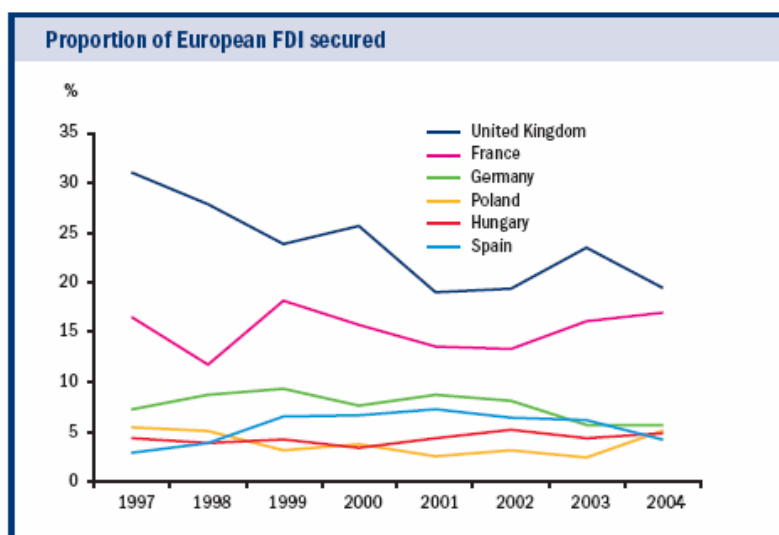
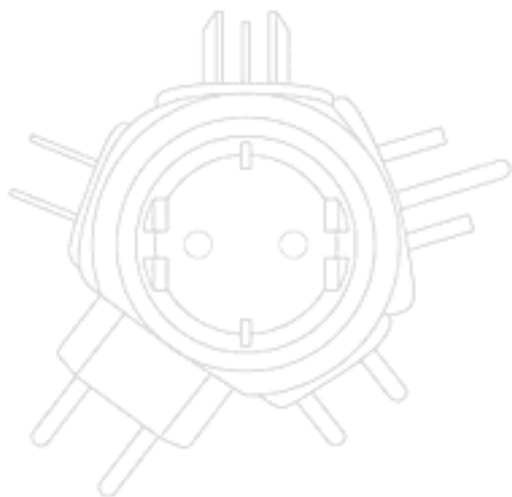


Figure 4



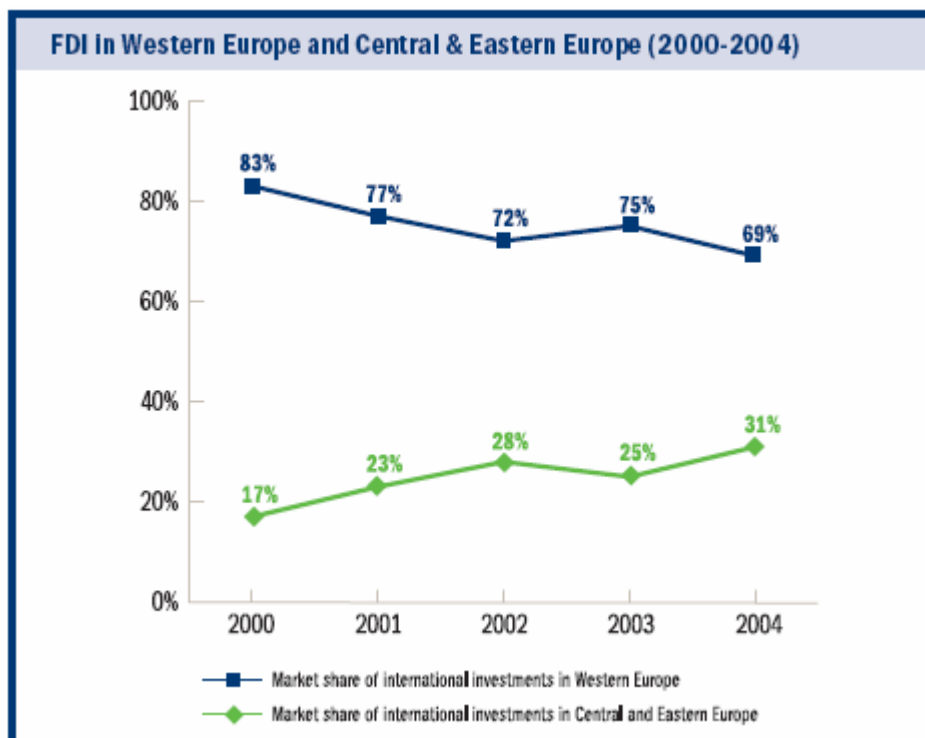
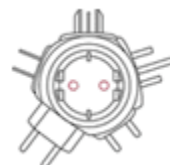


Figure 5

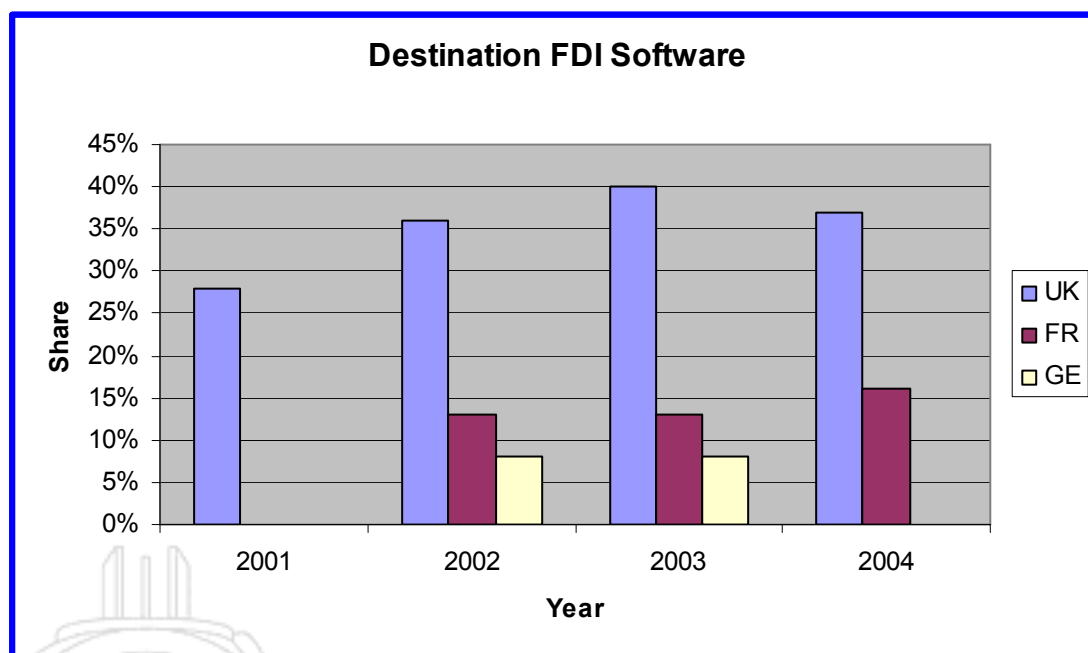
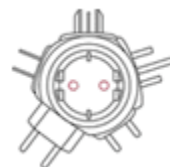


Figure 6



15.4. Appendix 4 [Trends in FDI]

15.4.1. [European Headquarters]^{lxiv}

A very important source of foreign investment are the European headquarters. A lot of companies set up a European headquarters, after they've been in Europe for a while and get the need for centralized activities. Especially the West European countries are interesting locations to open this EHQ. Most of the EHQ are established in the past decennia, this is because the past decennia has had a lot of foreign investments in general. The most EHQ come from American companies, in a research from Ernst and Young, in which seven west European countries^{lxv} were researched, it seemed that American companies are responsible for 79% of all EHQ's from 1997 until 2003. The most important location for these investments is the UK, and the most important sector of these investments is the software sector.

A new trend in the EHQ is relocation. Some companies are not satisfied with the situation of their EHQ at this moment, and move it to another location. Between January 2002 and March 2003, the UNCTAD^{lxvi} has counted 829 relocations of EHQ. When we look at the relocation numbers, we see that the country which is losing the most EHQ because of the relocation trend, is the UK. The UK has always been quite a popular place to establish for American companies. Though lately the trend of establishing in the UK is weakening. We can therefore also see this in the relocation of the EHQ. Of the total 98 researched companies, 23 did relocated between 1997 and 2003, of which eight were relocated in the same country, and fifteen were relocated to a new country. Five of these fifteen companies came from the UK and relocated there EHQ to The Netherlands or Germany.

The research of Ernst and Young has also looked at the location decision factors. The factors that makes a location attractive to establish in, were measured in the seven researched countries. The decision that a company has to make, where to establish a EHQ, has roughly the following criteria.

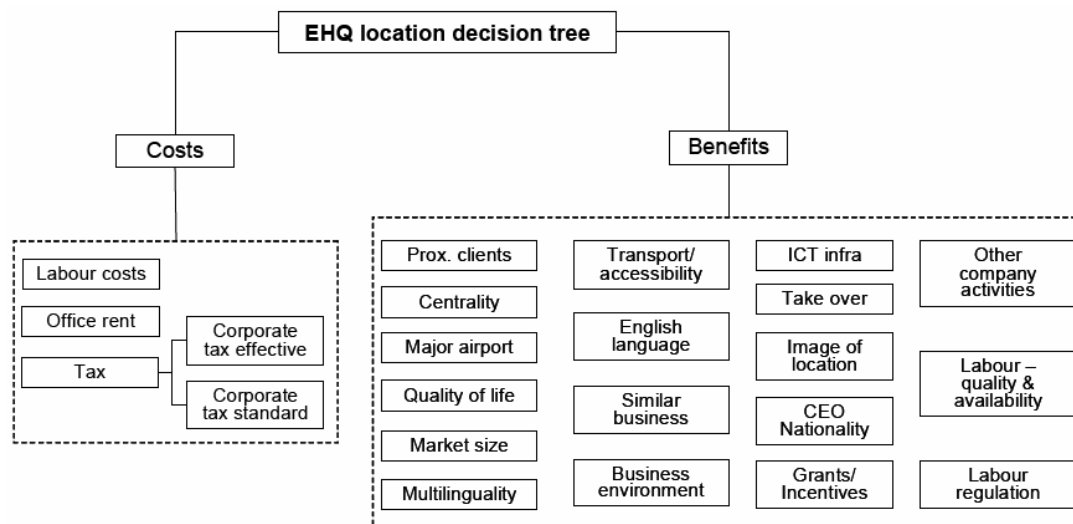
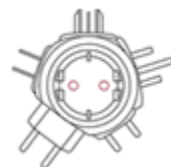


Figure 7 European Headquarters: location decisions and establishing sequential company activities, p.41, Ernst and Young 2005

Interesting is to see that this research has divided the aspects of this decision in costs and benefits for the company. When measuring these aspects in the different countries, the following order of attractiveness was the result:

- | | |
|--------------------|---------------|
| 1. Switzerland | 5. France |
| 2. The Netherlands | 6. the UK |
| 3. Germany | 7. Luxembourg |
| 4. Belgium | |



This order of attractiveness gives a view on the result of countries when looked at all aspects of the location decision tree. However, when we only look at this benefit side of the location decision tree, the order looks a bit different:

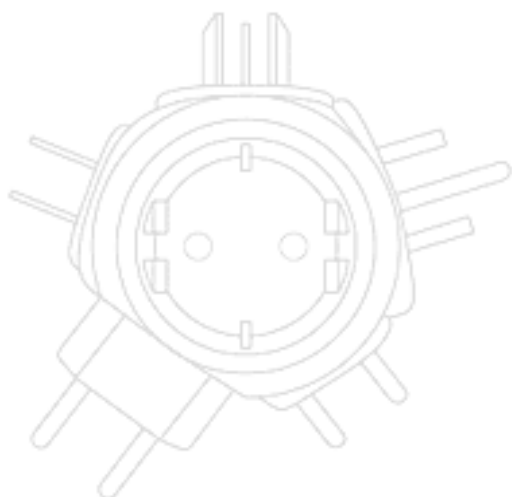
- | | |
|--------------------|---------------|
| 1. Switzerland | 4. France |
| 2. Germany | 6. The UK |
| 3. The Netherlands | 6. Luxembourg |
| 4. Belgium | |

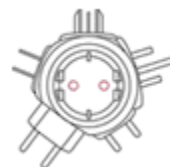
This doesn't really give a different view on the attractiveness of countries as the first order of attractiveness did. Only the Netherlands and Germany have switched places, and the last four countries have scores closer together. But when we look at the order of attractiveness from cost point of view, there will be one important change:

- | | |
|--------------------|---------------|
| 1. Switzerland | 5. Luxembourg |
| 2. The Netherlands | 6. France |
| 3. Belgium | 7. Germany |
| 4. the UK | |

As to see in this order of attractiveness, most of the countries stay quite on the same place as they were, not jumping more than one or two places, but when we look at Germany, we see a big change, from the second place to the last place. This means that Germany is a very attractive country from benefit point of view, but loses a lot of attractiveness when starting to look at the costs. This has especially to do with taxes and labour costs in Germany.

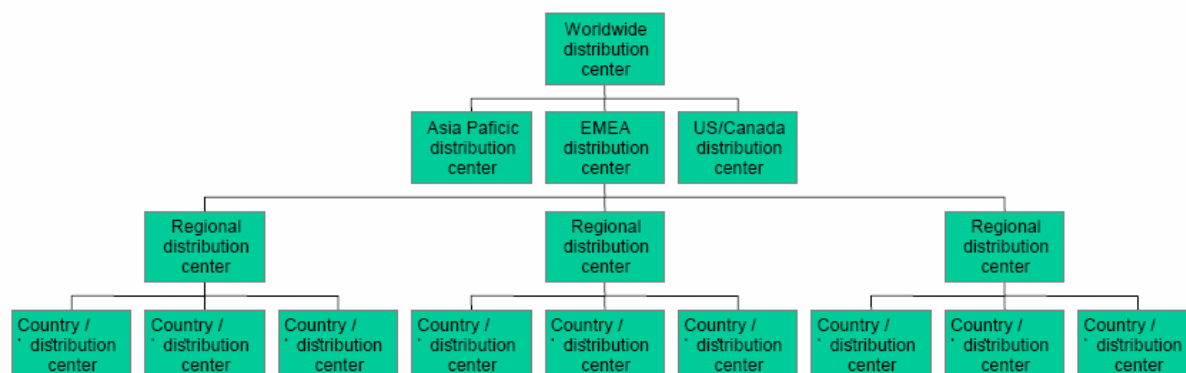
Another interesting fact is that the UK doesn't score very high. The UK is the most popular country to establish a headquarter, but doesn't score very high on the decision factors. Still a lot of American companies begin in the UK, the language and culture of the UK match very good with the American language and culture. Maybe the above mentioned score of the UK on the location factors, is eventually a reason for these companies to move their EHQ again.





15.4.2. [European distribution centre]^{lxvii}

European distribution centres are one very important form of foreign investments in Europe. EDC's (European Distribution Centres) bring a lot of jobs to the country where they establish. It's very interesting to see how international companies do their distribution. The distribution and logistics will look different for every companies, still the rough lines of distributing are the same for most of the companies. The model of a distribution looks like this:



Especially the EMEA distribution centre is very important. Companies who are not in the European market for along time already usually do not have this structure totally in own hands. A lot of times, companies outsource certain parts of the distribution process. The EMEA distribution centre however is mostly part of the company. Another important reason for this can be the law. Some products need to be adjusted to the European market, an EMEA distribution centre can have a production unit to make small changes to the products.

Trends in European distribution

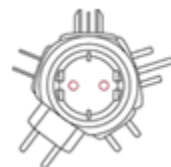
Since the coming of the EU (European Union), the trend in distribution has been centralization. The borders of Europe were no problem for distribution anymore, and the cooperation between countries was very good. A lot of companies therefore abandoned the concept of local distribution centres and opened a central European or EMEA distribution centre. Not only the companies have undertaken this change, also a lot of distributors started to see the need to distribute to whole Europe. To serve their clients better, the big distributors have been taking over other distributors. This was also possible because of the outsourcing trend in distribution. This centralization and outsourcing is also partly a consequence of the trend we see in PLC (Product Life Cycles), the PLC's are shortening. For a company, it became more and more interesting to outsource the distribution, the OEM's^{lxviii} trend was also important in this context. This centralization and outsourcing has led to consolidation in the market of distributors.

The epicentre of distribution in Europe has always been in the southern part of the UK, the Southern part of the Netherlands and the North-Eastern part of Belgium. However this epicentre is moving eastwards. So distribution activities that were done in the UK and Benelux are going to move to Germany. There are several important reasons for this change:

○ Expansion of the EU

The European Union is expanding, and countries in Eastern and Northern Europe are entering the EU. This means that the middle of Europe will be moved further to the East. The most important reason why also the distribution is moving to the East, is the rule in distribution, that a product should be able to reach the client in three days, counting from the EDC. The new countries of the EU are becoming interesting for companies to serve from the central EDC, but from the region of the UK, the Netherlands and Belgium, these countries are not reachable in three days. Germany however does have this possibility.

○ Closer alliances with Russia



Another thing that is very important, is the distribution to Russia. Russia is an upcoming market, and it's therefore important for a company to have good possibilities to distribute to this market. This doesn't only mean begin close to Russia, but it's also important that the country from which the distribution is done, has a good relationships with Russia. Politic instability could mean a potential threat to the distribution of a company.

O LKW Maut

Since January 2005, the Germany LKW Maut (a German toll system for heavy weight vehicles) has changed. From the beginning of 2005, it became more expensive for foreign distributors, to distribute through Germany, and for the German speaking countries, the LKW Maut less expensive. This means that for companies who are establishing a EDC, it became even more interesting to do this in Germany.

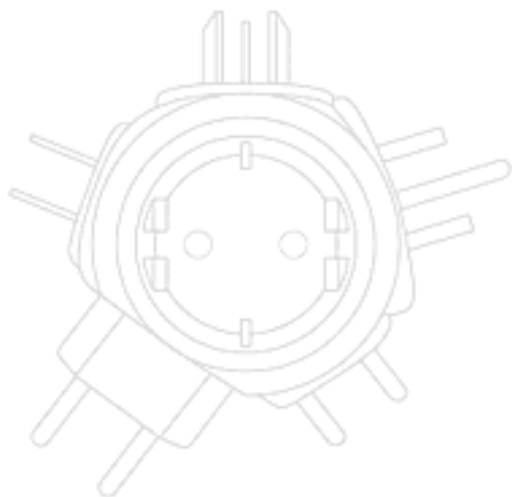
O Betuwelijn

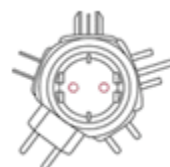
Since 1996, the Netherlands is building the "Betuwelijn", this is a railway from Rotterdam harbour, to "Zevenaar", a village in the west of the Netherlands, where it crosses the border to Germany. The most important reason for building this railroad was to reduce traffic on the Dutch highways. This "Betuwelijn" will probably also have a strong effect on the distribution in Europe. Because a EDC can be build in Germany and reached through this railroad. A company will therefore not have to depend on the distributors who work via the highway anymore.

Two tiered structure

Since the EU is expanding, the trend of centralization has turned around again. A central EDC is not capable of delivering to all EU countries in three days anymore. Therefore many companies are now looking to work with a two tiered distribution structure. In this structure, companies have a EDC (or an EMEA distribution centre) and from this place, the products will be distributed to a second line distribution centres. These will not be stationed in every country, as the structure used to be, but they will cover a certain region, in which they will be able to deliver in three days. A possible way to cover Europe would therefore be to open second line distribution centres in:

- O** Northern Europe
- O** UK / Ireland
- O** Southern Europe
- O** Eastern Europe
- O** Italy / Greece





15.5. Appendix 5 [Graphics WFA]

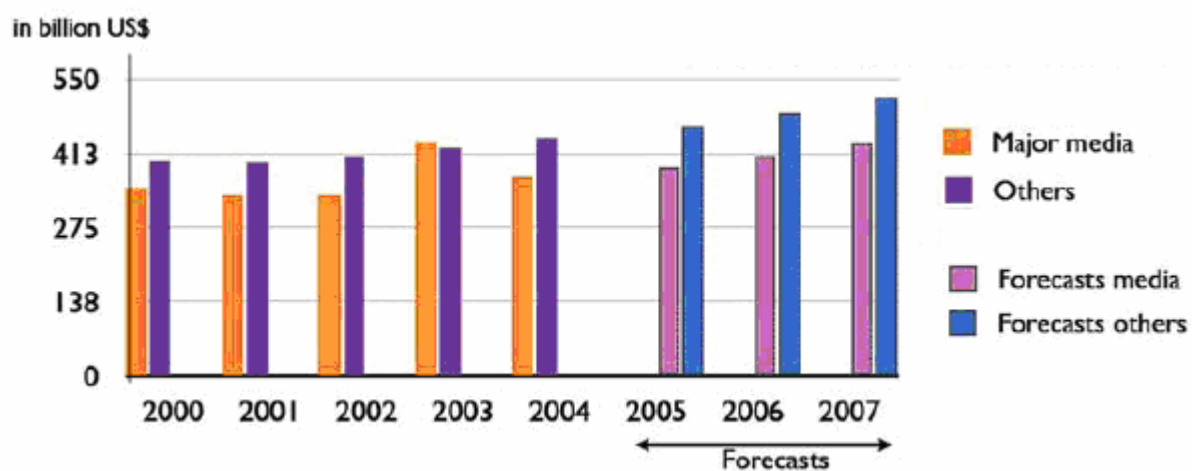


Figure 8

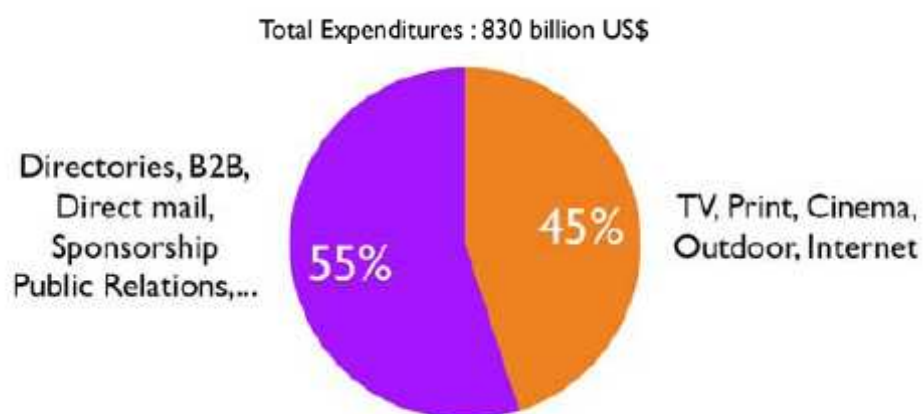
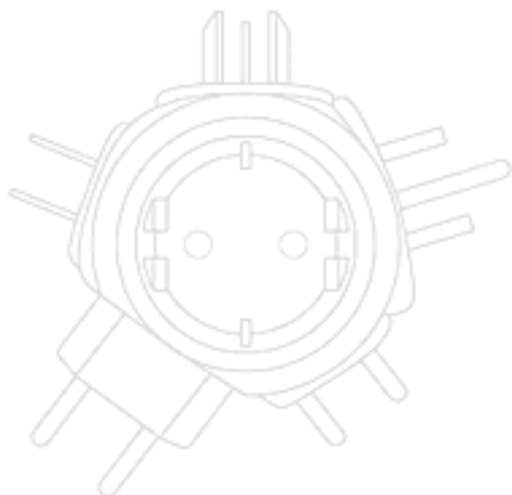
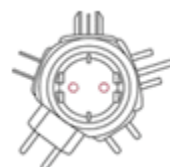


Figure 9





Split by media

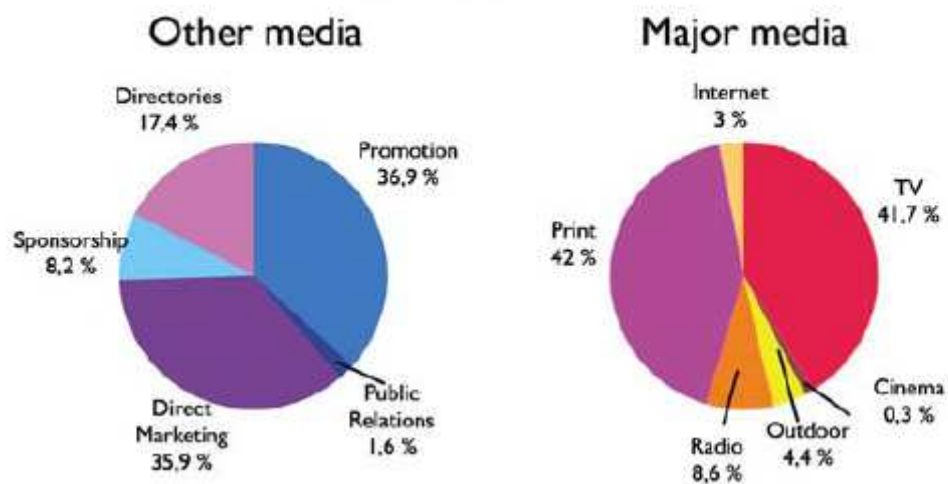
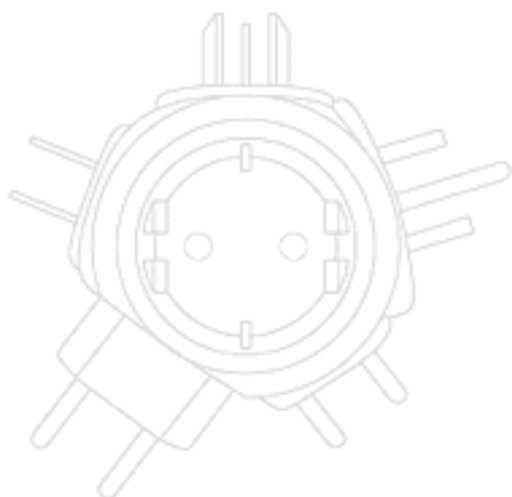
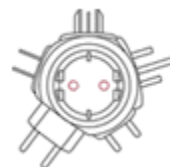


Figure 10





15.6. Appendix 6 [Business in America]^{1xix}

America is the third biggest country in the world, both in size as in population. The country has therefore gotten some different climates and subcultures. However, the cultural differences between the 50 states of America, do not differ as much as they do between the 54 European states. The European states all have a different language and culture. The differences in the American states lie more in dialects and subcultures.

The Southern American people for example are known for their hospitality, while the Western American people are more casual and more characterized by the word 'informal', then they would be associated with hospitality. The Eastern American people are even known as formal and sometimes even conservative people.

The most characterising aspects of the American culture are:

○ American dream

The American dream is a concept that is known worldwide. The concept is best described as the idea that every individual can succeed and prosper financially, by working hard. This American dream is still an important drive for a lot of American people, and also attracts people from all over the world to America however. The idea of becoming rich, just by working hard, is not always true anymore, it becomes a reality for some and a myth for others, contributing to a widening spread between the rich and poor in the US.

○ Long working days

A logical consequence of the American dream is the drive of American people to make long working days. Being at the office in the evening means that you are a hard worker and have passion for your organisation.

○ Land of immigrants / melting pot / colourful mosaic

America is founded by an immigrant population, still America promotes itself as the free country of opportunities. Therefore America still attracts a lot of immigrants. America as the melting pot, now more preferred as the colourful mosaic, approaches this diversity in a positive way, but the country does still have some issues with regard to this diversity. This includes issues such as largely segregated ethnic neighbourhoods, race relation issues and limited access to education.

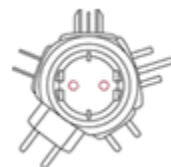
○ Only speaking English

America is a very big country, and all the American people speak English. It's therefore not as necessary for Americans to learn a second language, because the only use for a second language would be when having contact with Southern America (Spanish), or when having contact with certain areas in Canada (French). Since most people are not in this position, the average linguistic skills of the American people are not very extensive.

Nine-eleven and the war against terrorism

The terrorist attack on America at September 11 2001, the worst attack on America since Pearl Harbour, has had quite an impact on the American way of life. Fear is a emotion that can really change people a lot. People are staying in more, spend less money and are constantly on their guards for terrorists. Therefore, the event has had a big impact on the American economy.

Not only the decrease in consumer expenses is an important source of the recession, the law has also been a very important factor. The event of 9/11 brought a whole new line of laws, the freedom which has always been the Americans pride, and which made America such a big economy, is now going to be limited by necessary laws.



15.7. Appendix 7 [Books]

15.7.1. [Cultures and Organizations: Software of the Mind]

This book is written by Geert Hofstede and Gert Jan Hofstede, respectively Dutch Emeritus Professor and a Associate Professor. These two professors are specialised in cultural anthropology^{xx}. The effects of cultural differences in organisations are a central subject in their research.

There definition of culture is:

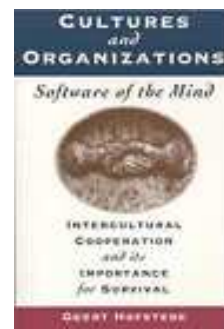
"A collective mental programming which separates members of one group or category from another."

In this definition, 'group' is defined as:

"A certain amount of people who have contact with each other."

In this definition, 'category' is defined as:

"People who have something in common, without necessarily having had contact with each other."



Multinationals and culture

Like mentioned before, multinationals are not really a new phenomenon in the world. They already existed 2000 years before Christ. The Assyrians, Phoenicians, Greeks and Romans all had their own form of globalizing business.

In the cultural anthropology, in the first half of the twentieth century, the realisation came that all cultures have the same fundamental problems, only the solutions for these problems differ. Hofstede and Hofstede have defined the four central problems with which all cultures get to cope:

- The relation between employee and superior;
- The relation of an individual with it's environment;
- The relation between men and women;
- The way of coping with emotions and uncertainty.

These four core problems have resulted in four dimensions of culture, these dimensions are used to define different cultures:

- Power distance;
- Individualism;
- Masculinity;
- Uncertainty avoiding.

Later, on the hand of the results of the Chinese Value Survey, a fifth dimension was added:

- Long-term orientation.

Power Distance

Power distance is the extend in which less powerful members of institutions or organisations in a country expect and accept that power is divided unequally.

Power distance is the part of culture that makes the Germans say 'Sie' (formal) to their superior, and makes the Dutch say "Jij" (informal) to their superior. The relation between a boss and his employees is determined by this fact, but it doesn't only have effect of the interrelation between people in the office, children at home and at school also show this



power distance. The respect for a teacher and the respect for parents for example. In procedures this fact is also noticeable, in schools in a culture with a high power distance for example, the teacher takes all the initiatives, the teachers are gurus who transfer their personal knowledge. In organisations, centralization is popular, the differences in income are big and there is a lot of hierarchy and control in organisations.

Cultures which do not have a high power distance, are more focussed on the equality of people. Social relations between people ask for flexibility and superiors are treated in the same way as any other. Unlike the cultures with high power distance, the children in this culture are not responsible for taking care of their parents when they are at old age. In school, the teachers expect initiatives of their students. So the quality of education is also partly depending on the student.

Individualism

A society is individual when the interrelation between people are loose, this means that everybody is only responsible for himself and his close family. A society is collectivistic when individuals are part of a solid group, which will provide him with protection in exchange for absolute loyalty.

A very interesting consequence of this individualism is noticeable in the words people in a certain culture use to describe themselves. English is for example the only language that writes the reference to itself (I) in capital. When translating the word 'I' to Chinese, a more collectivistic culture the closest thing we can find is the word 'ren'. This word refers to the individual, but is probably the best described as "myself among others".

In individual culture, relations between people are on voluntary basis, in cultures with a more collectivistic culture, relations between people are more determined by the family of which a person is part. The 'face' of the family is therefore also very important. Making a mistake which influences the reputation of the family, is a very big sin. Companies in this culture are also often family companies. In more individual cultures, mistakes would more likely lead to loss of self-respect.

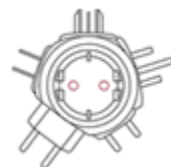
Individualism also effects the school situation, in collectivistic cultures, education has the goal of learning to do things, in individual cultures, education has the goal to learn how to learn new things. The children in individual cultures are allowed to choose different professions as their parents. Diplomas in collectivistic cultures are the key top groups with a higher status. In individualistic cultures, diplomas only have effect on self-respect, and on the economic value of a person in the role of employee.

Masculinity

A society is masculine when emotional sex-differences are clearly divided. Men are supposed to be assertive and focused on material success. Women have to be discrete, tender and especially focussed on quality of life. In a society which is feminine, emotional sex-differences have overlap. Both men and women are supposed to be discrete, tender and have a focus on quality of life.

In feminine cultures, the quality of life, and the relations between people are very important. Emotions are not taboo, both girls and boys are allowed to cry, and they are both not allowed to fight. In masculine cultures, the father handles all the facts, and the mother handles all the emotions in the family. In these cultures, boys play with each other to compete, girls play with each other, just to be together.

For the work situation, a quote of Karl Marx is very valid. The more masculine culture "lives to work", the feminine culture "works to live". In masculine cultures, a manager is supposed to always know the answer to questions that are asked, in feminine cultures, the manager is more a person who manages the structure in which specialists work. In feminine culture, people prefer to work for small companies and there are more women in business. People in these cultures



prefer time off above more money, rewarding is more based on equality. In masculine cultures, men are obligated to work on a their career, conflicts are mostly worked out by fighting and letting the strongest or best win. The companies in masculine cultures are better in production and bulk chemical.

Uncertainty avoiding

Uncertainty avoidance is the extent in which the carriers of a culture feel threatened when uncertain or unknown situations appear. This feeling is expressed in stress and the need for formal and informal rules.

People in cultures with a high uncertainty avoiding score, see uncertainty more as a threat that should constantly be fought. Stress and fear are much more present in these culture, therefore, expressing this by violence and emotion is normal. There are clear rules about what is taboo in these cultures. Also and the people have less children.

The cultures with less uncertainty avoidance, have less stress and are more open to unknown things. In personality tests, these people tend to score higher on 'friendly'. The family life is more relaxed in these cultures, and superego's are weaker.

Interesting is to see that people in cultures with high uncertainty avoidance, are less happy and are more worried about their health. On the other hand, people from cultures with low uncertainty avoidance, are more often victim of a hart attacks.

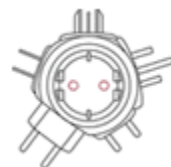
People in weaker uncertainty avoidance cultures have a shorter cycle of changing jobs, while people of stronger uncertainty avoidance cultures stay much longer with one employer. The people from a culture with a weaker uncertainty avoidance are also more focussed on making as little rules as possible, rules are giving a structure to life, but this structure should not be to complicated, and should leave enough space for people to be free. In these cultures, it's not the final decision that is important, it's the process of making the decision that really matters. There are less entrepreneurs in these cultures and being lazy is nice, working hard is only necessary when there is no other choice. People in more uncertainty avoidance cultures are more focussed on working hard, time is money and precision and formalisation are very important.

Long-term orientation

Long-term orientation is the aim for a reward in the future, especially achieved via persistence. The short-term orientation is focussed on morality and is aimed for the past and the present. Especially respect for tradition, the prevention of reputation loss, and the conformation to social expectations are important.

In short-term orientation, people are focussed on quick results and have a big social pressure on spending money. Social obligations and reputations are very important. The long-term orientated culture focuses more on being economical the available resources, have respect the circumstances of situations and aim for flexibility.

In short-term orientated cultures, people are looking for the truth, there are universal rules about what is wrong and what is right, there are also a lot of people in prison in these cultures. The way of thinking of a lot of people in this culture is structured. If A is true, B can not be true. The people from a more long-term orientated culture, think more synthetic, wrong and right are different for every situation. For people in these cultures, it's more acceptable if two people have a difference in opinion on a certain point.



15.7.2. *[Managing cultural differences]*

Managing cultural differences is a book written by Lisa Hoecklin. Hoeckline is an independent consultant, currently conducting postgraduate research in social and cultural anthropology at Oxford University. She completed an MBA at Washington University.

Globalizing

A very important note that Hoecklin makes in the first chapter of her book is about whether cultures are converging. A lot of people have the idea that the new media have the effect that cultures are growing towards each other. However the truth is that the more the world globalizes, the more important cultural differences get. The most important reason for this is that when people get involved with people from other cultures, they tend to cling more to their own culture.

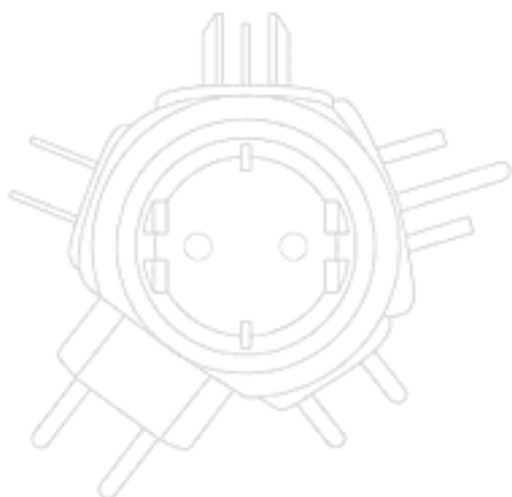


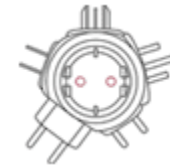
Management theories

Another very important note that Hoecklin makes in her book is about the usability of management theories for multinationals. Many management theories are made in America or West Europe., this means that they contain certain assumptions about science, technology and human behaviour. The management theories are therefore made from the perspective of a Anglo-Saxon culture. When applying these theories in non-Anglo-Saxon cultures, this can lead to problems.

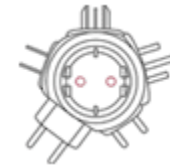
America and Europe

To give a view on the differences between America and Europe, Dr. George Simmons, author of the book "*Transcultural leadership*", created a chart that gives a good view on the most important differences between American and European culture.





American behaviour	Americans see own behaviour as	European see American behaviour as	European behaviour	Europeans see own behaviour as	Americans see European behaviour as
Trust more	Constructive	Naïve childishness	Trust less	Realism	Cynicism, nihilism
Make many friends	Friendly, open	Superficial, insincere	Have fewer close friends	Discretion, depth	Cold, distant
Smooth differences	Cooperative, democratic, practical	Lack conviction, depth	Dispute differences	Refining the truth through dialectic	Argumentative, implacable, irreconcilable
Collaborate easily	Others will join you if it is in their common interest. Common interests dominate, conspiracies are evil	Containing hidden agendas	Collaborate cautiously	Others will block you. Conflicting, territorial interests, conspiracies are normal	Distrustful of each other
Be optimistic and express optimism	Life is rich	Foolishness	Be cautious, express reservations	Resources limited	Pessimistic, masochistic
Seek opportunity	The right time is now	Aggressiveness	Act out of purpose	The right time will show itself	Out of touch
Mix business and pleasure	Life is a continuum	Never stop doing business, workaholics	Separate business and private life	Everything has its time and place	Compartmentalized, schizophrenic
Think out loud, brainstorm	The more ideas, the better the product or solution	Scatterbrained, undisciplined	Prepare what you say	Be accountable for your words	Cautious, guarded, lacking spontaneity
Behave spontaneously	Free, creative	Irresponsible, immature	Behave logically, rationally	Mature, responsible	Staid, stilted, repressed
Decentralize politics	People can solve their own problems	Chaotic, unreliable	Centralized politics	Controls and limits ensure everyone is cared for	Bureaucratic and dictatorial tendencies
Do it, theorize it later	Begin practical	Rationalization error prone	Theory before action	Doing it right	Impractical, idealists, action is often too late



American behaviour	Americans see own behaviour as	European see American behaviour as	European behaviour	Europeans see own behaviour as	Americans see European behaviour as
Create open information flow	Enabling the relationship	No substance	Guarded information flow, indirection	Enabling the relationship[Secretive
Take pride in accomplishment	You become someone through doing things	Petit bourgeois	Take pride in yourself and your group	Maintain dignity by living out your calling	Vanity without substance
Attack because of the result	Getting things done is what counts	Unprincipled, small-minded	Attack because of the process	Correctness and style are paramount	Uncommitted to results
Base authority and hierarchy on accomplishment	Positions exist while they are practical and functional	Poor judges of character	Accept hierarchy as based in the nature of things	Position is based on the kind of person	Autocratic, non-democratic
Avoid differentiating male and female roles	Trying to be more fair and egalitarian	Debasing both women and men	Differentiate male and female roles	Both men's and women's roles have their own prestige	Sexists, preserving outmoded traditions
Treat children as adults	Making choices helps them grow up	Children are loud and intrusive, delinquent	Discipline children	Discipline creates character	Severe, creates rebellion
Put freedom an initiative first	Respecting the individual	Socially irresponsible	Put duty and obedience first	Respecting the common good	Blind obedience, prone to dictatorship
Forgive mistakes	Trying what counts – you will get there	Over-reaching themselves, impostors	Avoid mistakes	Mistakes are often irreparable	Over-cautious, miss opportunities, CYA (covering your backside)
Consume	Being alive, moving, spirit filled	Wastefulness, quantity over quality, meaninglessness	Be frugal	Strive for quality, not quantity	Smallness, meanness, obsessed with things not people
Civil violence	Personal or moral failure	Lawless, undisciplined culture	Political violence	Conflict of group interest	Innate contentiousness and hatred for others



Coping with cultural differences

Nancy Adler has explored the issue of organizational structure and cultural assumptions. There are several ways for an organisation to cope with cultural differences. To lead international companies to the right management style, Adler has developed the model in figure 6.11.

	Multidomestic	International	Multinational	Transnational	
Dimensions:	No Impact; No dimension	Single unipolar dimension	Single bipolar dimension	Two unipolar dimensions	
High			↑	↑	Positive Impacts
Low	□	↓	↓	↓	No Impacts
High			↑	↑	Negative impacts
Impacts:	Cultural diversity has no impact on the organization	Cultural diversity causes only problems for the organization	Cultural diversity can either cause problems or lead to benefits for the organization	Cultural diversity can simultaneously cause problems and lead to benefits for the organization	

Figure 11 A model of cultural assumptions and organizational structures. (Source: Adler, 1983)

Multidomestic

The assumption that is made by multidomestic organisations, is that culture has no impact. These companies usually have subsidiaries working very independent. The management of these organizations has often recognized cultural differences, but has not the idea that it can cause them problems or lead them to benefits. The subsidiaries of these organisations often work independent and there is not much structured interaction between them.

International

International organizations aim for homogeneity and centralization. The management of these organisations thinks there is only one right way to manage, and that's the way the whole organisation should be managed. Cultural differences are recognized by the management, but perceived as potential sources of problems.

Multinational

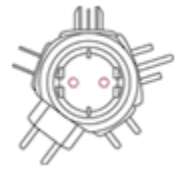
Multinational organisations recognise the importance of cultural differences, and know that they can lead to problems, but also have the possibility to lead to benefits for the organisation. Cultural interaction however is still not used to benefit the organisation. The management sees the management cultural differences in the context of coexistence. All cultures of the organisation should be able to work together in a balanced environment.

Transnational

In a transnational, the management has the goal to find a way to make the organisation benefit from cultural differences. Mostly, there is a whole system of cultural interaction, especially focussing on raising the level of sophistication in the organisation.

Advertising across cultures

Marketing across cultures is a complex process of balancing resources and effectiveness between building product strength and identity on the one hand and increasing geographical coverage on the other. Culture plays a very important role in striking the right balance.



But to do global advertising, there first needs to be a global product. So the question rises, do global products exist. In this context it's not the most important thing to see whether products are used around the globe, but to consider why those products are used, and what meaning they have to consumers in different countries.

The products that seem the most successful on the international market, are on the one hand high end products, and on the other hand low end products. High end products are exclusive luxury products like Chandon champagne, Porsche cars and the financial times. Low end products are products like Coca Cola, McDonalds, Levi's jeans and ice-cream bars. Low end does not mean low quality, it means that the products are mostly targeted at young people, are impulse purchases and/or novel products for which there are no pre-existing expectations yet.

So not all products are suitable to globalize, there are only a few products that are truly high end or low end, most of the products have a positioning somewhere in between.

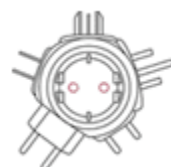
When it comes to advertising for these products, the different cultures have a different preference with regard to advertising. The Germans for example like factual and rational advertising, they do not like an advertisement to have a 'hidden persuader'. The French advertisements on the other hand avoid this factual approach, the French people like emotional, dramatic and symbolic advertisements. Spots in France can be seen as cultural events and reviewed as if they were literature or films. The British have also not got the factual approach, they prefer a good laugh above all.

The mentioned examples hit the main difficulty of international advertising, consumers have different needs. Consumers have different needs towards advertising, and they can have different needs towards products. Translating this to a model, the possibilities of international advertising would look like this.

Message	Local adaptation	'Glocal' advertising Quadrant 2 (Q2)	Local concepts and messages Quadrant 3 (Q3)
	Standardisation	Global concepts and messages Quadrant 1 (Q1)	Quadrant 4 (Q4)
		Same	Different
		Product concept	

In this context, quadrant 1 is probably the most attractive one for companies. It saves marketing costs on both the side of the product as the advertising. However, like mentioned before, there are only a few products that can take this strategy. A second and more achievable strategy lies in quadrant 2, 'Glocal' advertising means adapting the message for different cultures. This form of advertising is more expensive but more effective. When a company really gets to cope with big cultural differences, it might be necessary to also adjust the product. When products are adjusted for other cultures, the advertising is often also adjusted, this will of course depend on the extend of adaption, when only changing small ingredients, advertising might still be able to be done standardized, but this seldom occurs. Usually, when products are adjusted, the message of advertising is also adjusted.



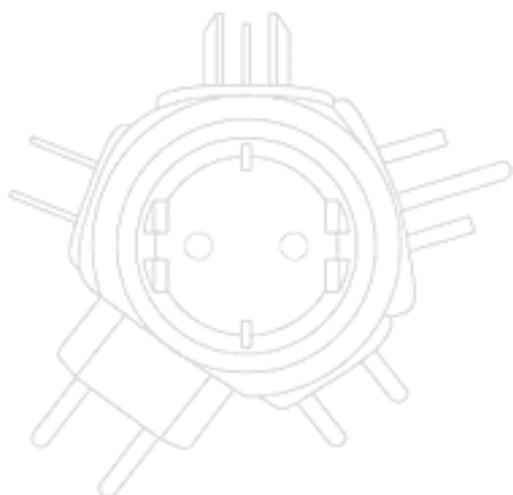


15.8. Appendix 8 [Small Business]

SBA has established a size standard for most industries in the economy. The most common size standards are as follow:

- 500 employees for most manufacturing and mining industries;
- 100 employees for all wholesale trade industries;
- \$6 million annual revenue for most retail and service industries;
- \$28.5 million annual revenue for most general & heavy construction industries;
- \$12 million annual revenue for all special trade contractors;
- \$0.75 million annual revenue for most agricultural industries;

About one-fourth of the industries have a size standard that is different from these levels. They vary from \$0.75 million to \$28.5 million for size standards based on average annual revenues and from 100 to 1500 employees for size standards based on number of employees. Several SBA programs have either alternative or unique size standards.





15.9. Appendix 9 [Interviewquestions]

15.9.1. [American companies]

Interview «company_name»

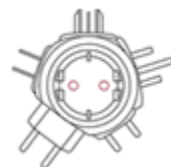
Introduction

- Could you give me a short description of the history of «company_name» in both America and Europe?
- Could you give me a short description of your company's most important products/services in America and Europe?
- Can you tell me about the function that this European company has in the total of the worldwide organization of which it's a part at this moment? (for example, manufacturer, distribution, trade, R&D, marketing, sales)
- Does this company work with sales agents?
- What is your function in this company?

- What is the target audience of this company in America and in Europe at this moment?
- How is the situation of this market here in Europe at this moment? Is it a cost orientated market, a customer orientated market or a competitor orientated market? How is this in America?
- Do companies which operate in this market, currently make profit? How is this in America?
- How does this company stand in compare to its competitors in this / these market(s) at the moment?

European market

- When did «company_name» enter the European market?
- What were the most important reasons for «company_name» to enter the European market?
- What were the goals for «company_name» when entering the European market?
- How much time did it take to enter the European market, from the orientation until the time that this European company was fully operational?
- Can you describe me the process that «company_name» went through entering the European market? Which different steps does this process have?
- At what moment, referring to the different steps in the process of entering the European market, when did «company_name» take the next step?
- How long did it take before «company_name» made profit?
- Has «company_name» used the services of government organisations for foreign investment?



Distribution

- ☐ What role does distribution play in the previously mentioned steps of entering the European market?
- ☐ What difficulties with regard to distribution did «company_name» run into, and how did «company_name» cope with these difficulties?
- ☐ If this company would go through these steps again, would there be things you would approach differently with regard to distribution?

Marketing and communication

- ☐ What role does marketing and communication play in the previously mentioned steps of entering the European market?
- ☐ What difficulties with regard to distribution did «company_name» run into, and how did «company_name» cope with these difficulties?
- ☐ If this company would go through these steps again, would there be things you would approach differently with regard to distribution?

Culture

- ☐ What role did cultural differences play in the previously mentioned steps of entering the European market?
- ☐ Did this company maintain its American culture, or did this company adapt to the European market?
- ☐ Does «company_name» use the marketing strategy of its endorser or is the marketing strategy adapted to the European market?
- ☐ What influence does your American endorser have on the marketing in Europe?

Decision making unit

- ☐ Which person(s) make(s) the decision to enter the European market?
- ☐ Which person(s) is / are responsible for the marketing and communication for the European market?

International marketing and communication agencies

- ☐ To what extent does this company make use of the services of (international) marketing and communication agencies?
- ☐ For what kind of services does this organisation make use of the marketing and communication agencies?
- ☐ What demands does this organisation have towards marketing and communication agencies?

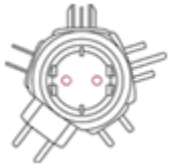
Communication

- ☐ On what way do you prefer to be approached by marketing and communication agencies?
- ☐ What can marketing and communication agencies improve on there current communication?

Research

When there are certain sources or relations you know that might be interesting for my research, they would me more than welcome.

Thank you very much for you valuable contribution to my research!



Interview «company_name»

Introduction

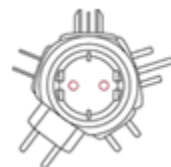
- Can you tell me about the central goals on which «company_name» is build?
- Could you give me a description of this organisation's activities at this moment?
- What is your function in this organisation?
- For what kind of companies does «company_name» work?

Entering the European market

- Besides companies which «company_name» helps, what other companies enter the European market?
- Why do these companies (including the companies this organisation helps) enter the European market?
- What process do companies who enter the European market walk through, from first orientation until the moment of a fully operational established European company?
- Out of which different phases does this process exist?
- How much time does it take a company to go through these different phases?
- At what point does a company leave a certain phase and enters the next phase?
- How do the methods of distribution look in the different phases of the process of entering the European market?
- What problems / difficulties with regard to methods of distribution do companies run into while entering the European market?
- How do companies cope with these problems / difficulties?
- How do marketing and communication play a role in the different phases of the process of entering the European market?
- What problems / difficulties with regard to marketing and communication do companies run into while entering the European market?
- How do companies cope with these problems / difficulties?
- What other important organisational functions (such as management of employees) play an important role in the process of entering the European market?
- What problems / difficulties with regard to these other organisational functions, mentioned in the previous question, do companies run into while entering the European market?
- How do companies cope with these problems / difficulties?

Services

- To what extent does «company_name» help / advise American companies entering the European market, measured in the previous named phases, and why?
- How is the structure of this organisation (for example the different divisions) adjusted to the phases in which this organisation helps American companies with, when entering the European market?
- Does «company_name» have specific experts advising companies in a certain phase of entering the European market?



- ☐ Which other organisations exist in order to help / advise (American) companies entering the European market?
- ☐ To what extent do these organisations help / advise American companies entering the European market, measured in the previous named phases, and why?
- ☐ Are there certain phases in the process of entering the European market, where there is no help offered by government organisations, but where (American) companies, entering the European market, do have need for help? Do companies in this case go to commercial organisations for help / advice?

New projects

- ☐ How does «company_name» acquire new projects?
- ☐ How many companies enter the European market, yearly?
- ☐ Which branches represent the biggest amount in these companies entering the European market?
- ☐ For what kind of activities do companies establish in Europe?

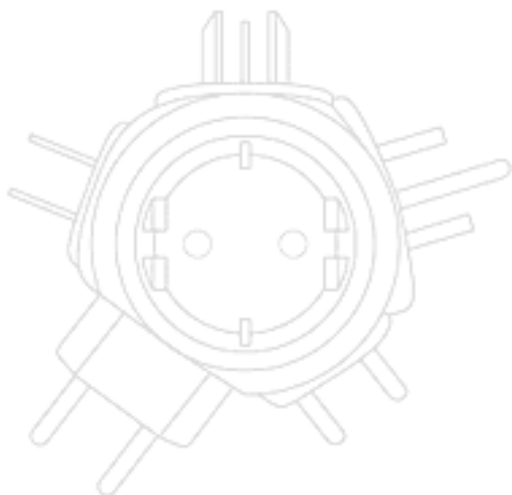
Trends / developments

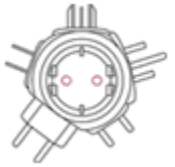
- ☐ Are there certain trends or developments in the process of (American) companies entering the European market, in the past five years?
- ☐ What effect do these trends / developments have on the process of entering the European market?
- ☐ How does «company_name» cope with these trends?

Research

When there are certain sources or relations you know that might be interesting for my research, they would me more than welcome.

Thank you very much for you valuable contribution to my research!





Interview «company_name»

Introduction

- Where has «company_name» first been established?
- What are the main activities of «company_name» at this moment?
- What is your function in this agency at this moment?
- For what kind of customers does «company_name» currently work?

European market

- Does «company_name» also work for (American) companies who are / were entering the European market?
- Can you tell me about the process that these companies go through when entering the European market? Out of which steps does this process exist?
- In what steps of this process does «company_name» help companies entering the European market? Why these specific steps?
- Which services does «company_name» offer companies in these different steps of the process?
- What other need for marketing- and communication service do these companies have?

Customers

- What are the most important differences between national and international customers?
- What are the most important differences between American and European customers?

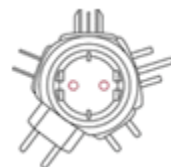
Marketing and communication

- What are the most important differences between the American marketing- and communication approach and the European marketing- and communication approach?
- When do American companies, entering the European market, choose the American marketing- and communication approach, and when do they choose the European marketing- and communication approach?

International marketing- and communication agencies

- What different sort of international marketing- and communication agencies exist? (For example the network of agencies and the central agency)?
- What is the size of the market for international marketing- and communication agencies, measured in assignments?
- How intense is the competition in this market?
- What is the competitive advantage (USP) of «company_name»?
- How attractive is this market for new agencies to enter?
- Can you tell me what trends / developments this market has shown in the past five years? And what are the expectations for the future five years?
- What influence do these trends / developments have on the market, and on Leo Burnet?

Communication

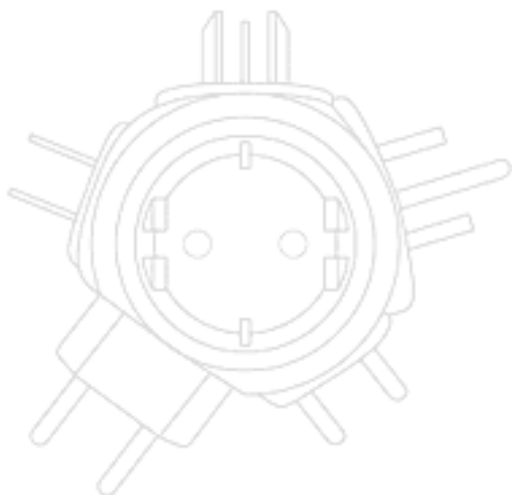


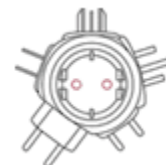
- ☐ How does «company_name» communicate to its potential customers?
- ☐ Where does «company_name» get its leads?
- ☐ What does the DMU (decision making unit) of this agencies potential customers look like?
- ☐ How many of the international companies (or American companies entering the European market) make use of the services of an international marketing- and communication agency?

Research

When there are certain sources or relations you know that might be interesting for my research, they would me more than welcome.

Thank you very much for you valuable contribution to my research!

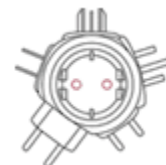




15.10. Appendix 10 [Respondents]

15.10.1. [American companies]

company name	contact	e-mail	date	type of respondent	sector	country	agency
Airgo Networks	Mrs. P. Metz	metz@airgonetworks.com	7-Mar	American company	IT	The Netherlands	No
Anonym	Anonym	Anonym	7-Apr	American company	Finance	The Netherlands	No
Dawn Foods	Mr. A. Schijns	aschijns@dawnfoods.com	22-Mar	American company	Food	The Netherlands	Yes
Dermagenics	Mr. G. Maazen	geertjos@dermagenics.net	28-Mar	American company	Medical	The Netherlands	No
Dothill	Mr. W. Schenk	wolfgang@dothill.com	5-May	American company	IT	Germany	No
Excelergy	Mr. T. Kramers	theo.kramers@chello.nl	3-Mar	American company	IT	The Netherlands	No
Focus Frame	Mr. A. Visser	albert.visser@focusframe.com	30-Mar	American company	IT	The Netherlands	No
GCX	Mr. B. Cohen	bcohen@gcx.com	3-Mar	American company	Medical	The Netherlands	Yes
Google	Mr. S. Keuchel	skeuchel@google.com	12-May	American company	IT	Germany	No/PR
Greenberg Traurig	Mrs. J. Roelofs	roelofs@eu.gtllaw.com	15-Mar	American company	Legal	The Netherlands	No
IEX Europe	Mr. J. Gerris	j.gerris@iex.com	29-Mar	American company	IT	The Netherlands	Yes
Level 3 Communications	Mr. H. Goetsch	herbert.goetsch@level3.com	2-May	American company	IT	Germany	Yes
Manhattan Associates	Mr. J. van Wendel	ivanwendel@manh.com	14-Mar	American company	IT	The Netherlands	No
MapInfo	Mr. G. Kleijer	gert.kleijer@mapinfo.com	4-Apr	American company	IT	The Netherlands	Yes
NetManage	Mr. R. Tierhold	robert.tierhold@t-online.de	15-May	American company	IT	Germany	No
SEL	Mr. A. Goossens	alfons_goossens@selinc.com	6-Mar	American company	IT	The Netherlands	No
Solectron	Mr. S. de Bont	stefdebont@solectron.com	13-Mar	American company	IT	The Netherlands	No
Wyse	Mr. Von Heslien	cvhoisslin@wyse.com	10-May	American company	IT	Germany	Yes

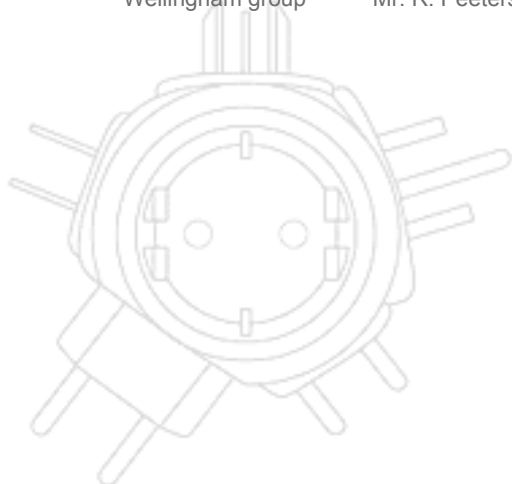


15.10.2. [Government organisations]

company name	contact	e-mail	date
de NFIA	Dhr. M. Zegel	m.zegel@minez.nl	15-Mar
Hessen Agentur	Mr. S. Schäffer	Sascha.Schaefer@hessen-agentur.de	2-May
the AmCham	Dhr. S. Paul	simon.paul@amcham.nl	2-Mar
the AmCham	Dr. D.Müller	dmueller@amcham.de	15-May
the WFIA	Mrs. A. Morgen	a.morgen@wfia.nl	2-Mar

15.10.3. [International agencies]

company name	contact	e-mail	date	type of respondent
DDB	Mr. D. van Aalst	dennis.van.aalst@ddbamsterdam.nl	11-Apr	International agency
Hunterskil Howard	Mr. C. van der Sanden	coen.van.der.sanden@hunterskil-howard.com	12-Apr	International agency
JWT	Mr. M. Giatas	michael.giatas@jwt.com	16-May	International agency
Ogilvy	Mr. H. van Dijk	hank.van.dijk@ogilvy.com	30-Mar	International agency
Saatchi & Saatchi	Mr. O. Sickers	olaf.sickers@saatchi.de	16-May	International agency
TC-One	Mr. B. Pieters	bpieter@tc-one.com	31-Mar	International agency
Wellingham group	Mr. R. Peeters	r.peeters@wellinghamgroup.com	6-Apr	International agency





15.11. Appendix 11 [Selection criterion NFIA]

Selection criterion which the NFIA uses to qualify American companies who are ready to enter the European market.

European Presence

- ☐ Yes, also in the Netherland
- ☐ Yes, not in the Netherlands
- ☐ No

Size (turnover)

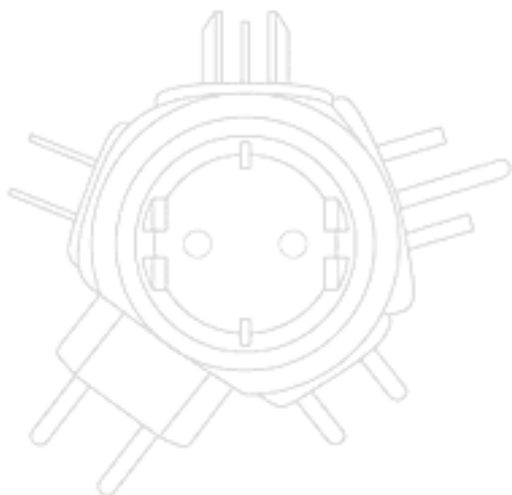
- ☐ < \$ 250 million
- ☐ > \$ 250 million

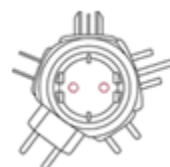
Type of product

Depending on the situation of a company, and of the world economy.

Companies which the NFIA approaches to potentially enter the European market are:

Companies who have no subsidiary in Europe, who have a turnover of more than \$ 250 million and who are growing.





15.12. Appendix 12 [SWOT]

Strengths

1. Very much experience on several fields;
2. Small flexible organisation;
3. Only seniors with specific specialization;
4. Local market knowledge;
5. Network of experts;
6. Experience in working together / Friends;
7. Low overhead;
8. Also experience in the America / partner in the America.

Weaknesses

1. Organisation is still young (processes not clear yet);
2. All agencies are very busy;
3. Virtual agency / no operational office.

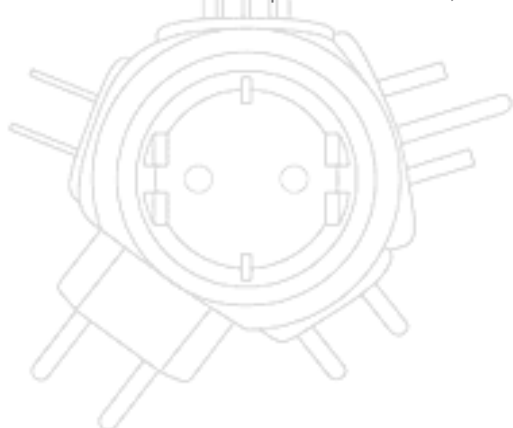
Opportunities

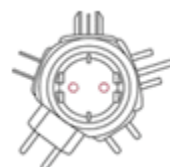
1. FDI are rising again;
2. Sales marketing is the first thing that is established in Europe;
3. Headquarters are relocating;
4. EDC are relocating;
5. Advertising expenditures are increasing;
6. Most of the advertising is in B2B (55%);
7. The economy is globalizing, cultures are not;
8. Anglo-Saxon management theories don't work in other cultures;
9. American people often only speak English;
10. Government organisations sometimes advice clients to external parties;
11. Most international agencies not for European greenfields;
12. Most companies are in B2B;

13. Most companies are small business companies;
14. Often an American employee comes over;
15. Expanding in Europe is difficult;
16. 1/3 of the companies I interviewed use a marketing agency;
17. Companies have trouble finding the right partners (distributor/reseller);
18. Decision making is cost orientated;
19. Americans work more with external parties;
20. Companies entering Europe, always hire a consultant;
21. Demand for midsize agency;
22. Knowledge about sales is important;
23. First profit than investment;
24. Cross border buying;
25. internet.

Threats

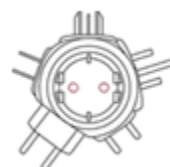
1. Companies more focussing on small markets;
2. America decreasing as FDI origin;
3. FDI more towards Eastern Europe;
4. There are only a few products suitable for centralized global communication;
5. Cautiousness/ low risk / low investment (9-11 and recession);
6. Marketing budgets are low;
7. Marketing/sales in other European countries often done by resellers/distributors;
8. Sometimes marketing is done from America;
9. Demand market knowledge;
10. Trend, entering the Spanish and Italian market.





15.13. Appendix 13 [SWOT-Matrix]

Opportunities		Strengths								Weaknesses		
		S1	S2	S3	S4	S5	S6	S7	S8	W1	W2	W3
	O1	+	0	0	+	0	0	0	+	0	0	0
	O2	0	0	0	+	0	0	0	0	0	0	0
	O3	0	0	+	+	+	0	0	0	0	0	0
	O4	0	0	+	+	+	0	0	0	0	0	0
	O5	0	0	0	+	0	0	+	0	0	+	0
	O6	0	0	++	0	+	0	0	0	0	0	0
	O7	++	0	++	++	+	++	0	0	0	0	0
	O8	+	0	+	+	+	0	0	+	0	+	0
	O9	0	+	0	0	0	0	0	+	0	0	0
	O10	+	0	+	+	+	0	+	+	++	++	+
	O11	0	0	0	0	++	0	+	+	+	0	0
	O12	0	0	+	0	0	0	0	0	0	0	0
	O13	0	+	0	0	0	0	+	0	+	0	+
	O14	0	0	0	++	+	0	0	+	0	0	0
	O15	+	0	+	++	+	++	0	0	0	+	0
	O16	0	+	+	+	0	0	0	0	0	0	0
	O17	+	0	+	+	+	+	0	0	0	+	0
	O18	0	++	0	0	0	0	++	0	0	0	0
	O19	0	+	+	0	0	0	+	+	0	0	0
	O20	++	+	++	++	++	+	+	+	0	+	0
	O21	0	++	++	0	0	0	++	0	0	0	+
	O22	+	0	++	+	+	+	0	0	0	0	0
	O24	0	0	0	0	0	0	+	0	0	0	0
	O25	0	0	0	0	+	0	0	0	0	0	0
	O26	0	0	0	0	0	0	0	0	0	0	0
Threats	T1	+	+	++	+	+	0	+	0	+	0	0
	T2	0	0	0	0	0	0	0	+	0	++	0
	T3	+	0	+	+	+	0	0	0	0	0	0
	T4	+	0	0	0	0	0	0	0	0	0	0
	T5	0	+	0	0	0	0	++	+	+	+	++
	T6	0	++	++	+	0	+	++	0	+	+	0
	T7	0	0	0	0	0	0	0	0	0	+	0
	T8	0	0	0	0	0	0	0	+	+	0	+
	T9	++	+	+	++	+	+	0	0	+	0	0
	T10	0	0	0	+	+	0	0	0	0	0	0



15.14. Appendix 14 [Minutes]

15.14.1. [American companies]

Minutes – Airgo Networks

To	Mrs. P. Metz Airgo Networks
Subject	Interview 7 March 2006
From	Ruud Verstraeten
Date	9 March 2006

About Airgo

Airgo Networks is a company which develops and produces wireless technology chips. These chips can be used in several products. Producers of wireless hubs and wireless receivers for example use the chips which Airgo produces. The market in which Airgo operates has a strong focus on R&D and B2B. Airgo has a several subsidiaries around the world to produce the chips. The development of the chips is done in America and the Netherlands. Then than chips will be produced in Taiwan, and tested in America and the Netherlands. The chips are distributed to the final users via producers of wireless technology equipment. At this moment, Airgo produces eight products and delivers these products to six big producers of wireless technology equipment.

Market

Airgo's subsidiary in the Netherlands is especially focused on research and development. Innovation is very important for companies in the market of Airgo. Two factors determine the new products and opportunities for Airgo. The first aspect is formed by the marketers of Airgo, who are not only commercially, but also technically smart people. The company has a very good sight on the market.

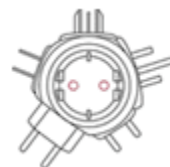
The second factor, who strongly affects the products of Airgo, and the development of the whole market, is the IEEE. A gathering of engineers who determine the standard technology for the next year. A standard (technology) is only approved in Europe when it uses an approved IEEE technology. This IEEE changes/updates every two or three years, important aspects in which the technologies evolve are speed, reach and amount of data that can be communicated.

The customers who buy the Airgo products are:

- Producers of wireless technology products;
- Producers of computers (especially notebooks);
- Internet providers.

These customers all work worldwide, therefore, the contact with these customers is coordinated from America. There are a few customers who don't work worldwide, these are mostly Japanese companies, and the contact with these companies is coordinated from Taiwan.

The competition on the market of Airgo is very intense, it's therefore important to always stay up to date about movements in the market. Especially the procedure which is used to approve an IEEE technology can be frustrating for a company in this market. The engineers which come together to approve a certain standard, are namely all engineers who are working for the competitor (or Airgo), and can therefore have influence on either or not approving a technology developed by Airgo.



European market

The choice of entering the European market was not a commercial choice for Airgo Networks. In the Netherlands and America, seven people already had the plan to begin a company on the field of research and development. These people began Airgo networks together. Offices were opened in both America and the Netherlands. One of these people is a Dutch doctor engineer who plays an important role in the development of the wireless technology sector. This wireless technology guru has started Airgo in the Netherlands.

Since Airgo sells its products only to the producers of wireless technology equipment, there is no need to do marketing in Europe.

The process of entering the European market has looked roughly like this for Airgo:

1. Coming to the Netherlands

The first step which Airgo took on the European market was the establishment of the Dutch company. The Dutch founder of Airgo played an important role in this establishment.

2. Choosing a location

For Airgo, it's important to have quick access to a big airport and a big city, though there is no need to be in a location in the middle of the city. The office first started above the garage of one of the founders of Airgo, when the company grew the need to hire a real office space came. Therefore Airgo chose Breukelen. They hire an office in Breukelen, which is not far from Amsterdam and has a good connection to the Airport Schiphol.

3. Creating the company

As time went by, the company grew. The need to hire employees came for Airgo, this formed a difficulty. The Dutch law in combination with the American company policy formed problems. Also legal aspects took a lot of time, American have a strong focus on arranging legal aspects very detailed.

External support

To get through this process, Airgo used the support of several external advisors. The help of a jurist for instance was very important, since American companies have the need to arrange all legal things very detailed and correct.

Airgo also used the support of some government organisations, organisations that are established especially to help foreign companies enter the Dutch market. The AmCham for instance helped Airgo, and is still actively supporting all the American companies by organising interesting seminars and workshops.

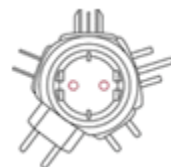
Missis Metz has experiences that American companies tend to be easier with regard to using external help in compare with European companies. This is because they want everything that is done, as good as possible, and they don't want anything keeping them off their core business. Especially when it comes to patents, it's important to make sure all the legal aspects are arranged for the full 100%. Because this intellectual property determines a big part of the turnover.

Culture

The American culture has a lot of similarities with the Dutch culture. The American people have a quite informal culture when it comes to business. In the American office of Airgo, nobody wears a tie. Business and private are often mixed. But of course there are always differences, as mentioned before, the approach of legal aspects is very different in America. Another difference is the way of dealing with authority, American people simply accept the decisions which are made by his superior, the Dutch first tend to argue the decision of the superior before they accept it.

Marketing agencies

When entering the European market, Airgo didn't use the support of an international marketing agency, or any other commercial advisors. There was no need to do so because there are no marketing activities done in Europe.

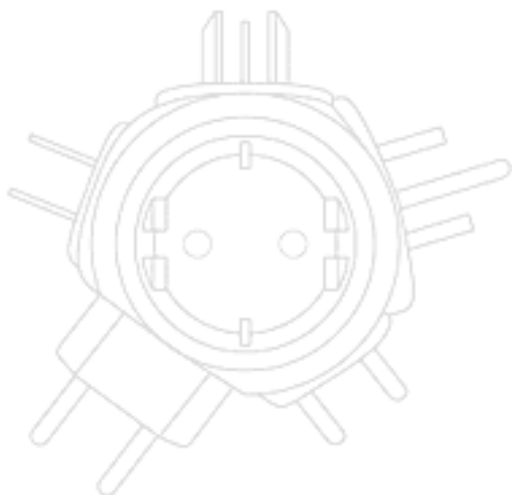


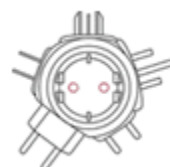
Future

At this moment Airgo has only 140 employees, a small company, but still the most innovative one. For the future, Missis Metz can therefore see two important scenarios. Airgo can grow further and become public, or Airgo can get acquired. Which one of these scenarios it will be, is going to be determined in the next three years. Of course, in this market it is not always possible to look very far in the future, technology can go through unexpected developments.

Other interesting sources

- SenterNovem
- The province of Utrecht
- *"Improving the R&D investment climate: Sharpening a double-edged sword"* a research of the Dutch Ministry of Economic affairs , Mr. Floris J.H. Lantzendörffer





Minutes – Dawn Foods

To	Mr. A. Schijns Dawn Foods
Subject	Minutes interview 22 March
From	Ruud Verstraeten
Date	23 March 2006

About Dawn Foods

Dawn Foods is a family company that is established in 1920 in America. At this moment, Dawn operates with 2500-3000 employees worldwide. Dawn is specialized in producing American bakery and ingredients/half fabricates of American bakery. American bakery includes donuts, muffins and American cookies. Dawn delivers these products to several customers. Companies like McDonalds and Bakkerij Bart are clients of Dawn, but the industrial bakeries are also very important clients of Dawn. To customers like McDonalds and Bakkerij Bart, Dawn delivers tailor-made products that can directly be sold to the consumers. The industrial bakeries buy the ingredients and half fabricates which Dawn produces, these industrial bakeries make their own products of Dawn's ingredients. The products that Dawn produces are positioned in the high quality segment, and are therefore more expensive than the competitor's products.

Mission and vision

Dawn is a company with a clear mission and vision. The role that these values play in the company is different from the way in which European companies use mission and vision. The European companies often have a mission and vision on paper, Dawn has a mission and vision in the organisation. And this means very literally, not only do all the employees of the company really live and work by these values. Every doorknob, paper, pen and even employee has the sign with the values of the company on it. All employees wear a button with the values of the company on it. This is not only because Dawn is an American company, but probably also because Dawn is a family company. This last thing is also very important for the company culture, it's so important that the company has signed an official publication, saying that the company will go public in the future 'x' years.

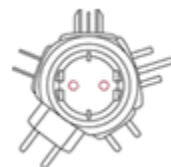
In Europe, Dawn hasn't only got a sales office, but the company also has a production-facility and a research and development centre. One of the things where Dawn believes in is the concept of 'think global, act local'. This doesn't mean that the products are adjusted very much. Dawn makes American bakery, so to keep the products as authentic as possible, the adjustments that are made, are only the necessary ones, forced by law. This means that ingredients of the products can differ a little from country to county. In this process, led by the European R&D centre, the goal is to keep the product as authentic as possible.

Entering the European market

The process of entering the European market, has roughly looked like this:

Selling products in Europe

The first step for Dawn in Europe was getting relations with European potential customers, and selling the products in Europe. The first customer in Europe was a company which was already a customer of Dawn in America, and who asked the company to also start working for them in Germany. In the beginning, this customer was served from America, every month, an employee of Dawn would fly to Europe to keep a good relation with this customer. After this first customer, the market share of Dawn has slowly expanded throughout Europe.



O Establishing in Europe

When the European market started to grow, the need for a better structural approach of this market was needed. It was difficult to do this from America, so the decision was made to set up an office in Europe. The first clients of Dawn were in Germany, still, the first office is not opened in Europe, but in the UK. An important reason for this location was the language and culture similarities.

O Continental Europe

The UK didn't turn out to be such a good establishment place as thought. Getting access to the European market was difficult from the UK. To really be successful in the continental European market, Dawn needed an office in continental Europe. The choice then came to establish an office in The Netherlands. The Dutch people are quite internationally orientated and speak more than one language. The Netherlands is also a political neutral country, this was important for Dawn. For the office in the Netherlands, some people were hired. The most important activities for these new employees were sales and marketing. So before starting, a SWOT-analysis is made, this has helped the organisation determine a strategy for the European market.

In this strategy it was important to choose either or not to aim for a small market. In America, Dawn made American bakery products, the most important question whether to make European bakery in Europe, or to sell American bakery in Europe. The decision has been to stay with the core business of the company, and to sell American bakery to the European market. Next to the choice for a certain product category, Dawn had to make the decision, which target audience to focus on. There are several potential target audiences for Dawn, from the bakery on the corner to the big industrial bakeries. In the Netherlands, Dawn has chosen to focus on the industrial market.

O Representatives

In times, Dawn also opened a production-facility in the Netherlands. This was important because the products of Dawn need some small adjustments for the European market. From the Netherlands, activities of representatives in other European countries like Germany, France and the Benelux are coordinated.

Difficulties

In entering the European market, Dawn ran into some difficulties. Especially language and cultural differences played an important role. The best thing to do is to open an office in every country, but this has to be profitable. That's why in the beginning, all activities were done by travelling throughout Europe from the Netherlands. If the sales in a certain country would reach a certain break-even point, it got interesting to open a local office.

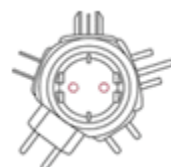
Agency

Dawn is a family company with a clear mission and vision. When it comes to marketing, the company itself does most things. And to a far extent, the marketing material from America can be used. Sometimes this material needs to be translated. Only some printing activities are outsourced. Even the marketing research is done by Dawn itself.

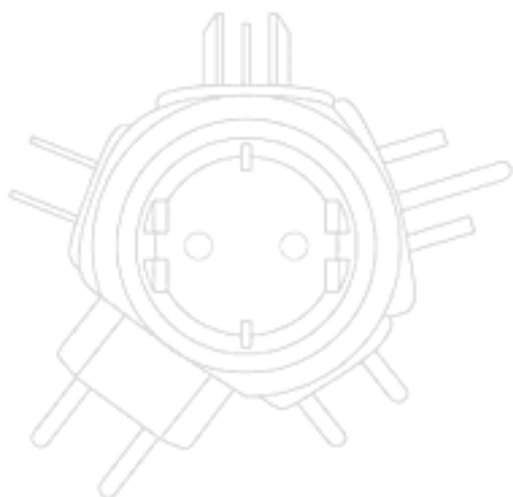
Brand

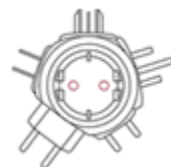
Operating in a market with big clients brings big risks. Because losing a client will mean losing a lot of money. For an organisation it's therefore not always convenient to have only a few, big clients. Not only the direct turnover of a specific client would be missed when the client goes to the competitor, but the costs of the tailor-made product would also form a financial problem. To decrease the risk of the company, Dawn has developed an own brand that is going to sell directly to the retail. For this brand, some research needed to be done, and there was also the need for marketing material for this new European brand. This research has been done by an external agency, and has been done in England, Germany and France. These are the countries in which Dawn will be in the stores in the near future. The needs which Dawn had towards this agency were:

- O** A reputation in the Food sector (preferably the bakery sector specific);



- Knowledge of the European market;
- Experience with consumer panels.





Minutes – Dermagenics

To	Mr. G.J. Maazen Dermagenics
Subject	Minutes 28 March
From	Ruud Verstraeten
Date	01 April 2006

About Dermagenics

Dermagenics is part of the American Greyston Medical Group, a company which is specialised on the development and sales of dermatological products for wound healing. The products which Dermagenics develops help healing wounds that close slowly. The two most important products of Dermagenics are Dermax and Melmax, respectively for chronicle and immediate wound healing. For the development of these products, Dermagenics works closely together with universities and research institutes. There are three kinds of people who need Dermagenics' products:

- People with diabetes;
- People with burns;
- People with rheumatism.

Entering the European market

The company Dermagenics is started by Mr. Maazen in 2002. At this time, the company Greystone was developing equal products in America. Mr. Maazen has then made the decision to help Greystone with the development of these products and set up Dermagenics for this in the Netherlands. The contribute of Dermagenics to the development of the products of Greystone has been quite big.

The process of entering the European market has roughly looked like this for Dermagenics:

○ Active in America

The activities that are now also undertaken in the Netherlands have begun in America under the name of Greystone.

○ Improving R&D

Mr. Maazen liked to take over the R&D developments of the American company, to improve them in the Netherlands. In America, the R&D was namely not enough focused on the market. The American company was also not creative enough in the R&D process.

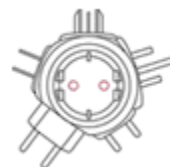
○ Start Dermagenics

Research to potential products

In the Netherlands, Dermagenics begin searching for possible solutions for wound care. In this search, Dermagenics did not really play an executing role, but more of a steering and coordinating role. The different universities (in cooperation with other parties), did most of the executing of the development. Out of this process, the above mentioned products have grown.

○ Selling products

After the development of the products, Dermagenics began bringing the products to the market. The most important channels for this process are the diabetes organisations and pharmaceutical distributors.



O Production and distribution

The production of Dermamax and later also Melmax is done in America, and is there outsourced. The distribution goes via several channels:

- Medical distributors
- Retailers
- Home nursing organisations
- Rest homes

The products of Dermagenics have to be developed to some conditions, there are different organisations to monitor these conditions in America and Europe. In Canada and Europe, Dermagenics has to adapt to the rules of KEMA. In America, another organisation monitors the medical products.

To get a view on the way consumers handle Dermagenics' products, and what the opinion about the products is, Dermagenics often holds PMS's (post marketing-surveys).

Marketing

To bring the products of Dermagenics to the market, several things are important. At this moment, Dermagenics has a strong focus on channel marketing. So there is a strong push strategy. Media which Dermagenics uses to communicate to the channels are:

- O** Symposia
- O** Advertisement
- O** Web
- O** Trade shows
- O** Other events

In Europe, there has been a person set responsible to bring the products to the market. This person has the contacts with the different distributors, and is also present on international trade shows. This salesperson is supported by a person with more technical knowledge. Besides the Netherlands, Dermagenics has no subsidiaries in Europe.

Difficulties

There are several difficulties which a company can run into when entering the European market. Dermagenics has also experienced this. One of the problems when entering the European market was the software which is used by medical companies in Europe. This software is different from the American software. The different software was used by specialists and medical researchers.

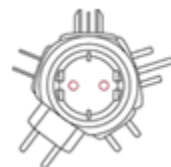
Also the management of the American company has some differences with the European company. Very important things here lie on the field of legal. These legal things are mostly on the field of employment, but on the field of accountancy, there are also some important legal differences. The accountants of Dermagenics have studied the American procedures of accountancy to be able to serve Dermagenics.

For Dermagenics the authorisation has been a difficulty. As mentioned above, Europe works with another authorisation system (KEMA) as America. This is why products which are approved in America, need to get approved in Europe all over again and visa versa.

International agencies

At this moment, Dermagenics doesn't use international agencies that much, most of the marketing activities are done internal.

Activities which Dermagenics undertakes on the field of marketing are the designing of the corporate identity, trade show material and package. One of the things that are important in this process is the translation of the texts in several European languages.

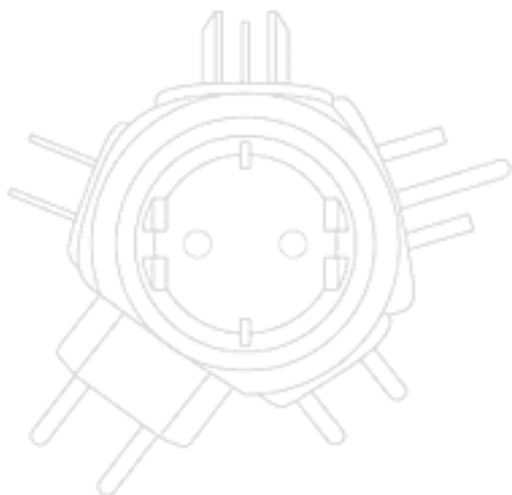


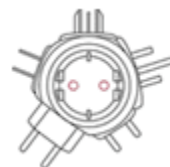
Culture

The American culture and the culture of the Dutch have a lot of similarities. One important difficulty with regard to culture is that American people often have the idea that Europe is a homogeneous market, and that European can be approached in the same way as America is.

Another important difference is the speed of doing business. In America, products have much shorter PLC's, and there is therefore only very little time to develop products. A factor that makes this speed even worse is the focus of a lot of public companies to keep the investors happy and the quarterly numbers good. These are not all good circumstances for doing good R&D.

Within Europe, there are also cultural differences. The northern European countries for instance have a more stiff mentality. The southern European companies in contrast have a very informal mentality. Another difference is the pricing, when doing business with eastern European countries, the products should be sold for a lower price, because else people will not be able to buy them.





Minutes – Dot Hill

to	Mr. W. Schenk Dot Hill Systems
subject	Minutes interview 05 May
from	Ruud Verstraeten
date	11 May 2006

About Dot Hill

Dot Hill is a manufacturing company which designs, develops and produces storage solutions for IT infrastructure. Dot Hill sells and delivers these storage solutions as OEM products. This means that the products are not recognized under the "label" Dot Hill.

There are three different kinds of storage:

○ Online storage

The data is online stored on a form of hard disk and attached to the network, in this way, the users can directly reach the stored data.

○ Near line storage

Near line storage is a form of storage in which the data is externally (not in the network) stored, but can be reached in a short time. The data can for example be an a CD/DVD and stored in a unit which contains all the CD/DVD's and can start reading one on command.

○ Offline storage

When data is stored offline, it can not be reached in a very short time and is not in any way connected or reachable via the network. The data can for instance be stored on a tape and stored in an archive.

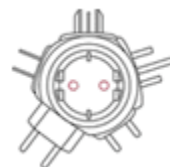
These different forms of storage are not competing with each other, the data in organizations will usually go through these three phases of storage in time. When the data has recently been produced, and may still be used frequently, it will be stored online. Then, when the data is older and only used every now and then, it can be stored near line. And eventually, when the data is not used anymore, but does need to be stored in case of an exception and because the law obligates companies to store their data for a certain period, the data can be stored offline.

Online storage

Dot Hill focuses only on online storage. The company has designed a system which delivers a very reliable storage solution, which enables clients to have a very high accessibility of their data. This system exists of a certain amount of hard disks and redundant raid controllers who control the process of storage. The system has a control function which automatically takes care of malfunctioning disks by replacing the malfunctioning this with a new one, and copying all the data from this old disk to the new one. This systems makes sure that data is always available, not only by making sure that there is always working disks to read from, it also divides data in a smart way, so that the time in which the data can be reached, is as short as possible.

History

Dot Hill is founded in 1999 through the merger of two data storage innovators, Artecon and Box Hill. And aimed for telecom companies in the beginning. Because the telecom market is moving in a difficult direction at this moment. All telecom application begins to use more and more IT technology. Working with this IT technology is a difficult tasks for the often older, hardware focussed, telecom professionals. Dot Hill makes products that comply with the specific needs



of these telecom companies. For these companies, it's very important that the products are resistant to the following circumstances:

- Extreme temperatures
- Dusty environments
- High voltage shocks
- Earth quakes

Clients

The clients which Dot Hill now works for have changed a bit. The telecom market alone was not enough, especially when after the burst of the dotcom bubble, the recession started. The most important applications of the Dot Hill storage solutions are:

- Web hosting (especially e-mail and content)
- Data storage for companies
- Video editing (a process which asks a lot of storage capacity)

Dot Hill used to focus on telecom companies only, but it was hard to be successful in this market. The name and reputation of the company were not yet very high, and the telecom market was a difficult market. In the time, focussing on telecom, Dot Hill invested a lot of money in branding and advertising, to get the reputation up. This was however a very difficult task. They ran into three problems

- Dot Hill had no reputation yet and had to compete with competitors who did have a very big reputation.
- The office of Dot Hill in Europe was only very small, so the risk for clients would be too big.
- The clients had to be convinced that Dot Hill has a good support, because the office is so small.

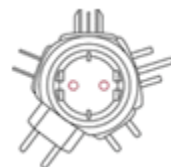
The company then decided to do the selling indirect and started working with resellers and distributors. However, they still kept running into the same three problems. So eventually, the company decided to focus only on OEM clients. These are companies who also deliver storage solutions, but outsource their design and production, these are companies like Sun Microsystems, Motorola, Network Appliance and Fujitsu Siemens. All of them get products designed, produced and delivered with their own "look and feel" from Dot Hill.

Organisation

Dot Hill came to the German market in July 2001, and established a subsidiary in Hanau. The most important activities of the office are sales and pre-sales.

The designing and development of the product is done in America for the biggest part. The production has been outsourced to Solectron, a worldwide company that produces all kinds of IT products for clients. So Dot Hill only does designing and sales.

The reason to enter the European market for Dot Hill was simply expansion, there was a potential market in Europe, and Dot Hill wanted to expand to this market. In the beginning, Dot Hill grown international with an international client. This client worked in Europe and asked Dot Hill to also do assignments for them in Europe, and since it's not smart for an organisation to depend on only one client in a certain area, Dot Hill started to expand further. At this moment, Dot Hill works with 250 people worldwide, and makes a revenue of 250 million dollars, a very high revenue per employee. Goals for the next years are to double the revenue by 2007, and even triple it by 2009.



Difficulties

When entering a new market, there are always some kind of difficulties, Dot Hill also experiences some difficulties when entering the European market:

○ Tax

The taxes for countries in Europe can be very different from each other, so it's very important to get to know how to arrange tax aspects. This was a difficult task.

○ IHK

When a company enters a new country, it needs to establish a legal entity, this can be done by registration in the register of the chamber of commerce, in Germany this is the IHK (Industrie und Handelskammer). The process of registration takes a lot of time, so before the company can really be active, it first has to wait for the IHK to be finished.

Another thing is that a lot of things can not be prepared or bought yet when the company is not yet registered the cars that need to be leased need the registration, the office that is going to be hired, et cetera.

○ Law

Not only taxes, but also law is different for every country, for a company that makes products this is a very important point of attention and will always be a difficulty when entering a new country.

Marketing

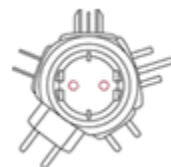
The marketing of Dot Hill is limited to product marketing and documentation and presentations at this moment. Because sales is far more important for Dot Hill, so marketing supports sales. When the company still focussed on telecom companies, there was a lot of marketing, but for the contact with the OEM's, marketing is not useful for Dot Hill and done by the OEM clients.

Culture

The European and American cultures can be quite different from each other. The European people often see the Americans as arrogant because they are so proud of there country. And Americans on the other hand, often see Europe as a homogeneous area or as a second America. Those are very important basic cultural problems between America and Europe.

Europe is not a homogeneous country, there are a lot of cultural differences between the European countries. When doing business with a France company for example, you might notice some nationalistic values. French people prefer to only speak French, so this can be a difficulty. And being an older German person is not convenient in the France business, there are a lot of negative connotations with regards to older German people, and this can make relations hard.

The German people are also individuals and live in a country to really consider when looking at cultural differences is Europe, the German people can namely be very stiff and have the need for everything to formalised and executed exactly like formal agreed. When the brochure showed a bit of a different model of product than the one which is delivered, this can only be a small difference, then they are capable of not paying their bill until the mistake is fixed. At this moment, Mr. Schenk experiences a lot of difficulties with the reliability of German business people himself. At these times of economic recession, it can happen that he agrees with a company that the company is going to buy a product from them, and then his contact doesn't get his superior convinced of the choice for Dot Hill, and the deal is cancelled. It's really hard to find people who really stand up to there opinion and defend the research they did and the result of this research. Nowadays, the people would rather agree with there superior, to prevent being fired at the next round of reorganisation. The effect of the reputation of Dot Hill has therefore gotten more impact at this moment.

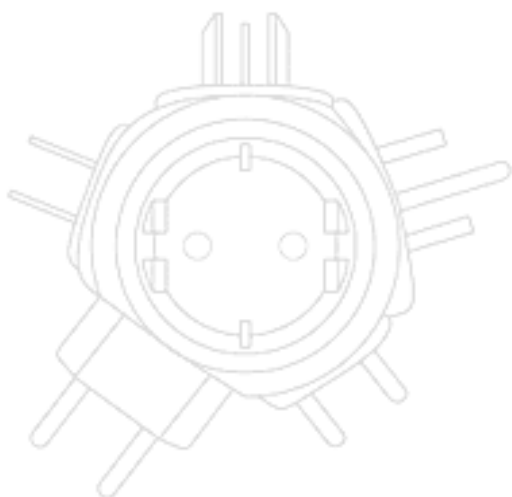


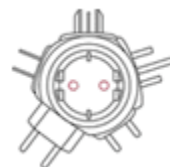
Internally Dot Hill makes sure that the people can work together by organizing international meeting. Every year, there's a meeting of all the worldwide employees of Dot Hill. And every three months, the EMEA region has an event in which all employees meet.

Future

Dot Hill is doing quite well at this moment, the revenue is still growing, and the goals for the next years are ambitious, because the market is highly competitive. But Dot Hill has signed some good contracts for the next couple of years, with interesting OEM's.

Besides the current situation and activities, Dot Hill is looking to grow further in the Eastern European market.





Minutes – Excelergy

To	Mr. T. Kremers Excelergy
Subject	Minutes interview 03 March
From	Ruud Verstraeten
Date	07 March 2006

Mr. Kremers has ones set up his own business in industrial automation. This was going very well and the business got acquired by an American company. After a while, the American company wanted to outsource the activities again. Mr. Kremers has then bought his company back including the new holding.

Excelergy

Excelergy is a company which makes software to manage invoicing processes of energy companies. The privatisation and liberalisation of the energy market took place five years ago in America, this is why the need for a software company like Excelergy was created. Because when selling electricity, the pricing is very important, in the process of liberalisation, the energy companies have restructured their pricing models, and the process of invoicing changed. A good example of this is the pre-paid concept, a pricing model in which the consumer pays his electricity beforehand. Now the energy markets in the Netherlands have been privatised and liberalised, the Netherlands has also become an interesting market for Excelergy. Especially with the splitting of the energy producer and energy deliverer in the near future.

Examples of competitors of Excelergy are SAP and Peace. The competition in this market is very intense, especially because there is no market growth to be expected.

European market

Since Mr. Kremer is from the Netherlands, his knowledge of the Dutch market is quite extensive. Also the rest of Europe lies in the experience of Mr. Kremers. So setting up a European company was not a problem for Mr. Kremers. When it comes to entering new markets, Mr. Kremers has a clear strategy, *"Keep local things local"*. This means that Excelergy aims to establish in every country in which business is done. Cultural and linguistic differences play an important role in this strategy. There are American companies who only establish a sales office in a certain country, and when there is an assignment, they fly in some Americans to do the job. This can work on the short term, but will fail on the long term.

Still Excelergy doesn't have subsidiaries throughout Europe. It will namely take some time to enter a new market. It's important to fist build a references, and get experience in a market, before making a big investment. It can take about two or three years for a company to enter a new market. And only after five years can companies tell whether it's going to be a successful investment. The process of entering a new market would roughly look like this:

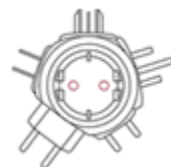
1. Building references

The fist step of entering a market is building references. This makes doing business in a lot of markets a lot easier. The building of these references does not happen from a local office. These references often exist of international companies for whom the company also works in America.

2. Sales

When the basis for business has been established, the company decides whether to really enter the market. From this moment on, sales will be proactively. Though the sales will still happen from another company, but the goal is to get sales up and cross a certain line in which it's interesting to establish a local sales office.

3. Establishing an office



When a certain market looks interesting enough, and the sales really increases, it becomes interesting to open a local sales office. The time that it will take to open this office will depend on the sort of company. Important is to take a lot of time considering the culture and language of the new country. The office should therefore also be staffed with local employees. This can bring some difficulties, finding employees for a local sales office is difficult. But especially labour law will play an important role in this phase. When the sales office is established, other activities can slowly be moved there, an own service department, an own repair department, et cetera.

Difficulties

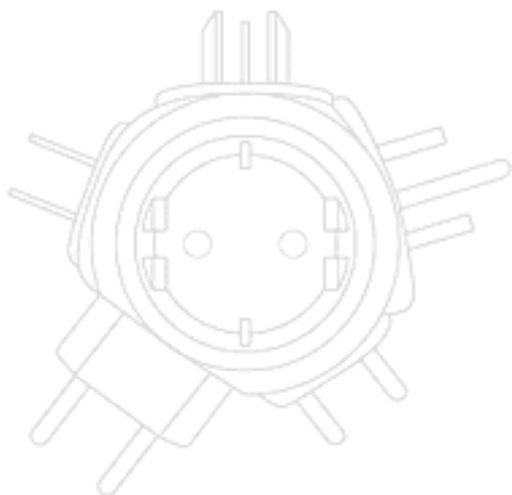
When entering the European market, a company can run into several difficulties, the most important one is formed by labour law, language and culture. Especially this first one is important for the Dutch market, in compare to the American market. The Dutch government is namely very protective towards its labour. It's therefore not that easy to fire someone for example, very different from America, where a company can lay people off within a day.

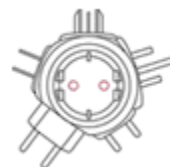
A second problem is language, American companies only speak English and assume that the whole world speaks English. But this is not always the case in Europe. The French for example don't like to speak English and the German people neither. And the Italian people for example can not even speak English. This is why it's important to hire local people. The consciousness that Europe is a heterogeneous market is hard to generate with the American people. The same thing is also true for culture, the Dutch and American culture match quite good, but France and Germany know quite some cultural differences with America. For a company it's therefore very important to adjust to the local culture, else, doing business will get very hard.

Marketing agencies

At this moment, Excelergy doesn't work with marketing agencies that much. But they will play a role in the future of Excelergy. Since the strategy of Excelergy says "*Keep local things local*", it will be very important to adjust the branding and "story" to the new markets. This is of course something that will only happen when the market and the company are ready for this.

Mr. Kremers says not to have that much need for a big international marketing agency, those are far more interesting for big international companies. For a company like Excelergy, it would be better to hire a local marketing agency for every country, an agency that has a lot of experience in the energy market.





Minutes – Focus Frame

To	Mr. Ing. A. Visser MBA
Subject	Focus Frame Minutes interview 30 March
From	Ruud Verstraeten
Date	4 April 2006

About Focus Frame

Focus Frame is a company that focuses on testing business software. This means that Focus Frame test whether software which a company uses, is functioning like it should. The way in which software is implemented is very important here. The activities of Focus Frame started in 2000 in America. In the first period, Focus Frame especially focussed on testing software of the brand Siebel.

After about 2-3 years, the company expanded its activities by making more and more use of Mercury software. Mercury is a software brand that makes software that is used to test business software. The testing via the program of Mercury is however not an activity that can be done by just any IT employee. To test software via the Mercury software, a company still needs a consultant.

Focus Frame is “elite Titanium Partner” and “referred Solution Partner in Strategic Solutions Validation” of Mercury, and therefore one of the most important partners of Mercury. With Siebel there is also a partnership, Focus Frame is “Siebel system integrator”.

The European market

In 2002, Focus Frame did a big project for the Dutch Postbank, the European market proved to be interesting enough to open an office there. In 2003 officially opened an office on the European market. There were already plans to enter the European market before the assignment of the Postbank came, because Siebel is a worldwide operating organisation, as a partner Focus Frame should also be worldwide. The process of entering the European market roughly looked like this;

○ Assignment in Europe

In 2002, Focus Frame has done the first assignment in Europe, and doing this, made the first step the setting up business in Europe.

○ Establish a BV in Europe

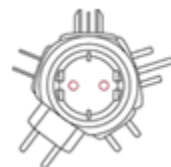
To further role out activities in Europe, Focus Frame hired a European person to develop business in Europe for Focus Frame, this was Mr. Visser. Mr. Visser established a B.V. and sold it to the American Focus Frame (this was easier and faster than letting the B.V. being established by the American company).

○ Sales in Europe

The first step which one takes is always setting up sales. For Focus Frame this means finding partners in Europe, channels that can sell the services of the company.

○ Hiring employees

To sell the services of the company, but especially to be able to process al assignments, Focus Frame hired employees in Europe.



Difficulties

The entering of the European market almost always brings certain difficulties. Especially when it concerns establishing existing activities in foreign countries. Language was one of these difficulties, not all European people speak English, this is really a barrier for American companies. Recruiting was also a very difficult aspect for Focus Frame, especially since the IT sector has a lot of demand for labour on this moment, and the demands that Focus Frame has towards a candidate are also very hard.

Of the remarking differences between American and Europe is that Europe has a much longer sales-cycle. The American companies don't need as much time to make their decision as European companies do. This is probably also related to the more risk avoiding mentality of the European companies.

Another problem which Focus Frame has faced is the law in Europe. Especially in the Netherlands this has been very difficult. American companies often have a strong focus on legal, and want to arrange all legal business very detailed. Therefore the American jurist needed to see all documents that were going to be signed, since everything is in Dutch only, this is very difficult, translating from Dutch to English is not such a problem, but translating legal texts is.

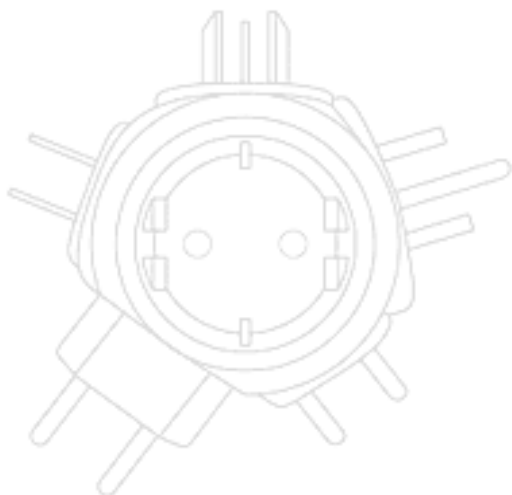
Marketing

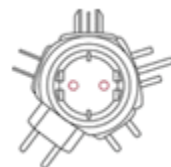
Focus Frame is a partner of two very big and important IT companies, these are very important channels of new business. The vision of Mr. Visser is that clients who want to test their software are not proactively going to search for a consultant. This is why Focus Frame is not that focused on branding their own brand among the clients, it's more the position which the company has in the different channels that is important. Being a partner of Siebel is a very important aspect for Focus Frame, therefore the company also operates under the name of Siebel system integrator. This situation is also true for Mercury. Becoming a partner of a company like Mercury or Siebel is not easy. Focus Frame has a relation with Siebel quite shortly after the beginning of the organisation in 2000. Getting the relation with Mercury has mostly been networking. Getting a partnership is always done by networking. Focus Frame is quite far already in building a relationship with SAP for instance, the person who introduced Focus Frame in the board of directors of Siebel in America, is now a member of the board of directors of SAP. Networking is something American people are really good at. Other tools that Focus Frame uses for marketing are trade shows, brochures, whitepapers, case studies and mouth to mouth promotion.

Future

It's difficult to say what the future of Focus Frame will look like exactly. The company has been growing for some years already, and there is still enough potential in the European market.

Focus Frame plans to expand business to Spain, the Nordic and Germany in the future. Another future scenario could be that Focus Frame gets acquired by a big IT company.





Minutes – GCX

to	Mister B. Cohen
subject	Interview 3 March
from	Ruud Verstraeten
date	4 March 2006

About GCX

GCX is an American company which engineers, produces and sells mounts. To do this the organisation has 200 employees worldwide. Therefore it would qualify as a middle-sized company (In American terms of speaking). The products that GCX makes are aimed for a niche market, namely the medical sector. In this sector GCX is market leader in the US. The image and quality of these products are very good. The things GCX especially focuses on in the US market are customer service and knowledge about the market. GCX has the advantage to be able to have a good contact with the customers, and also have the facilities to engineer and produce their own products. This leads to the competitive advantage of customer intimacy. When GCX notices that the needs of the customers change they have the possibility to provide them with a solution in a short time.

Products

The products of GCX are not really complicated machines, there are a lot of companies who could produce the products. Therefore the strength of GCX doesn't lie in the production of high quality products, but in the high quality engineering of these products. This flexibility made GCX the market leader in the US.

Entering the European market

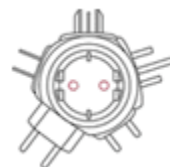
In the beginning GCX only worked for companies in the US. But the international character of this organisation developed quickly. With international clients and partners the step to selling to the rest of the world was an easy one. Via these international customers, GCX built up a worldwide network and a wide range of customers. Today, 15% of this company's business comes from Europe. That is why, in May 2005 GCX entered the European market by establishing an office in Tilburg. This office, and thereby the activities of GCX in Europe, are managed by Mr. Cohen.

European market

To keep the value of customer intimacy high, the products of GCX are sold in Europe for the same price as they're sold in the US. This means in Europe that the products of GCX are actually below the market price. The customers of GCX exist for 70% of OEM's and for 30% of hospitals (end users). The business with end users can be a difficult process, since not all European hospital employees speak English, and more important, there can be some cultural differences. Therefore GCX prefers to do business via partners at this moment, it can sometimes serve the customer better. After one year after start-up in Europe, Mr. Cohen thinks that the European office of GCX could reach the break-even point, seeing the European office as a separate division of the GCX company.

Goal for the European market

Mr. Cohen will be in the Netherlands for about five years. In this time he has the goal to understand the European customers. The way that GCX does business in the US is very pleasant for both the customers and for GCX. The interface and relationship that the organisation has in the US, should also be created in Europe. This is a challenging goal. To achieve this goal it's important to learn more about the European market and clients, in the next years, this will especially be done via partners in the European market. When the organisation is further adapted to the European culture, the direct contact with customers can be built up more.



Process

To enter the European market, GCX has gone through several phases. These phases globally look like this.

1. Getting business in Europe

Before there is a consideration about entering the European market, relations and customers need to come. Because entering a new market / continent with almost no client basis is very risky.

2. Analyse business history

Of course when settings up a business in for a certain market, it's wise to first see what experience there already is with this market. So GCX analysed there business history of the European market. Also analysing history of business in America can provide very interesting things. Because on certain aspects, America is further in the process of developing than Europe, and the future of Europe is in some way predictable through the history of America.

3. Logistics

Finding a good place to establish a business and finding good distribution partners is a very important aspect in the beginning of an organisation. For GCX it was important to find a flexible but very reliable distribution partner. Because the products of GCX are mounted in hospitals, sometimes an operation room needs to be closed for a while to work on this. If in this case the GCX product comes too late, an important hospital room needs to be closed for to long.

4. Customer

A next step, a step GCX is now slowly taking, is getting to know the customer. What are the demands of the customers, what problems concerning mounts do they have. And in what way can GCX serve the customer better. At this moment this information comes mainly through distributors and partners. In the future there needs to be a closer contact between customer and GCX. In this phase the marketing communication starts to play a role. The image of GCX should also be build.

5. New products

GCX does a lot of engineering in America, a lot of times, the new products of GCX come out of a specific new demand or need from the side of the customers. In Europe, this process of engineering should also start. When GCX is as far as this, they have reached there goal of the European market.

Marketing agency

In the phase of entering the European market, in which GCX is at this moment, it especially important to focus on distribution aspects. But in the next phase, where the customer gets to be a central point of attention, marketing is going to be important. Therefore GCX is looking for a marketing agency. This marketing agency should be a help with the adjustment of the GCX branding in Europe. And it should also create awareness for GCX in Europe. The demands that Mr. Cohen has towards marketing agencies are the following:

○ Expertise in healthcare

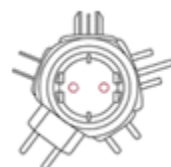
The products and processes of GCX are quite specific, because they are operating in a niche market. It took some time to get the agency GCX uses in the US to learn about the market and the products of GCX. This investment of time and money has to be as little as possible in Europe.

○ Expertise in marketing throughout whole Europe

The target audience of GCX lies throughout whole Europe. So expertise of marketing in Europe is a must. The cultures and procedures of European countries can still be different from each other. So experience with this geographical field can save a lot of time and money.

○ Medium size

Better be a big fish in a small pond, then a small fish in a big pond. This means that GCX doesn't want to be a small and therefore unimportant customer for a big agency, because they are a type of international business



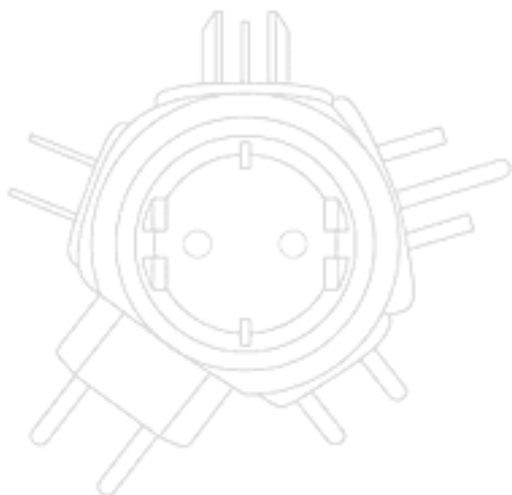
that requires good marketing attention. It's better to be a big customer with a medium sized agency, so the agency will really work hard for GCX.

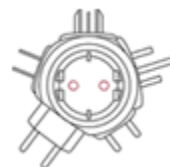
Clubs

There are certain clubs for Americans in Europe. Mr. Cohen doesn't use them that much at this moment, because networking is not that important yet. There is a club in Amsterdam for American businesspeople, but that really focuses on sales and only the west region of the Netherlands. He also knows that the BOM, and so probably more of these investment agencies, have network meetings.

Resources

An interesting resource for my research might be Mr. Eelco Brinkhoff of the Netherlands Foreign Investment Agency, he helped GCX a lot with the entering of the European market, and might have interesting answers to my questions.





Minutes – Google

to	Mr. Stephan Keuchel Google
subject	Minutes interview 15 May
from	Ruud Verstraeten
date	16 May 2006

About Google

Google is founded in 1998 by Larry Page and Sergey Brin. Google actually started as a research project called 'Backrub', this name was given to the project because the search engine which Larry and Sergey were developing, had the ability to analyze 'back links' to a website. This technology to grant values to websites is still used in the Google PageRank. Larry and Sergey met on Stanford University, the university where they graduated on the Backrub project.

In 1998, Larry and Sergey turned Backrub into Google. The name Google comes from Googol, a mathematical term for a 1 followed by 100 zeros. Milton Sirotta, nephew of American mathematician Edward Kasner, and was popularized in the book, "Mathematics and the Imagination" by Kasner and James Newman. This name is taken by Google because of the mission of the company, to structure all information on the web, and make it accessible and useable for everyone.

Business case

For a long time, Google didn't really have a business case. The company was developing the search technology and the products of Google. But there was no clear model for Google to make profit. This changed in 2002 when the AdWords and AdSense found their way. At this moment, advertising is still the most important source of income for Google. However advertising is just one of the three ways which Google uses to make money. The three most important business models are:

- Advertising
AdWords and AdSense. They bring about just as much revenue to the company. AdSense a bit over 50% and AdWords a bit under 50%.
- Search technology
The big ISP's (Internet Services Providers) have a lot of content online, so for these companies, it's very interesting to use the Google search technology on their websites. So Google sells right to use this technology on their websites. Examples of big ISP's who use the technology of Google are AOL and T-online.
- Enterprise products
A lot of companies liked the Google search technology, and wanted to use this technology for internal data. So they wanted to search in data behind their firewall. For this approach, Google developed the Google enterprise products. This is a server on which information can be stored. Employees of the enterprise can then search in this server.
The clients which Google works for are separated in two groups at this moment, on the one side, there are the big enterprises, and on the other side there are the small and medium sized enterprises. The big enterprises have a direct contact with Google. They spend a lot of money on advertisement, and therefore, Google offers the services to do the AdWords for them. These enterprises are also the target audience of the Google search technology and enterprise products.

The small and medium enterprises do most of the business with Google online. AdWords has an online tool to manage the advertisements.



Expanding Google

Google started with only the google.com website, containing information for American users. But since the concept of Google was successful, I didn't take long for demand from other countries to reach Google. The company has then developed the google.co.uk, google.de, google.fr, google.nl, et cetera. Currently, Google is available in more than 100 languages and therefore has more than 100 of these domains available.

Still, all the search engines are managed from America, so this development of domains and global presence was not the direct reason to establish offices around the world.

The most important reason to enter new markets was to serve the business market. So to serve the enterprises who advertise on Google. The most important activities of these sales offices are selling the advertisement opportunities of Google, and doing the AdWords for the big enterprises. Also promoting the advertisement opportunities on Google and advising the small and medium sized companies how to do their AdWords.

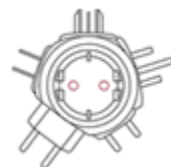
As a new office of Google opens in a country, they begin with sales of AdWords and AdSense. When business expands, other business opportunities are taken into account. Cooperation with big ISP's for example, for these activities, a sales person is not capable, the business alliances with big companies should be coordinated by business development managers. They talk to big companies as Mercedes, and big ISP's as AOL and eBay about their opportunities on Google. As the business grows, departments like customer service, marketing/PR and HRM are added.

Difficulties in growing

When Google first came to the European market, sales was not the most important activity right away. The business model of Google was not yet clear enough for the European companies. Therefore, there was first a lot of explaining to do. Google had to explain the strength of search engine marketing and the business model of advertising on Google. The most important advantages of AdWords are:

- Pay per click
Online marketers were used to paying per 1000 views for their online advertisements, but for Google AdWords, a company only has to pay when somebody clicks on the ad. Ads that don't work will therefore also cost nothing.
- Not only on Google
Since the Google search technology is not only used on Google, but also on websites of big ISP, the advertisements will also be shown on the search engine of the ISP's.
 - Relevance
One very important source of the success of AdWords is the relevance. AdWords are triggered by a search string. The advertiser can determine which search strings should activate his advertisement. This means that there will be no irrelevant advertisements on Google, both good for the advertiser, who only gets views of people who are looking for his kind of product, and for the user, who will be helped finding what he is looking for.
 - Research
AdWords also have a research function, by doing AdWords, the advertiser will know which words are used to search for his product.

These are the most important advantages of using Google from the perspective of the advertiser. The first mission for Google in Europe was to sell these advantages and show the marketers why they should use Google. To get this done, Google used a lot of PR. Since there was a lot of interest in Google and the upcoming technologies, it was easy to get play the media. But besides the media, Google has also been to a lot of events where marketers were. By giving speeches on events and having stands on trade shows, Google explained the business model of AdWords. The main target audience of Google does still exist of marketer and online marketers, either working for an enterprise or an advertising agency.



Marketing

At this moment, the market has matured and the business model is clear to all the marketers. Marketing is therefore now especially focused on selling advertisement on Google and cooperating with big enterprises. The following marketing tools are used to achieve this:

- PR
- E-marketing
- On site promotions
- Collateral (Brochures, case studies, et cetera)
- Trade shows

Google does work with a PR agency in Germany, but not with advertising agencies. For a company like Google, it can be difficult to hire an external company for thing like this, because the information with which Google works is often confidential. This information is confidential because the competitors (Microsoft, Yahoo!, et cetera) are very eager to get to know the next steps of Google. But lately, Google is getting more open to working with external partners. As mentioned above, Google already works with a PR agency in German, but also the offices in the UK, Italy and Spain are getting more open to working with externals.

European market

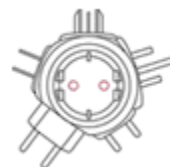
Google began with an office in the UK, and came to Germany in October 2001. To enter the German market, Google has roughly walked through three phases:

- Opening an office
The first step of entering the German market was opening an office in Germany. For the opening offices in new countries, Google uses the offices of Regus a lot. Usually there are only one or two people in this office when it begins, so hiring a small office in the city is the most convenient solution.
- Hiring employees
When the business starts to develop, hiring employees is the most important issues, finding the right people can take a lot of time.
- Developing business
When the organisation has a certain size, it will be transferred to a new bigger office, and the business will further be developed from here. This means that sales will increase and other departments like support, HRM and marketing/PR will be added to the organisation.

Difficulties when entering new markets

When Google entered the German market, there were two important difficulties where they got to cope with. The first thing was where to establish. When going to countries like the UK or France, this was not a difficult decision. The economy of the UK is concentrated in London, and for business in France, you have to have an office in Paris. But for Germany this was a bit different, the German economy is more spread over the country, in Hamburg, all the PR activities and important marketing companies are present, in Berlin there are a lot of companies because it's the capital of Germany, and in Munich, the IT has a strong concentration. Eventually, Google has chosen to establish an office in Hamburg, since PR is also a very important issue for Google.

The second and maybe more important difficulty which Google ran into was finding employees. The most important reason for this process to take a lot of time is that the selection procedure of Google is very extensive and selective. A new candidate will have to go through 10-15 interviews divided in two rounds. First the candidate does interviews with the hiring committee, existing of 4-5 potential future colleges. A lot of candidates will fall of after this round. The candidates who remain go through another round of interviews, mostly by phone, with European managers of Google.



And they might also have interviews with managers from the US. The international interviews are usually done by managers on leading positions, and therefore people with whom the candidate will potentially work together in the future.

Google has the following demands for an employee:

- College or higher education;
- Fluent in English;
- Passion for Google

The candidate really has to want to work for Google because he is enthusiast about the brand, candidates should not just go for a high salary.

- Having international experience,
- Having lived abroad for a year can be a very valuable source of international experience.
- Smart, quick thinking and young, like Google.

Organisational structure and culture

Google has a European headquarters in Dublin, this headquarters coordinates all business in Europe. At this office, Google has a president for Google Europe. The headquarters has the most contact with the American colleges. The European headquarters also has a very extensive customer service centre. This customer service centre has employees from all over Europe and help small and medium enterprises with there advertising activities on Google.

To structure business, Google has divided Europe in five regions:

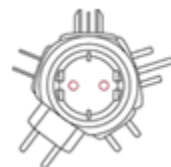
- English speaking countries
- German speaking countries and Scandinavia
- Benelux
- Southern Europe (Italy, France, Spain and Portugal)
- Emerging markets (Czech Slovakia, Poland, Turkey, et cetera)

This segmentation however does not mean that there's only one office per region. Every country has his own sales office. Only Google has noticed that certain countries are more the same than others. Every country however has his own country manager.

Culture

Google is an American company, this is something which can be seen in the culture of the company. But still, the regional sales offices have a bit of a different cultural than the American company as a whole. This is because of European law and culture. In American companies, employees have about 10-15 days of vacation, in European countries, the law says that employees should have more vacation than 10-15 days, sometimes, the law even obligates employees to take a vacation of minimal 14 days after another. Not only legal determined things, but also cultural aspects can have an effect on the culture of a local company.

Still the company has the modern and flexible culture of an American organisation. And since the company went public in 2004, the importance of the investors and the quarterly numbers have increased. The culture of an organisation can change when they go public. One thing, which a lot of American companies have, is that there can be a strong focus on the quarterly periods. Therefore the short-term view will increase. This also means something for the communication. When giving interviews or doing PR, a company should be careful what they say. A good example might be a thing that happened to the financial director of Google ones. In an interview he said that the rising revenue of the company will have a moment in which it will become more stabile, a moment in which the market will not have the growth anymore which it now has. He didn't mean by this that this moment would be in the near future, though this quote was published,



and it had a really negative effect on the stock. So a company which goes public, will have to go through certain changes, but this is something every company will experience, and it's not a thing specific for Google.

PR is therefore a very important point of attention for the company. That's also why Mr. Keuchel has a lot of international contact with other PR employees. He has four conference calls which take place regularly:

- ☐ PR call;
- ☐ Product call;
- ☐ Marketing call;
- ☐ Call with his European boss.

Future

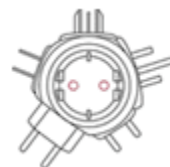
Google is planning to further expand in the future. There are actually two important ways in which this expansion is going to be executed.

The first one is the further geographical expansion of activities. This means concretely that Google is now looking to expand business to the East. Beforehand, there will be research in this market, Google will look at this market situation with regards to things like technology status (what is the internet speed), consumer behaviour (how much time do people spend online) and other internet penetration factors. When the market proves to be interesting, Google will start to look for people who can set up the office there. When the right people are found, the company can be established and the process of increasing sales can begin.

The second way in which Google can expand is looking at other activities to expand the current business model. Expanding business to other markets and applying the Google technology in other situations can bring very interesting opportunities in the future. This means that Google has the opportunity to not only look at the business-to-business opportunities, but also to the business-to-consumer opportunities. This broadens the field of clients of Google, and spreads risk. Solutions which Google could supply are for example online bookshops. At this moment, surfers can search in the texts of books via Google, it might be a business opportunity to give consumers the possibility to also buy a certain chapter to print it out. Another concrete activity which Google has already undertaken is Google Video. A place where consumers can search for video's and watch or buy them online.

Besides expanding geographically and to consumer markets, Google will continue to be growing in the business-to-business markets. This growth will at this moment still especially come from the bigger enterprises. New initiatives feed the development of Google in this market. A very important example is the Google OneBox. This is a solution which enables companies to search in all their business intelligent systems. This tool is developed in cooperation with some big business-to-business software developers, and provides, to a certain extent, the integration of business systems, which the market is asking for at this moment.

Besides working for the bigger enterprises, Mr. Keuchel says that there will probably come a time, in which Google will also start focusing more proactively on the small and medium enterprises. After all, all small and medium companies together are bigger than all big companies together. When Google arrives at this point, there will probably also be a broader execution of marketing, advertising will become more important than.



Minutes – Greenberg Traurig

To	Mrs. J. Roelofs Greenberg Traurig
Subject	Minutes 15 March 2006
From	Ruud Verstraeten
Date	27 March 2006

About Greenberg Traurig

Greenberg Traurig (GT) is a lawyers office in Amsterdam which has the activities of advocating, tax consultancy and notary activities. This means that GT offers all legal service besides criminal law, there is a strong focus on legal consultancy. These services are especially delivered to companies, but GT sometimes also works for wealthy consumers.

To be able to serve their clients, GT has 27 offices worldwide. The office in Amsterdam is not only a lawyer's office, it's also a European headquarters. From this office, the contacts with other European offices and alliances are managed. Besides the own offices, GT has 3 alliances in Europe, existing of 5 offices. These partners cover the partners of European where there is need for legal consultancy, but where the market is not interesting enough to open an own office.

History of Greenberg Traurig

GT has been founded in 1967 in America by two advocates. These two gentlemen have started doing consultancy activities for companies in America. In 1990 the company has experienced quite a growth. 2000 also brought a peak in assignments. In 2003 the company decided to enter the European market. Therefore at this moment, the office in Amsterdam exists for about five years already.

Entering the European market

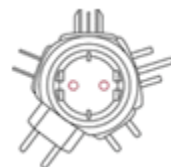
Entering the European market was not a much planned strategic step for GT, the plan to enter the European market was present, and of course there was a good preparation, but the actual opening of the office has been more adhoc. The Dutch subsidiary is namely opened by two Dutch lawyers who had very good contacts with the American company. They have opened the office in Amsterdam and therefore brought GT to the European market. It took about half a year to get the company started in Europe, but after this time, the company almost immediately made profit. In the legal profession, it happens a lot that the advocate takes along his clients when he changes jobs. This means that the gentlemen, who opened GT in Amsterdam, already gave the company some interesting clients.

Difficulties

The culture of the organization was to a certain extend American when the company opened. The company was started by two Dutch gentlemen, so it didn't take long for the organization to develop a Dutch culture. Still there are some procedures that are centrally arranged from America and are therefore strange for the Dutch employees. When getting a job with GT for instance, there will be some papers to sign that normally don't have to be signed in the Netherlands.

Marketing

In the Netherlands, marketing is done by Mrs. Roelofs. She works closely together with the American company. On the field of marketing, the legal business has a much stronger focus on communicating to the labour market, than



communicating to the prospects. This is probably because most clients come in via one of the lawyers, the client base grows by hiring new employee, but also by mouth to mouth promotion.

On the labour market, the situation is a bit more difficult. GT is an American company, and American companies have the reputation of making long days. GT however doesn't have this American culture, but it can be hard to convince the potential candidates of this.

Agencies

GT doesn't work with agencies that much, especially not when it comes to extensive campaigns or marketing strategy, all knowledge is available in the organisation and is mostly done from America. Activities that are with agencies are with regard to designing and printing. Mrs. Roelofs prefers to work with a small agency, big agencies are much too expensive. An agency should also be flexible and full-service.

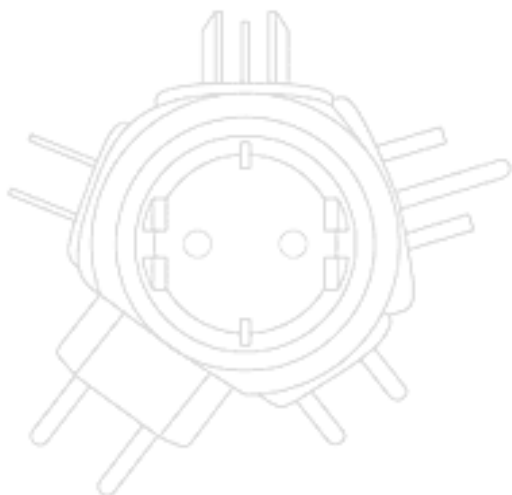
Future

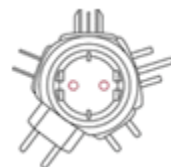
Lawyer offices are moving more and more towards being real companies. At this moment, a lot of offices are in the form of a partnership, in that case, all partners have something to say about decisions being made, this takes a lot of time. Companies are moving more towards a certain amount of hierarchy.

The plans for GT in the future are to further develop the European market, at this moment there are already some interesting alliance with offices in Zurich and Italy. This growth will probably be done in the same way as the growth in the Netherlands is done, by a lawyer who is willing to develop business for GT in a local country.

Other interesting sources

- ☐ The AmCham
- ☐ NFIA
- ☐ City of Amsterdam





Minutes – IEX Europe

To	Mr. J. Gerris IEX Europe
Subject	Minutes 29 March
From	Ruud Verstraeten
Date	02 April 2006

About IEX Europe

IEX Europe is a company which makes software for the planning of telemarketing activities. Hereby, there is especially a focus on inbound telemarketing. This software gives telemarketing companies the opportunity to calculate the costs and hours of a project as precise as possible. The market of IEX Europe is not so big, there are only four companies who do the same thing.

The customers of IEX Europe exist for three quarters of in-house call centres, these are call centres of big companies who do their own calling. The last quarter of the clients of IEX Europe are external call centres.

The process of selling and implementing the software of IEX Europe exists of three steps. First the software is sold, then the software is implemented and then the support and after sales is done.

The holding of IEX Europe is in Dallas. At this place, the R&D of IEX Europe is done for the biggest part. But this office of course also does sales, implementation and support. Outside of the Benelux, the company works with resellers. Most of these resellers only do the selling. With an exception, some distributors can sell, implement and support.

IEX Europe has distributors in the following countries:

- ☐ Scandinavia
- ☐ The UK and Ireland
- ☐ Germany
- ☐ France (reseller)
- ☐ Spain
- ☐ South Africa
- ☐ Southeast Asia (resellers)

Having local distributors is very important, it's more cost efficient, but it's also very important to be local to be able to get a proper market share, this is not always easy from a distance.

Entering the European market

IEX Europe came to the European market in 2000. Mr. Olender, the current director of IEX Europe, was the pioneer. He was also one of the founders of the company in Dallas. Mr. Olender was the only partner who was willing to go to Europe to set up sales there. From the beginning, there was the need to have an office there, because selling in Europe from America is hard. The process of entering the European market looked like this for IEX Europe:

☐ Getting assignments from Europe

Since the market of IEX Europe has only got four players, it didn't take long before IEX Europe got requests. These requests especially came from the UK. There are a lot of call centres in the UK. To serve the customers, the company started to travel between America and Europe.



○ Office in Amsterdam

The first office of IEX Europe started in Amsterdam, this was near the house of Mr. Olender. The Netherlands was a good country to start and is quite central for Western Europe. From here, the business to the Benelux and UK started.

○ Expanding sales

The most important task was to really position IEX Europe in the market. Selling the software and getting the right partners was the number one priority. At this moment, Mr. Olender worked alone in Europe.

○ Hiring personnel

A very important distributor of IEX Europe got acquired by another company, this company had his own products and stopped distributing the products of IEX Europe. IEX Europe then took over some people from the old distributor, because these people know the product. This distributor was a very important player on the market and had contact with a lot of clients and prospects of IEX Europe. The deal was then made that the distributor would get a commission of 10% for every customer that they gave to IEX Europe. At this moment, IEX Europe also hired a channel management to look for new channels to get the product sold.

○ Focus on channel management and sales

At this moment, IEX Europe is not looking for channels that intensive anymore, the management of these channels is more important. IEX Europe has a strong basis of distributors in Europe, and now the goal is selling the product.

Difficulties

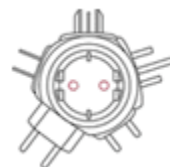
Entering the European market hardly goes without difficulties. There are all kinds of thing to do when setting up a European office. IEX also ran into some difficulties. The American company for instance had the idea that the European market would be homogeneous. It was therefore a bit of a bummer to notice that this was not the situation. A lot of companies look at Europe in this way in the beginning. Europe is often seen as the second America, the American people than start to calculate their profit. The first investments and expectations are therefore high. A lot of companies enter the European market by beginning in the UK. This is something IEX hasn't done. Though IEX was aware of the attractiveness of the UK (big market, same language and same culture). This was a smart decision of the company, because beginning in the UK is not convenient, the relation between the UK continental Europe is not very good, so to sell to other European countries, companies have to be present on continental Europe. The UK is a bit of an island in compare to Europe, the culture is much different, and the pricing is also much different. Especially when comparing with Eastern Europe, the pricing is very different, since in these countries the labour costs are much lower, the point in which the software of IEX becomes interesting is different.

Other cultural differences are in the way of doing business, the German and France companies for example refer to work with national companies. Therefore it's important to translate the software to these languages, then still, selling the software in these countries is difficult in these countries.

Establishing in the Netherlands has not been as easy as IEX wanted it to be. Registering the B.V. was already a problem because Mr. Olender was from America. Conforming to all kinds of rules of different countries is always hard for a company, especially for an American company, American namely have very much focus on arranging all legal business to the details. All legal papers should be seen by the American jurist, but all papers are only available in Dutch.

Distribution

The distribution of products was not that hard for IEX, software is not that hard to send, and the amount of product that needs to be sent yearly is also not very high. The CDs can be sent by Fed-ex for instance. The costs for sending the CDs have increased lately, because of a change in law for import and export. In the beginning, IEX could say that the CDs that they wanted to send, where marketing material and had a value of € 1,00. This is however not possible anymore, and sending the CDs is a bit more expensive at this moment.



Marketing

The marketing of IEX began in America. In the beginning, there was not that much need for marketing in Europe, because the market share was not very high. Most part of the marketing was done by distributors. When the first big distributor stopped selling the products of IEX, and the deal of 10% commission was made, this brought very much costs. The old distributor was known in the market as the seller of the product, so all prospects called the old distributor. At that moment, Mr. Gerris made a marketing campaign to let the target audience know to directly call IEX. There were advertisements, articles and trade shows. This marketing campaign has been very successful. From this moment on, IEX has been quite active on the field of marketing.

There has been a campaign that persuaded the target audience to trade in the software of the competitor for IEX software. This has been a pan-European campaign in several languages. This marketing campaign was also very successful. The English speaking countries were the most important ones for IEX, being the UK and Benelux.

IEX is also active in Germany, the activities in this country are set up separate from the Benelux. The German people want to communicate in their own language, and also preferably only do business with German companies. This is why IEX opened a German office. This office exists of one German person and a madam who support this person by doing lead generation and presales. In Germany, the same campaigns are used as in the rest of Europe. Only adjusted to the German market by the German team, which works together very good and makes a lot of progress on the German market. Activities in Germany are advertising, lead generation and adjusted marketing campaigns.

One example of a campaign that is done by IEX in Europe is the Ipod campaign. Prospect got a docking station by mail, with the message, "bring music in your call centre". This mailing was then called (lead generation) to make an appointment, in the appointment, the sales person took the Ipod along. This campaign has been applied on the whole European market. To make the success as big as possible, the campaign was in different languages and adjusted to certain cultures and laws. The company actually expected this campaign to be seen as bribing by the Germans, but this was not the case. Germany has been the country in which the campaign had the most success. This can also be a result of the great teamwork of the German team.

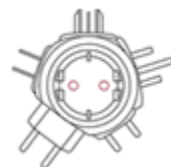
The marketing budget is arranged like it's arranged with any American company. The country which makes the most turnover gets the most budget. This means that 90% of the marketing budget goes to America and about 10% goes to IEX Europe. Mr. Gerris does want to change this, and has even already had some success doing so.

So on the one hand, IEX Europe is trying to get more budget. But on the other hand, it's still difficult to get it all spend. To solve this problem, IEX has been looking for a person to do the marketing in Europe. Mr. Gerris is namely only responsible for sales.

The approach of marketing and sales in Europe is structured and therefore successful. Integrated marketing is the best way to do it. Therefore IEX aims to have one person responsible for the marketing, the lead generation and pre sales in Europe. The pre sales person calls the prospects and tries to make an appointment with prospects and than plans this in the agenda of the sales person. This cooperation between those two is very important. This person is therefore not only responsible for the presales, but also for involved with the marketing, this means that this person knows everything about the external communication of the organisation and is able to do all promotion centrally. At this moment, IEX Europe is implementing this concept in Spain, Italy and France.

Marketing difficulties

Marketing for whole Europe is difficult, Europe is namely not homogeneous. A marketing campaign therefore, needs to be conforming several factors. One difficulty which IEX ran into was the approach of international PR. In America, there is one central way to approach all media, this is the situation in Europe. Also the translating of messages takes a lot of



time. For IEX it's not possible to let a translation agency do this, because the messages include a lot of jargon and terminology.

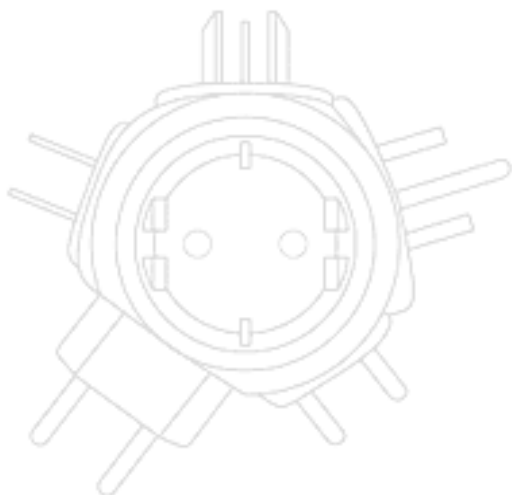
Knowledge about countries, cultures and the marketing in these countries is very important, it's hard to make a forecast about the possibilities of marketing in a certain country, the Ipod action in Germany was a very good example.

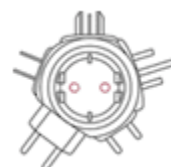
Culture

There are big differences between the American and European culture. America for instance has a more pride mentality, this is often perceived as arrogance by European companies. Some American companies have, in every form of communication, a line saying how good and big there are. This is something that works in America, but doesn't work in Europe. In Europe, things like that should be proven with facts. In the software, a company doesn't simply make an offer with a short text and a calculation. The software branch works with PVE (Plan of Demands) This PVE has questions or demands in it. All software companies have made a database which can automatically fill this PVE with answers. But the answer that should be used is different in America than it is in Europe. European companies don't want answers with the lines "we are the best" and "we are the biggest" included, it makes the companies suspicious. So for the European market, a different list is made.

International marketing agencies

The international marketing agencies have knowledge about marketing in whole Europe, this is also very valuable knowledge for IEX Europe. So sometimes the company uses these agencies. The Ipod campaign for example is done by a European marketing agency. This agency got hired to design the pan-European marketing campaign. For the translating of the campaign, IEX likes to work with a smaller agency, this agency can then translate and adjust the centrally developed campaign to a good national campaign, agencies like this can sometimes also do the lead generation locally.





Minutes – Level 3 Communications

to | Mr. H. Goetsch
Level 3 Communications

subject | Minutes interview 03 May

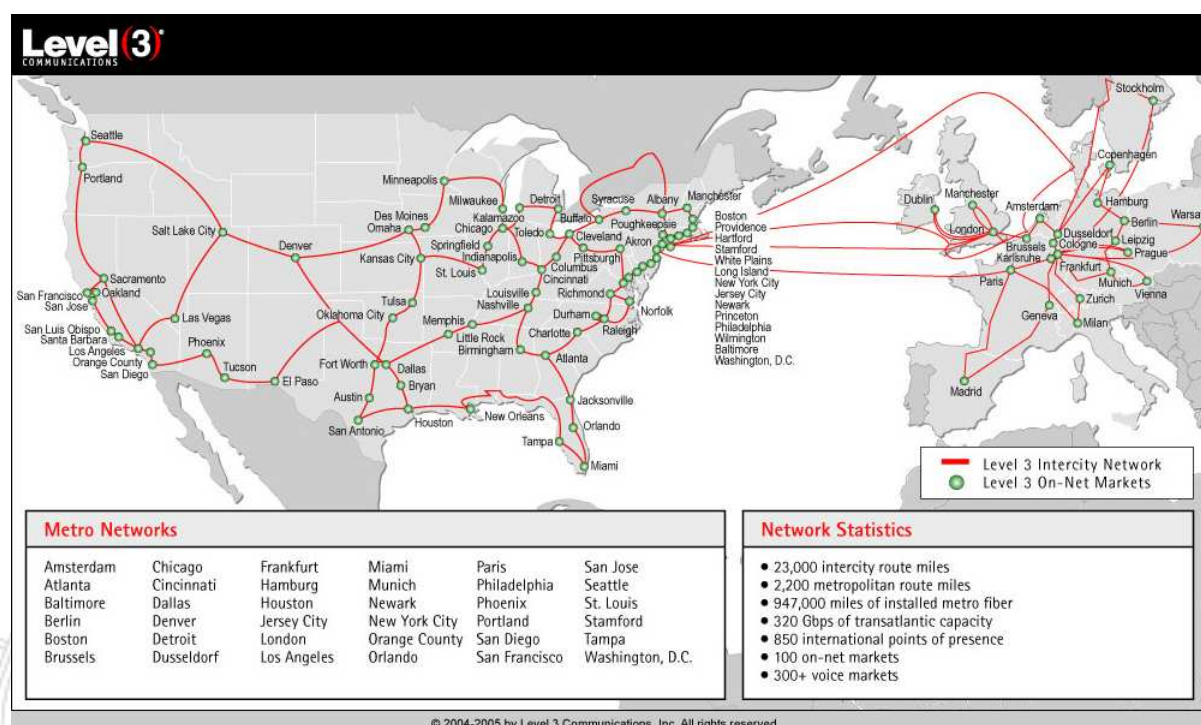
from | Ruud Verstraeten

date | 11 May 2006

About Level 3

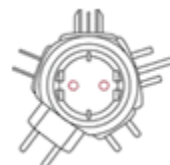
Level 3 is a company which has one of the biggest internet backbones in the world. This means that Level 3 owns a network of 36.000 kilometre fibre-optic cable. This fibre optic cable can be used for all kinds of data transfer like internet. The services that Level 3 provides to there clients is based on the rental or leasing of this infrastructure. A client could for example hire a line from Frankfurt to Stockholm by Level 3. So one service of Level 3 is the exploitation of the fibre network. Another service which Level 3 provides is the exploitation of space on the datacenter. Level 3 has a datacenter which has a very big capacity to store data. This datacenter is connection to the fibre network. So when companies want to share data over the internet for instance, the datacenter of Level 3 be used. A third service which Level 3 provides is internet connection, Level 3 is the internet provider of some big companies.

The networks of Level 3 run in a circle, there is a circle of fibre-optic cable in Europe, going over London, Paris, Frankfurt, Hamburg, Stockholm, back to London. And there is also a circle in America. These circles are connected with a transatlantic cable. There used to be a circle like this in Asia, but the maintenance of this network was too expensive, so it was sold again.



The clients whom Level 3 works for are big companies. Usually internet related companies or companies who need a big and reliable network. The clients can roughly be divided in five groups, being:

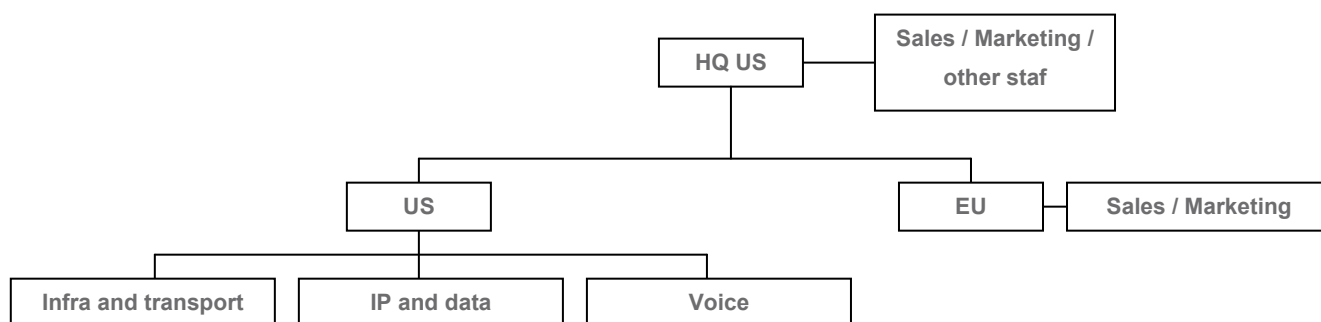
- Cable companies



- Content providers (like Google and Yahoo)
- Academic networks and research networks
- Web hosts
- ISP's (Internet Service Providers)

Level 3 used to be part of the Kiewit Diversified Group Inc. (KDG), a wholly-owned subsidiary of Peter Kiewit Sons', Inc. (PKS), a construction, mining, information services and communications company. In 1998 PKS announced the separation of its construction and communication/information services business, establishing Level 3 as an independent corporation.

The company's organizational structure looks quite simple. This makes the company flexible in reacting to the market. The headquarters is in America and has the marketing department. Then America has three SBU. Europe only has one SBU, and that's 'Europe'. The activities of the business units in America are of course also undertaken in Europe, but not in such a big amount. Europe also has its own marketing and sales department, working closely together with the department in America. An example of the flexibility of the organisation is the decision to only start focus on the big companies, this decision was made in about two weeks.



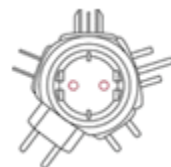
Europe

Europe is being separated in five different areas:

- The UK
- Amsterdam and the Nordics
- Brussels
- The German speaking countries and the Eastern European countries
- France and the Southern European countries

Entering the European market

The new Level 3 Communications set itself the goal of creating and exploitation the largest internet backbone in the world. So since the beginning of the company in 1998 there have been a lot of investments in both America and Europe. The cables and infrastructure was created. It took until 2001 to create the infrastructure. But in 2000, Level 3 already began entering the market and providing services, the company was not capable of delivering the sold services themselves, but needed the time to enter the market and gain the reputation, so client where served with infrastructure of a partner. When the network was finished, these clients where all successfully migrated to the new network. The company has opened its first subsidiary in Europe in London. London is one of the biggest business cities of Europe, so this was an interesting place to find the target audience. Since that time the company has rapidly grown and now has offices throughout whole Europe. In Germany the company started by acquiring another company.



The company was founded before the dotcom bubble. In the beginning, they focussed on a lot of clients, and therefore also had smaller clients. The clients base was very big, and Level 3 worked with 2000 people worldwide, there was also a big marketing department. Then, in 2001 the dotcom bubble has burst, a few months after the fibre-optic network of Level 3 was finished. This was a bad time for the company. The company had a lot of small clients, who where also going through a bad time. Which resulted in client not paying, and working for small clients wasn't really interesting anymore. At this time, the decision was made to stop working for the small clients and only focus on the big clients. This was a big change for the company, so the company needed to reorganise and also let people go. Now, after the reorganisation, Level 3 works with 300 people worldwide.

Difficulties

Entering a new market will bring some difficulties, Level 3 also experiences some difficulties when entering the European market, these are the most important ones:

- Cultural differences

The European market should be approached on a different way than the American market. The market situation and the attitude towards the services of Level 3 from European companies and American companies are a bit different.

- Industry and target audience

In America, Level 3 has a network which covers all important business places, so all companies who need some kind of connection, can use the network of Level 3. But in Europe, the network at this moment just covers the most important cities, this means that not it's not attractive for every company to use the network of Level 3, just the big companies, and the companies who need to have a strong connection between two big cities.

- Legal

All European countries have a different law, and when making and exploiting infrastructure through Europe, law is a very important difficulty. The law in Europe slowly begins to move towards each other.

- Privatisation and liberalisation

One very important thing is the market situation with regard to privatisation and liberalisation. On the one hand, a liberalised market can be a threat for Level 3, but on the other hand, it can also be a treat. The companies who are going to be competitors when the market liberalises, are big companies and are therefore hard competitors. But on the other hand, Level 3 already is a commercial organisation, so they will have an advantage to the other companies.

- Innovation

Not every country is as far with innovation, some companies are used to have cable everywhere and be able to connect to internet, phone and so on, in every house. But some countries do not have this much infrastructure yet. In Italy for example, almost no one has cable in house. Also the extent to which the speed of internet is developed can differ. In some countries ADSL is far developed and used, and in certain countries the internet is still quite slow.

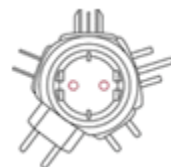
- R&D

Because of the different regulations in every European country, a part of the R&D needs to be done in Europe.

- Sales

Because cultures differ, sales does also differ, sales cycles for example can be much longer in Europe than in America. Especially in the South European countries, the turnover took quite some time to develop. In these countries, it's very important to first build a relationship with the customers, before business is done.

Marketing



The marketing in Europe is done in the office in London, there are two or three people there who coordinate the marketing for the European market. At this place, the strategy of the company in Europe is being set, and the positioning and campaigns are designed. Every country then adapts this marketing and produces his own marketing material in their own language and culture, for this last thing every country hires its local PR agency to translate the texts. The most important marketing activities are:

- Brochures
- Events
- Articles and PR

When Level 3 focussed on the larger target audience, there used to be other marketing activities, trade shows, advertising and conferences where all frequently done.

Culture

Coping with an international organisation brings cultural differences. In the beginning, the American company wanted to copy the organizational structure of the US and past it in Europe. This didn't work, the company found out that to a certain extent, the European companies have to have their own European structure.

But the culture of the organisation is quite consistent throughout the world. The organisation got an American culture, the following things represent this American culture:

- Working times
- Deadlines
- Central organisation
- Hard goals
- Detailed reporting control
- Quick changing and fast moving

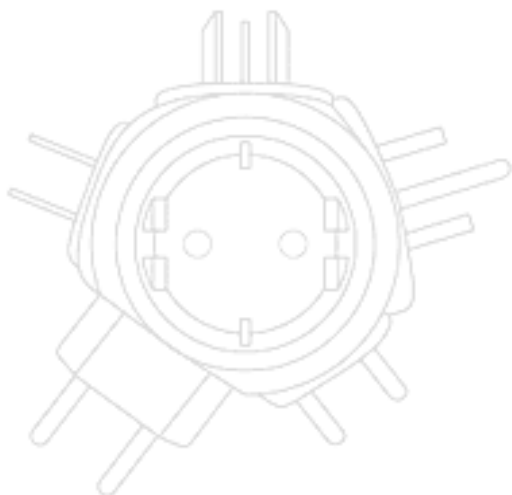
For an organisation who frequently works together internationally, it's important to get to know the international colleagues, so working together gets easier. So there are events for the employees to get to know each other.

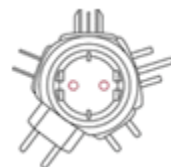
Market situation

At this moment, the telecom market is really a buyers market. Though this situation starts to recover. The situation in the market in America is better, and usually the situation in America is two years ahead of the European market situation.

Future

At this moment, Level 3 is acquiring a lot of companies in America. The company is doing very well, last year, the stock value of the company increased by 80%. The market for the services of Level 3 is also continuously growing, so there are a lot of good signs for the future.





Minutes – Manhattan Associates

To	Mr. J. van Wendel Manhattan Associates
Subject	Minutes interview 14 March 2006
From	Ruud Verstraeten
Date	28 March 2006

About Manhattan Associates

Manhattan Associates is a company that has been founded in 1990 in Manhattan Beach (hence the name). And began to make a warehouse solution for a company in the clothing branch. This solution is then further developed and sold. The market share of Manhattan Associates grew in America. In the beginning, the company especially focused on warehousing software. Later, also logistic software was made, this is done because the market had the need for logistic software. At this moment, the software of Manhattan Associates is implemented in the process of companies as far as possible, and the software can be called Supply Chain Software now. The supply chain software is a solution which manages the total logistic process, from commodity to end user.

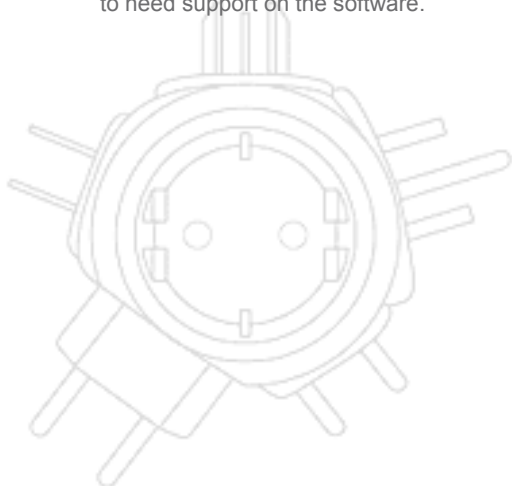
This software exists of the categories 'planning' and 'execution', both categories are done by Manhattan Associates.

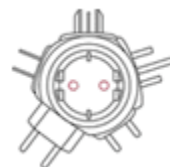
At this moment, Manhattan Associates is the biggest player on the market on the field of warehouse management software (WMS). The quality of the WMS solutions of Manhattan Associates is good enough to make Microsoft decide to implement it in there Axapta software (an enterprise resource planning system of Microsoft business solutions). Axapta is a very qualitative ERP system which is used by a lot of companies. The decision of Microsoft to implement the WMS Solution of Manhattan Associates in Axapta gives a view on Manhattan Associates' position in the market for WMS solutions at this moment.

Because Microsoft is also interested in the further development of the WMS software of Manhattan Associates, Microsoft decided to become a sponsor of Manhattan Associates, but Microsoft is not the only sponsor, Manhattan Associates has more alliances and thereby direct sales channels.

Manhattan Associates operates in 10 countries worldwide at this moment and is one of the most fast growing American technology focussed companies.

The business model of Manhattan Associates exists of three parts, Licence, Implementation and Support. The licence enables the client to use the software, the implementation is the process in which the software is 'installed' by the client (this involves about 2-7 months of work for several consultants). And when the software is ready, the company is going to need support on the software.





Entering the European market

The process of entering the European market looked roughly like this for Manhattan Associates:

1. Following clients to Europe

Manhattan Associates has grown in Europe organically. There were some interesting clients in Europe, for whom Manhattan Associates also worked in America, these companies asked Manhattan Associates to work for them in Europe. These were clients who were located in the UK, in the beginning, these clients were served from America, support was done by letting a consultant come over.

2. Establishing in Europe

When the client base of the company began to grow (mouth to mouth promotion), it got cost-efficient to open an office in Europe. This office was opened in the UK. The language and culture of this country was quite the same as the American language and culture. Establishing in the UK was only a small step, and from this office, the marketing was done to whole Europe.

3. Continental Europe

From the office in the UK, the marketing to Europe was done. This seemed to be quite difficult from there. The communication from England to the rest of Europe was quite hard. So the need came to set up an office in the continental Europe. This is done in the Netherlands. The UK was established to be the EMEA headquarters and is therefore still the headquarters for the Middle East and Africa. The activities of the European headquarters in the Netherlands are still especially focussed on the Benelux. Manhattan Associates is not really active yet on the German market, there are a lot of competitors in Germany.

4. The rest of Europe

The product which Manhattan Associates makes is a complicated product, it's therefore not easy to use resellers to put it in the market. It will take about six months to train a reseller in handling the products of Manhattan Associates. This is quite an investment, and this approach is not always cost-efficient.

The cooperation with Microsoft has however made a change in this, to integrate the WMS solution of Manhattan Associates in Axapta, it needed to be translated to DotNet. DotNet is a programming code in which a lot of people can work, this means that training resellers got easier and less expensive.

When Manhattan Associates doesn't work with a reseller, they will sell the product from the office in the Netherlands, and establish a local office if the revenue is high enough.

Difficulties

Manhattan Associates ran into some difficulties when entering the European market. For example language and culture were difficult. On the field of language, there are some investments made, the software of Manhattan Associates is translated in several languages. But on the field of culture, the American office is not really convinced that culture has such an impact on business. The American people understand that all countries have another language, but not that they all have another culture. The American people have the idea that Europe is homogeneous. Other more pragmatic problems are the difficulties when opening an office in the Netherlands. There are all kinds of laws to take into account, and the company has to be listed by the chamber of commerce. Another difficulty is to get expats to the Netherlands, the Dutch policy with regard to foreign people is very hard.

Marketing

The office in the Netherlands does all the marketing for the Benelux, Manhattan Associates uses the following tools/media:

- Trade shows
- Research institutes

Research institutes frequently make a report about the market of Manhattan Associates, these reports are a valuable source of information for clients who want to know about the quality of certain solutions. A good relation with these research institutes is therefore very important.



○ Consultants

There are several consultants who help companies give form to their processes, including warehousing and supply chain management. These consultants can operate as a sort of implementation partner for Manhattan Associates. Meaning the consultants do the implementation, and Manhattan Associates delivers the software.

○ Brochures and advertisements are being coordinated from America.

○ Trade magazines

Manhattan Associates uses trade magazines and trade organisations. There are about eight interesting magazines in the Netherlands to advertise in, in Belgium there are four. Al together, Manhattan Associates spends about € 20.000,00 on advertisement.

The branding of Manhattan Associates is done from America. The director wants one global branding, while the European offices experience that this is not possible with the European cultural differences.

Culture

There are several differences between American and Dutch companies. The way in which the two cultures look at management is already very different. Some American managers can send all the employees on a plain to Paris to celebrate the good revenue of a quarter, and fire a lot of employees the next quarter because the revenue was bad again. This way of management is also applicable on the marketing budget. The office that makes the highest revenue gets the highest marketing budget. The Americans are more focussed on the short-term, especially when the company is public. The small marketing budget is the most important reason for Manhattan Associates not to use an international marketing agency.

Other problems with regard to culture are in the way the American company presents itself. Americans like to present themselves very extensive, and will probably make things look better than they are. They often say to be the best and the biggest in the world. This works in America, but in the eyes of the European people, they are just being arrogant. European people like to be more discrete and personal. In Europe, big companies are seen as expensive and slow, while little companies are seen as personal and full of expertise.

Agencies

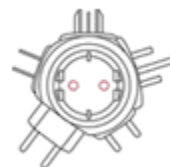
At this moment, Manhattan Associates works with a PR agency, about a quarter of the current marketing budget goes to this agency. It's very important to frequently be in the most important media.

Because it's hard to find employees, Manhattan Associates also hired an agency for this, since the recruitment has a strong international character, hiring this agency is the cheapest way. Decisions with regards to either or not to hire an external consultant are always made based on costs. There will simply be a calculation to determine what a new employee will cost, and what an agency will cost, the most cost-efficient option will be chosen.

Interesting sources or relations

○ NDL

"Nederland Distributieland" (The Netherlands, distribution-country)



Minutes – MapInfo

To	Mr. G. Kleijer MapInfo
Subject	Minutes Interview 04 April
From	Ruud Verstraeten
Date	08 April 2006

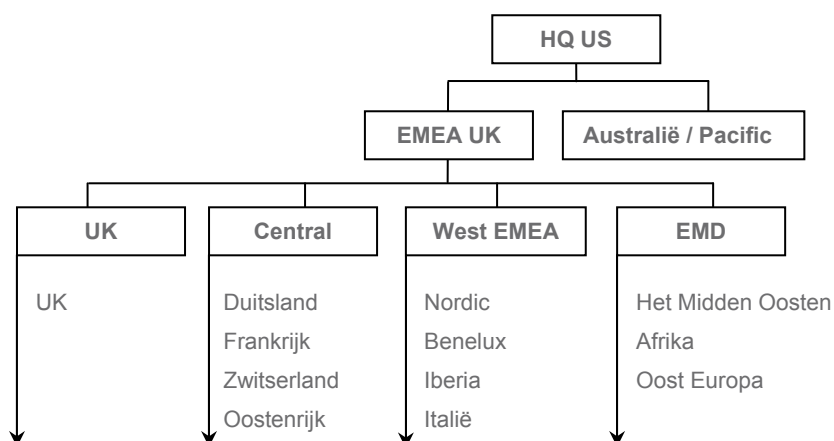
About MapInfo

MapInfo is a company which focuses on geographical problems. This is quite a broad field of attention which can exist of activities with regard to localising call to service centres to analysing regions for demographical data to making a pragmatic navigation system.

The most important clients of MapInfo are the government, telecom and finance. MapInfo started in 1986 in America.

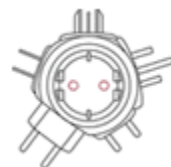
The first office in Europe is opened in the UK. Six years ago, the office in the Benelux was established. Before opening the office in the Benelux, the company worked with resellers in this region.

The organisational structure of MapInfo looks like this:



At this moment, MapInfo has 11 offices around the world, four in the UK, one in central, four in West EMEA and two in EMD. The office of the Benelux has the tasks of marketing and sales for the Benelux. Therefore, there are several sales persons and several technical persons available.

The market in which MapInfo operates is not very dynamic anymore. There are about four of five big players, including MapInfo, who dominate the market. Each of these players has its own specialisation. Besides the big players, every country has some local players.



Entering the European market

There were several reasons for MapInfo to enter the European market. The first step from American was taken to the UK. The IT sector is a worldwide business and there were enough opportunities for MapInfo to expand business throughout the world. For the sales and support of the products of MapInfo, it's best to have local presence. In IT it's very important to keep the line between the client and the R&D department as short as possible. The company entered the Benelux' market when experiencing that the sales in this market was not increasing as fast as it was in other countries.

The process of entering the European market, looked roughly like this for MapInfo:

○ Strong position in America

The growth of the American market started to diminish, and MapInfo got the need to enter new markets.

○ Entering EMEA and EMD

MapInfo entered the European market and the Middle East.

○ Beginning in the UK

The first step to the European market was an office in the UK. The people there speak the same language and have a similar culture.

○ Expand to the Benelux

Because sales didn't grown in the Benelux as it did in other countries, MapInfo decided to establish an office in the Benelux.

The subsidiaries in Europe are especially focused on marketing and sales. Countries that are part of the geographical target audience, but are not part of the responsibility of one of the sales and marketing offices. Are being served by partners. The partners of MapInfo are divided in three groups:

○ Importers function

These companies sell the products of MapInfo to the partners of MapInfo.

○ Authorized partner

These partners are often IT companies, they offer software solutions in which a geographical application is implemented, therefore they buy the MapInfo software.

○ Reseller

A reseller is a company which has a client with the need for software of MapInfo. Usually this only involves small orders, and these companies do not often order.

Marketing

The product which MapInfo offers is aimed for B2B, the target audience is therefore not that big. The marketing is especially focused on building relationships. Tools which MapInfo uses for marketing are:

○ Website

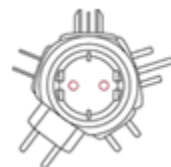
○ cross selling

○ mouth to mouth promotion

○ Partners

○ Direct selling

- Telephonic selling (not lead generation, but targeted on people from big enterprises)
- E-mailing
- Direct mailing
- Seminars / workshops / user events



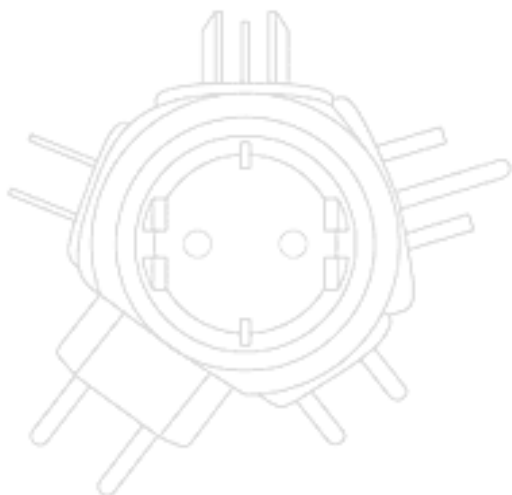
International marketing agencies

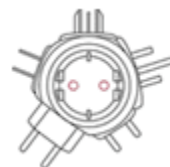
MapInfo doesn't work that much with agencies. Most of the activities on the field of marketing are done in the UK. In the UK the marketing strategy for Europe is determined and translated in a marketing plan. The Benelux takes care of the translation of the collateral to several languages. Translation is often done by MapInfo itself. Because the product is so complex that a translating agency could not do it.

In the UK the office works together with an agency to create the creative concept. This agency has knowledge about the European market, so the creative concept is suitable for whole Europe.

Culture

Cultural differences which Mr. Kleijer has faced are especially internal. When the Benelux has a proposal, it's hard to get the English people convinces, he really has to sell it. The UK is really an island and this is noticeable in the internal cooperation. Hierarchy also plays an important role in the UK. In countries as Belgium, Germany and France it's especially important to do business with the big companies, because the small business companies only like to work with local parties and preferably in their own language.





Minutes – NetManage

to	Mr. Robert Tierhold
	NetManage
subject	Minutes interview 12 and 15 May
from	Ruud Verstraeten
date	15 May 2006

About NetManage

NetManage is system integrator, this means that NetManage helps companies manage all the software applications which they use, and use these software application in a way which really suits the business processes.

In the beginning, NetManage focused on centralizing data through a host access system. These services were especially helping companies manage their data better. A centralized database means an easy to manage and secure database. In time, the company has moved its focus to system integration. Especially since all the ERP and other business process system came up. Companies have bought a lot of software in the past years. But the integration and communication of this software can really be a problem still for a lot of companies. NetManage therefore designs a platform that can communicate with all the software applications and therefore integrate them in one business process. Roughly speaking, in the past, companies used to adapt their business process to the software they bought. Now, it's time for the software to adjust to the business process of the companies.

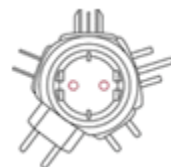
Clients

The clients, whom NetManage works for, are able to be classified by one very important character. This is the attitude towards the software's brand and the actual solution. Companies on the one side of the extreme only want to buy software from one specific brand (SAP for example), and companies on the other extreme don't care which brand produces the software, as long as the solution works. The last companies know that the communication and integration of the software which they use, is not always the way they want it to be. The companies which only use one brand, do so because they want all their software to integrate and communicate with each other.

On the first sight, this group which only uses one brand, would probably not be a potential client of NetManage. Though when looking further in the software which these companies use, it seems that there are some basic processes that still run on a different brand as they aimed for. The e-mail is often a good example, a lot of companies use the Microsoft e-mail solutions. So the need of integration is always present, especially since most companies are not on the one or on the other extreme, but have a policy which lies between these two.

The market in which NetManage operates is a horizontal market. The solutions which the company offers can be interesting for a lot of companies. Though there is a bit of a focus. There are namely certain sectors in Germany which are widely represented. These markets form the key markets for NetManage:

- Banking
- Insurance
- Automotive
- General manufacturing



Business in Europe

NetManage came to the European market because the founder of NetManage, Mr. Zvi Alon, is from Israel and studied in America. NetManage was also founded in America, but because Mr. Alon had very good contacts in Israel, it didn't take long for the companies to establish its European headquarters in Haifa Israel.

The organisation has divided Europe in different regions, they have an:

- Office in the UK
For the UK and Ireland
- Office in Scandinavia
For Scandinavia and the Nordic
- Office in the Netherlands
For the Benelux
- Office in France
For France
- Office in Italy
For Italy
- Spain
For Spain, Northern Africa and Portugal
- Germany
For Germany, Austria and Switzerland

Entering the European market

NetManage first came to the European marketing in 1996. The company has grown in Europe by expanding sales and setting up new sales offices. The first office in Europe was in the UK, and had the task to develop business in Europe.

When sales was high enough in a certain region, it would become interesting to establish local sales. The sales offices first focus on sales only, and as they grow bigger in times, they also start doing pre-sales and after-sales.

In Germany NetManage started with partners. These partners functioned as reseller to the German market. As business grew in Germany, NetManage acquired the two biggest partners, and established in Germany this way.

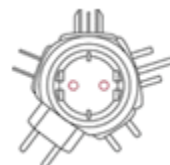
At that moment, the most important product of the company was Rumba, a host access system. This was a solution which was possible to sell for resellers. Since then the company has evolved and the products are now more intelligent. It would therefore not be possible anymore to enter a new market via resellers, because it would take too much money and time to train the resellers in the solutions of NetManage.

Since the entering of the European market, NetManage has also opened a research and development centre in Europe, based in Haifa. The two other centres are in Canada and California.

Marketing

Since the European headquarter of NetManage is in Haifa, the marketing is also centrally managed from Haifa. The Israeli people are quite highly educated, most of the people are able of speaking two or more languages. The marketing budget is therefore also located in Haifa. The most important marketing activities are:

- Trade shows
- Web mail shots
- Telemarketing



All these activities are coordinated from a very big CRM database. A database that is constantly filled with new contacts and opportunities.

Sales is done very directly, the cold calling of the telemarketing department in Haifa tries to make appointments with prospects, and the sales people of NetManage then go for the appointment to sell the solution.

Difficulties

Entering the European market is a big step for a lot of companies, this process is therefore often not smoothly walked through. Entering a new market can take a lot of time, the first thing a company has to do is find distributors to make the products enter the market already. It will take this distributor about 6-12 months to really get the product in the market. When the market then is mature and the product is sold well, the company can open its own subsidiary. In this process the most difficult part is finding the right person to lead this office. Recruitment companies can help here, still this process will take about 12 month. The company will be looking for a smart, international multitask entrepreneur. Someone who is able to let the business grow in the new market, but who can also do the management, administration, et cetera. This has to be a local person, relocating an American or another European person is not smart, because this person will not know the market. Language and culture are important here, but especially network. The person who is going to run the new office should have a very widespread network. Getting this person to go work for the company is also a difficulty, usually they are working for the competitor, and have a stable job, without too much risk. So when wanting this person to leave his stable job and set up the company, which is more risky, there has to be something to convince this person. Of course the salary will be higher, but money is usually not the thing that activates people. Usually they need to have some kind of conflict with their current employer, to make them be looking out for a new job. And to make them take the risk, companies usually have to promise the person a high position in the future company.

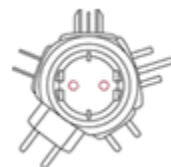
Culture

The fact that NetManage is an American company has a lot of influences on the company's culture. The most important one is probably the Q-thinking. American companies, at least when they are publicly owned, have a strong focus on delivering good quarterly results and keeping the investors happy. For the stock market, the company needs to publish forecasts, these forecasts bring expectation with the investors, when the forecasted revenue will not be achieved, the stock will drop. That's why, every Monday morning, there's an international forecasting meeting, a very important subject of this meeting is the pipeline.

Within the organisation, there is a lot of international cooperation. When a client is international, the project approach is often also international. This means that all the employees of NetManage speak very good English and have the ability to think internationally. There are some events to stimulate the international cooperation within the organisation. Once a year, there's a general sales meeting where salespeople from over the whole world come together, and twice a year, there's a European sales meeting. The management of the company has management meetings four times a year.

Future

The future of NetManage looks very promising. The market is still very big and has a lot of potential. At this moment, according to Gardner Group or IDC the Integration Market has a value of 200 billion US-\$. Only approx. 10-15% of that Market is Software. The rest is individual service (e.g. individual coding of interfaces). Hence the notion of NetManage and other companies in this very complex integration market is to substitute the service with software. This will be a very big step, and it will probably take some time still to develop this. In the near future, there is still enough integration to do for NetManage.



Minutes – SEL

To	Mr. A. Goossens Schweitzer Engineering Laboratories
Subject	Interview 06 March 2006
From	Ruud Verstraeten
Date	06 March 2006

About SEL

Ed Schweitzer founded Schweitzer Engineering Laboratories Inc. in 1982 and made the first security relays. The company has grown for the past 24 years, and has covered most of the world market at this moment.

SEL is producer of security solutions for the energy market. The products which SEL makes, secure the electricity network in case of short circuit. Therefore, company secures almost the whole process of source to end user. The process looks roughly like this:

- Generation
- Transmission
- Separation
- Transformation
- Use

The products which SEL makes are being applied in all phases of this process. However, the products are only used when the kilowatts are high enough. When there are too little watts on a certain point, it will not be cost-efficient to secure it with an expensive solution. SEL offers security solutions for this process on land, but also on sea (big ships with a large need for energy). Products of SEL are highly qualified and the services that the company offers are also very good. There is ten year of warranty on the products for example, and there's a guaranteed repair time of three days. SEL has a market share of 50-60% in America, 2-4% in Europe and 10-20% in the rest of the world. The office in the Netherlands is has sales as main activity.

The most important competitors of the company are Siemens, ABB, General Electrics and Ariba. These companies offer products and services for the whole process of creating electricity to using electricity. SEL only focuses on the security of this process.

The European market

Three years ago, SEL entered the European market by setting up a sales office in the Netherlands. The company chose the Netherlands because of the linguistic skills, the open mentality and the size of the country. It's interesting to see that SEL entered all other continents before they entered the European market. Russia is the only exception on this. Europe was the last continent to enter for SEL, because there are a lot of competitors in this area.

The process of entering the European market looked like roughly this for SEL:

1. Opening an office in Europe

Because of the potential in the European market, SEL decided to enter the European market. So the company opened an office in the Netherlands. Mr. Goossens was asked to position the company in the European market. Mr. Goossens then started to develop sales activities for Europe. As the sales became a success, there was no time anymore for organisational aspects. So SEL hired a second person to run the office in the Netherlands and do the inside sales.



2. Developing sales

The European countries can be quite different in culture. This is why it's important to not only have a sales office in the Netherlands, but to also have resellers in other countries, speaking the local languages. This is a process which has already been started and which will further develop in the future years. When looking at resellers, it's very important to SEL to have people who have a technical background and can understand how their products work. Since SEL is in a bit of a niche market, the questions of the clients can be quite specific.

3. Replace resellers for sales offices

Resellers are not a part of the organisation and will not always be very motivated in selling the product. That's why it's important, when the market is ready for it, to replace them for sales offices.

Distribution

The distribution to the European market is done via the plant in America at this moment. There will probably be no change in this in the near future. This way is chosen because the factory in America is the best in making these products. All process and suppliers are tuned for this situation. And the supervision of the president of the company is the most convenient in this way. The president is namely very concerned with the development of the products. The only problem with regard to distribution that SEL had to cope with was the taxes. To solve this problem, the company got support of a third party.

Marketing

The European office of SEL is especially focusing on sales, so organising seminars and visiting trade shows. The marketing is coordinated from America, the marketing strategy is also done from America. Difficulties which SEL got to cope with were especially on the field of language. All collateral needed to be adjusted because not all European countries speak English.

Culture

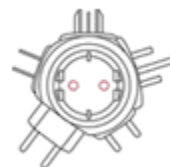
The market sometimes had some classic reactions on American companies. The current president Bush and his policy with regard the war against terrorism can have a negative influence on the reputation of the American companies. From the side of the American company there is a lot of enthusiasm for building relations in the European market, but Europe is often still approached in an American way. The American people still have the idea that Europe is a homogeneous country. The organisational culture and procedures are not being adjusted to the European market. There is also a lot of attention for legal business.

The American people are not that difficult when it comes to the budget of entering the European market. Hiring an office in Europe only took a few days, when the decision to enter the European market was made. Because there is a lot of investment in the European market. There are also some high expectations. The American companies usually don't take that much risk, but when there is a good ROI to receive, the risk can be worth it. American people always think in opportunities, not in possible problems.

Marketing agencies

Mr. Goossens doesn't use a marketing agency at the moment. The most important reason for this is that SEL has a very specific market. It would be very difficult to find an agency that has knowledge about the market.

A good way of approaching a niche market is organising a seminar on which all companies of the target audience are present, and selling sponsorship packages to companies who have these companies as a target audience.



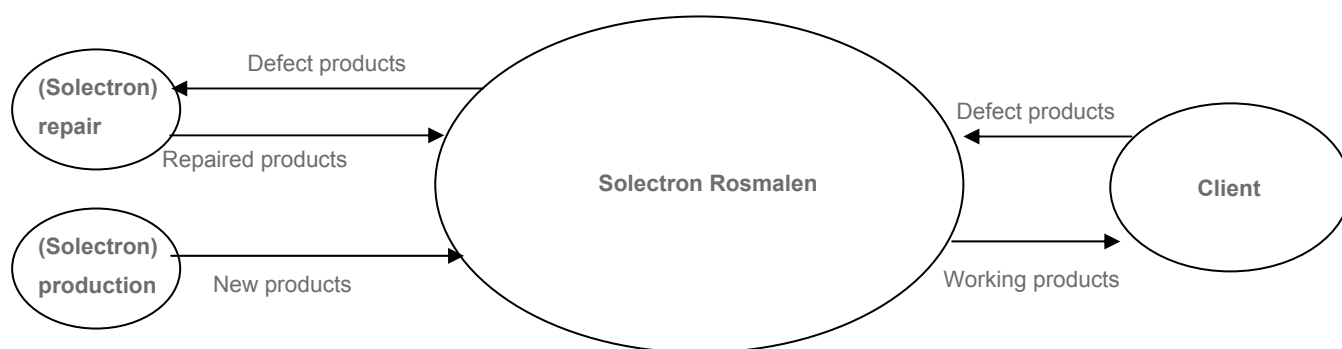
Minutes – Solectron

To	Mr. S. de Bont Solectron
Subject	Minutes interview 13 March 2006
From	Ruud Verstraeten
Date	13 March 2006

About Solectron

Solectron produces and repairs electronic devices. The company started in 1977 in America and has known quite a growth. Especially on in the economic progression and the dotcom decennia, the company has grown, this was between 1997 and 2000.

Like almost all international companies, Solectron divides the world in three zones (time zones), America, EMEA and Asia/Pacific. Therefore the office in the Netherlands is part of the EMEA organisation, the office in the Netherlands is responsible for the logistic process of Solectron EMEA. The company can be divided in two areas of business. There is always one office in the 'time zone' that coordinates the logistic process, on the other locations, producing and repairing are the most important activities. The process of Solectron looks like this:



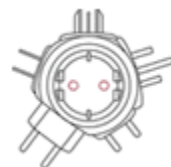
Clients of Solectron are the high tech Fortune 500 companies. Mostly those are OEM companies. Solectron produces and repairs for these companies. The partners which Solectron uses for this process do not always have to be part of the company, sometimes there are external companies doing activities for Solectron. The office in the Rosmalen (the Netherlands) therefore doesn't offer the services of repairing and producing, but only manages the supply chain. Solectron is hired more and more by companies. Because companies work with external parties more than they used to.

There is not that much marketing in the Dutch market. Most of the clients of Solectron have a headquarters in America, the marketing is therefore mostly done in America. There are however some sales people present in Europe. These people operate from another office in Diemen (NL). The sales of Solectron is more consulting sales or cross selling under existing clients.

The European market

Solectron has entered the European market about five years ago. This decision has of course been thought through a lot.

An important reason for Solectron to enter the European market, were the customers that were there. Some customers that used the services of Solectron in America, asked the company to also work for them in Europe and Asia.



Entering the European market was a logical strategic choice for Solectron, the company works for global clients and who need global services.

Solectron entered the European market by acquiring parts of companies. The process of acquisition is mostly so that the acquisition company buys some office of the other company (one division or SBU), some of these offices are then sold again, some are closed down and some will be used. This is not really the healthiest way for a company to grow, but it is the fastest way. However, Solectron also has organically growth in Europe.

The process of entering the European market, looked like this for Solectron:

1. Decide to enter the European market

Because of earlier mentioned reasons, the American company Solectron decided to enter the European market.

2. Acquiring other companies

Solectron bought a division of a big IT-company, which held several offices/subsidiaries. Depending on the situation of the office (Financial health for instance) and the need of Solectron, some subsidiaries were closed and some were sold through.

3. Local management and European structure

The management of the different offices is arranged locally. Every office is responsible for his own management. However, the management has to conform the corporate policy of Solectron. The European structure also had to be made. One part of this European structure was the logistic process, the partners and supply chain.

4. Operational

At this moment, Solectron is operation throughout whole Europe. This doesn't mean that there is no growth in European anymore. Every healthy company has a certain growth.

Government organizations

There are several government organisation which help companies who enter the European market. Solectron also used these organisations. Especially on the field of tax and legal this played an important role. The American people have a strong focus on legal aspects. Solectron is supported on these fields by several organisations.

The Netherlands has one very important advantage in compare to other countries, the tax system. The tax system in the Netherlands is important for companies because production is done more and more in Eastern European countries, the Netherlands than doesn't make those companies pay there taxes in both countries.

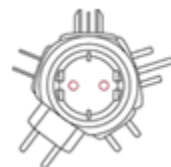
Culture

The office of Solectron in Rosmalen is created by an acquisition of an office in Amsterdam (which was part of the acquired department of the IT company). Because of the focus on logistics, the factory moved to Rosmalen. Rosmalen lies between Rotterdam and Venlo, the two most important Dutch logistic cities. Therefore, some of the employees came along to Rosmalen. The communication of Solectron almost all goes in English, for some employees this was hard in the beginning.

Personnel

When moving from Amsterdam to Rosmalen, not all the employees came along. So there was the need for new personnel, Solectron frequently needs new personnel, this can be because of growth or people who get fired. For this need, Solectron uses an in-house recruitment agency. This agency doesn't only take care of the existing personnel, it does also recruit new personnel.

Besides advertising for recruitment, Solectron is also active on the field of sponsoring and trying to build a good relation with the environment, this also means a good relation with potential employees.



External parties

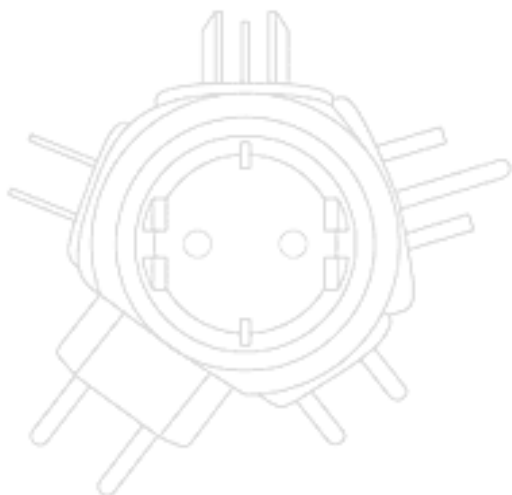
There is a trend in business when it comes to outsourcing. Companies are more and more becoming OEM constructions. Especially on the field of facility management. This means catering, cleaning and security. But some other activities can also be outsourcers. Solectron outsourced a part of the administration.

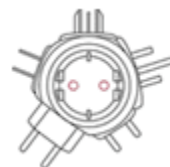
Future of Solectron

There is more and more focus on the Eastern European countries. The Netherlands has much too high labour costs for producing. The change exists that Solectron will focus more on these countries in the near future. This means that the Western European will lose production, but will keep the coordination.

Other interesting sources

- ☐ BOM
- ☐ NDL
- ☐ Rockwell automation





Minutes – interview April 7th

To	-
Subject	Minutes interview April 7 th
From	Ruud Verstraeten
Date	09 April 2006

The respondent of this interview has agreed to cooperate to this research, under the condition of anonymity, conform company policy. There will therefore be no names in this document.

Situation

In the Netherlands, the company has started two years ago with one person. In the beginning, the focus was especially on marketing and sales. Now, the company has grown to 160 employees, partly by acquisition. The core business of this company is investment services for the institutional stock market. This means concrete that the company administratively processes the trade order, given by asset management companies, investment funds, banks, insurance companies and non-profit organisations.

The company was founded in the 18th century in Boston, and is active in the European market since 1972. About 15 years ago, there were already services available for the Dutch clients. At this moment, the company is active worldwide with 21.000 people of which 5.000 working in Europe, spread over 10 offices. Interesting is to see that only 35% of the turnover of the company comes from America.

Entering the European market

London was one of the first countries where the company has opened an office. Other countries followed, with the Netherlands as the last new office, opened in 2004.

The Dutch market is very interesting for companies in investment services. The institutional market is namely very mature, has a good structure and is wealthy.

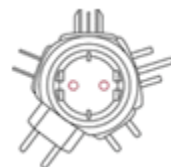
The company is has served Dutch client since 15 years already, from the office in London. So there was a proactive presence on this market. The Dutch market is more and more open to international players. This is a good thing for the company, because a lot of competitors in the Netherlands don't have a comparable global reach.

At this moment, the office in the Netherlands especially focuses on operational activities, but in the future this focus will move to client facing activities.

For the entering of a new country, the organisation has always had the same strategy. From the existing office, there'll new clients scored in the new country before an office is opened. In the Netherlands the company acquired a department of a client (the client outsourced this department), in this way the company has grown very fast in the Netherlands. However, clients do not always outsource their activities, sometimes the cooperation is limited to providing services.

The goal of entering the Dutch market was expanding the client base in the Netherlands. From the office in the Netherlands, the Nordic is also approached. The Dutch office is supervised by "De Nederlandsche Bank" (The Dutch Bank).

Marketing



In the market in which this company is active, there is a strong focus on building and expanding relationships. The market is a real people's business. Tools that are used for marketing are:

- Taking part in RFP/RFI (sometimes through consultants)
- Cold calling
- Networking
- Taking part in congresses / seminars / workshops

The marketing is coordinated from America. For the marketing activities in the Netherlands, there is a lot of cooperation with the American office.

Market

The market has some interesting developments lately. The institutional investors have a supervisor, this supervisor has tightened the rules lately. This means that it's harder for them to execute some of the administrative activities. At a certain point it can become more interesting to outsource these activities.

There are only a few big players in the world who do the same activities as this company and there are also some local players. Important difficulties of entering the Dutch market were language and culture. Especially the language can play an important role. At this moment, there are several English speaking expatriates working in the Dutch office. In the client facing however, everybody speaks Dutch. For the organisation, it has been important to adapt to the Dutch culture. The Dutch tradition of "St. Nicolas" for instance is celebrated, while some American traditions and activities are not celebrated.

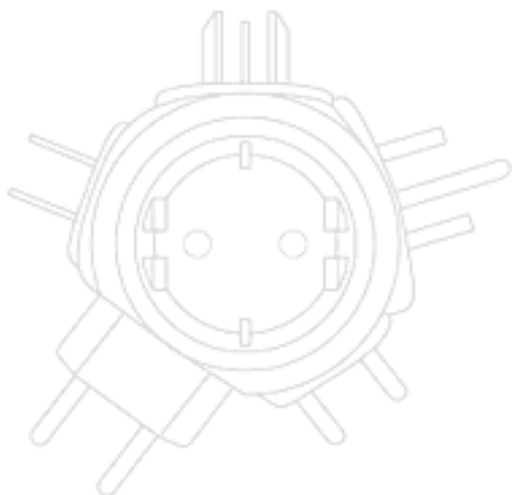
Management

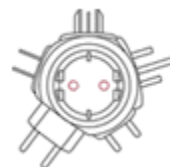
The company aims for a European management board in Europe. It's important for the company to adjust to local countries, this has a lot of possibilities with regard to organisational aspects. In the company there is a so-called Global Inclusions Group, which is divided in a European, Asian and American division. These workgroups are active on several fields (like diversity, career management, communication, etc.), issues that can be important on global and on local level and which need to be dealt with in several regions.

External parties

The company doesn't really work with external parties very often. The company has a lot of know-how and therefore aims to do things intern as much as possible. Sometimes there is cooperation with consultants, especially on fields of which the organisation has no expertise.

In the Netherlands, there is a contact with a PR agency, this agency takes care of all the press contacts in the Dutch market. They work closely together with the Dutch office, but also with the American office.





Minutes – Wyse

to	Mr. Von Hoisslin Wyse Solutions
subject	Minutes interview 10 May
from	Ruud Verstraeten
date	12 May 2006

About Wyse

Wyse Technology is a company which delivers thin computing solutions. Thin computing is an innovative technology which enables users to optimally manage access to information. Security, efficiency, reliability and manageability are all aspects of managing networks and IT infrastructure which companies get to cope with. The thin computing solutions of Wyse aim to offer the user the best performance on these important characteristics. Roughly speaking, the solutions of Wyse aim to centralize data as much as possible, so manageability gets improved, and combines this centralization with the best access systems. At this moment, a lot of data is stored local, on the computer where the users work, the future will centralize all this data. This means that the computer on which the users work, will not need a hard drive anymore, it will not to do anything local, even the operating system can be centralized and send to the local computer from the moment of start-up. This means that all the data will be secure and easy manageable in a central server, and the computers will only be an empty box without the network connection. This is not only valuable for the manageability of data, but security will also improve very much. A stolen laptop will only be a piece of hardware lost, but not a threat of loss of confidential information.

History

Wyse is founded in 1981. And in the beginning the company especially focussed on tax terminals solutions. As the company evolved, the business changed. Eight year the company started focussing on thin computing. Since then the company has made a lot of development in thin computing and has been the biggest supplier in the thin-client for seven year in a row already.

Target audience

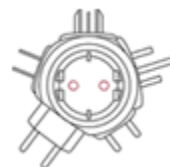
In the American and European markets, there is a difference in target audience focus. In America, especially the retail market is important for Wyse. In Europe, the key target audience differs per country. In Germany, especially the financial market is interesting. In France, there is a stronger focus on the health care and public sector, and in the UK there's also a focus on the public sector.

The users of the solutions which Wyse offers are especially task workers, these are people who do the same task every day, and therefore are a part of a specific business process. Telemarketers and administration employees for instance. Because these people often have systems to help them doing there jobs efficiently.

Thin clients

There are several thin-client solutions that can be used in the thin computing solutions of Wyse:

- Small thin-client
The small thin client is a unit that can send and receive data. So this product can be used as a link between the local computer and the network. In simply business processes, this thin-client can give form to the centralized data solution.
- Intelligent thin-client



The intelligent thin-client is a product that can manage the data access. When using this product, some data can be stored on the local computer, and other information can be stored on a central server. The thin-client then makes sure that the user always has the information he needs.

O Flexible thin-client

The flexible thin-client is the product most futuristic, this thin-client enables the user to centralise all data. The local computer will therefore need no internal storage anymore, and hard-disks will not be needed anymore. The business of thin computing doesn't only exist of hardware. Software and services also play an important role. The process of managing data access should also be managed, this can be done by the software, but a lot of companies already have software which provides this management. Service are mostly needed, but specially focussed on the implementation, and this is therefore also not as important as the hardware is.

Entering the European market

Entering the European market started with doing sales in Europe. Europe was an interesting marketing to enter. Especially the German market is very interesting because it's one of Europe's biggest economies and has some interesting big companies.

The process of entering the European market was mostly the same for all European countries. A sales office if opened with one or two people, these people are going to expand the business. In the beginning, especially sales is one of the most important activities of the office. But as the time goes by, technical support will be set up local, and eventually also marketing. Marketing always comes last because this is the least important activity.

Difficulties

When entering a new market, there will always be some difficulties. The difficulties which Wyse has experiences were:

O Finding partners

When entering a new market, the relations and partners for the business need to be found. Partners who can distribute or resell the product will be needed. In the beginning this can be very hard, because the company doesn't really have a name yet in the market. Therefore it's hard to convince the resellers and distributors to take the product. When a reseller agrees to take the product in his assortment, this means that he will also have to invest to get the product sold, so he has to believe in the potential of the product. When looking for partners, extra marketing budget is often used. A partner can get a certain budget for marketing to bring the product to the market. Or a partner will just receive money for taking the product in his assortment. Another thing that can be done to convince the reseller or partner to take the product, is giving him the right to sell in a certain region. The turnover of a product should also usually be around 2 to 4 million Europe before a distributor is willing to take the product.

O Regulation and law

The law is different for every country, therefore it's important to know the rules of the specific countries in which the products are going to be sold. Every country has own regulations with regard to environment, taxes, foreign investment, et cetera. For Wyse this was therefore a very important issue when entering the European market. These difficulties are however not only difficulties which Wyse has run into, every company entering a new foreign market will run into these difficulties.

At this moment, Poland is a county where Wyse is looking to establish, and the brings quite some difficulties for Wyse, questions like where to establish and how to establish precisely, how to cope with law and regulations. Those questions bring difficulties at this moment, and to cope with these difficulties, Wyse now gets the help of an external consultancy company. For entering this market, the company uses the help of consultants, but for Western European markets, they probably wouldn't.



Management

The management Wyse is decentralized. Every country has its own management including a sales director, a technical director and a marketing director. Decisions are therefore often made local. This makes the organisation strong at the local marketing and gives it a flexibility to quickly react in dynamic markets. The office in Germany operates as the EMEA headquarters. All the offices in EMEA therefore have contact with the German office, and the business in EMEA is guided from the German office. The contact with America is therefore coordinated from the German office.

Marketing

Marketing is also done decentralized, every countries does its own marketing. This means that the corporate design is done from America, and the worldwide marketing strategy to. But the concrete marketing is all local. This is a strength of the organisation, because they have the possibility to adjust there marketing to the local marketing situation. The most important marketing activities are:

- E-marketing;
- Events;
- Seminars;
- Marketing through partners.

There are local marketing agencies that help Wyse with their local marketing approach, but there's no international marketing agency. For the German marketing, the same e-mail marketing concept is used for instance. But because the law in Germany has different demands towards this form of marketing, the concept is changed a bit. Not only technical differences in marketing approach are important, also pricing is different in Germany, and most importantly, the target audience in Germany is different from the American one. There is therefore a lot of cooperation with regard to marketing, the German marketers know much more about the financial market, and can therefore be a help to the American marketers who haven't got a specific market focus that much.

There has however been one marketing project that was internationally done. This was a worldwide market research. This market research was initiated and managed from America, and done by an international marketing research agency.

Sales

The marketing which the European subsidiaries of Wyse do is typical field marketing. This means that the marketing is aiming for the field, and not for the organisation itself. Things like product development and product strategy are done from America. The marketing in Europe is focussing on new business. Therefore marketing is serving sales.

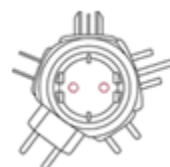
The sales cycle of in Europe is about 6-18 month for Wyse. The way in which the DMU is approached is the 'call-in-high' approach. This means that the sales or pre-sales people try to get contact with a person as high as possible in the organization. Usually, the DMU with which Wyse deals is the middle and high level managers.

Culture

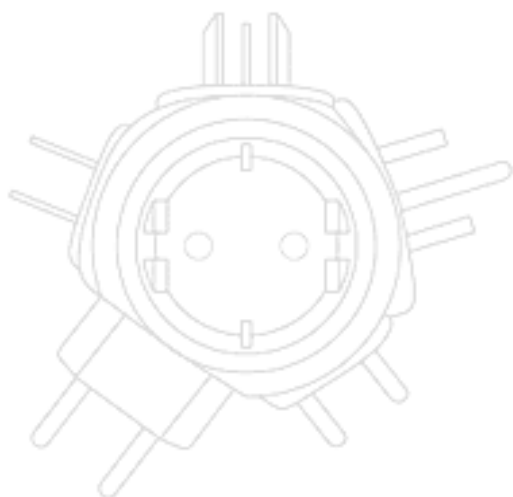
The organisation has a strong international culture, employees work together on several projects for international clients. Though the company does not have a strong American culture, the European offices all have there own European culture, this is grown this way in the organization. The People who work with Wyse have therefore gotten a European culture, but this doesn't mean that they are not capable of thinking internationally, they work internationally a lot and have a European meeting with all the employees every year.

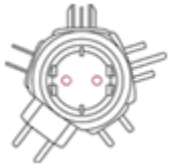
Future

In the future, Wyse is probably going to focus on software more. Because the company wants to broaden its view. Also the focus on services is going to increase. Wyse had the possibility to start focussing on these two business



opportunities before, but the market and Wyse where both not ready yet for this step. Now, the situation is convenient to make this step.





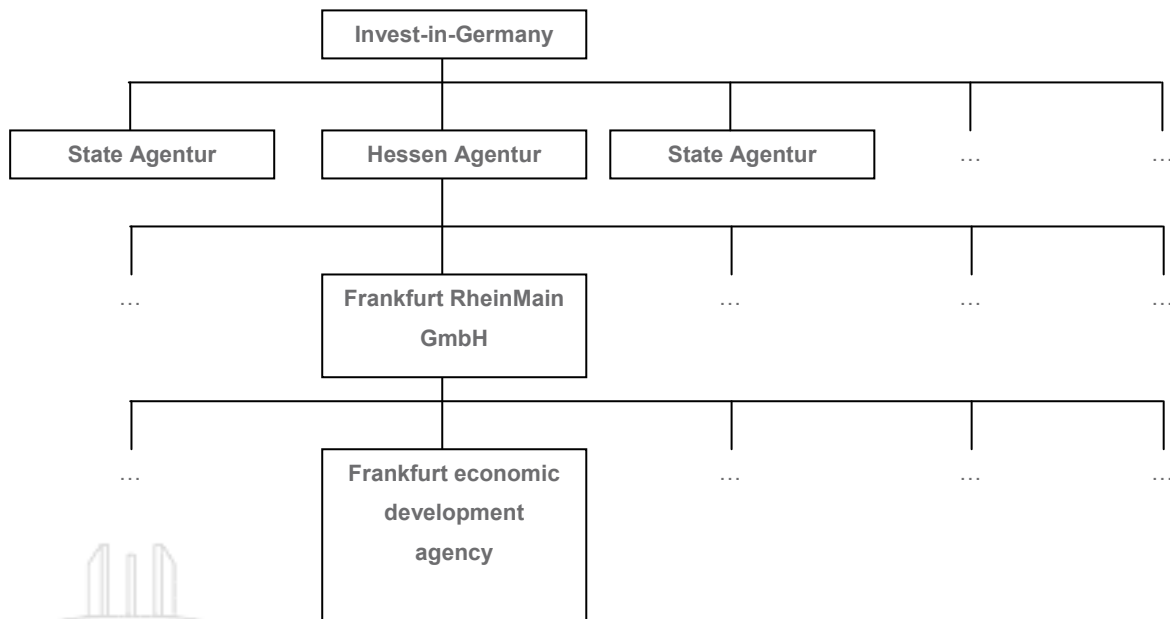
Minutes – Hessen Agentur

to	Mr. S. Schäfer
	Hessen Agentur
subject	Minutes Interview 2nd of May
from	Ruud Verstraeten
date	02 May 2006

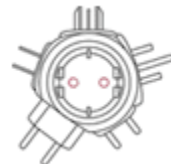
About Hessen Agentur

Hessen Agentur is a development agency for the region or state of Hessen. Hessen Agentur developed from four different organisations which were all active in the field of economic development. These organisations used to be part of the IBH (Die Investitionsbank Hessen), an organization that focuses on the economic development of the region of Hessen. But some time ago, the IBH restructured because it had developed too much activities that were not economic. In this restructuring, the non-monetary part of IBH was integrated into Hessen Agentur; IBH as a monetary economic development institution still exists. Hessen Agentur is a state-owned company. And acts in behalf of the Hessian Ministry for Economics.

The structure of development agencies for foreign investment in Germany looks roughly like this:



This gives a rough impression of the structure of foreign investment in Germany. This structure doesn't necessarily mean that the Invest-in-Germany has the first contact with the client, and the project moves downwards as it evolves. All four levels of foreign investment agencies have experts doing the same thing, only for different regions. The Invest-in-Germany experts are more focusing on the promotion of Germany as a country, building a good image and building on the reputation of Germany. Hessen Agentur, Frankfurt RheinMain and the Frankfurt economic development agency are more active doing concrete projects. They are working respectively for Hessen, region Frankfurt-RheinMain and Frankfurt. They are more involved with companies who are really entering the European market. A company who is entering the European market can therefore have contact with Hessen Agentur, FrankfurtRheinMain or with the



Frankfurt Agentur (or of course some of the other agencies) for the same project. Therefore, there is a lot of cooperation between these agencies.

Important markets Hessen focuses on are industrialised countries such as USA, Japan and Korea as well as emerging markets such as China and India or highly developed economies such as United Arab Emirates. Hessen Agentur also has knowledge about certain specific sectors, these are sectors which are highly developed, or have the potential to be developed further, in Hessen. Within the location advisory services department important sectors are:

- Logistics

Hessen has got two major logistic hubs, Frankfurt and Bad Hersfeld. Frankfurt is a very international city and has one of the biggest airports in Europe. Germany begins to be more and more important as a country for logistic activities. Since the movements in the EU, the expansion of the EU with some of the east European countries, Germany has moved to the centre of the EU. Also the LKW-Maut has gotten more expensive. This means it's more expensive for foreign heavy weight vehicles to travel through Germany.

- Nano technology

- IT

- Call centre (only a small sector)

Further sector-specific know-how is concentrated in the technology advising department.

Activities

The central goal of Hessen Agentur is to position Hessen as a brand. At this moment, Hessen is not known well enough abroad, Frankfurt however is. Therefore it's important to get the brand awareness up.

There are certain activities that are part of the central goal of Hessen Agentur, namely:

- Location marketing

- Tourism

- Urban development

- Technology advising (focused on for instance IT, Biochemical industries or Nano technology)

Location marketing

Location marketing means building the image of Hessen. This can be towards all kinds of people. Also towards the companies who are potentially entering the German market. Hessen Agentur does the following things to get companies to enter the German market and establish a subsidiary in Hessen:

- An office in America

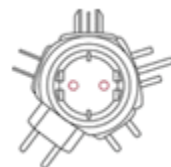
Hessen Agentur used to have an office in America, at this moment this office is closed, but in the future it will probably be established again. Advising American companies is namely much easier when being in America, this is because of things like the time differences and intercultural know-how.

- Tradeshows

At tradeshows Hessen Agentur meets entrepreneurs who want to enter the European market. Usually these tradeshows are for a specific sector. The sectors mentioned above are therefore the sectors in which Hessen Agentur usually visits tradeshows.

- Mailings

There are also mailings done to promote Hessen as a place for foreign investment. These mailings cannot be done to all the American companies, or to all American companies in a certain sector. Therefore, Hessen Agentur has an agency in America which makes selections of companies which might be interesting to come to the European market. These selections are the input for the mailings.



○ Analyzing current companies in Hessen

By analyzing the current status of companies in Hessen, Hessen Agentur knows what business opportunities still lay in Hessen. This information is very valuable to convince companies to establish a subsidiary in Hessen.

○ Consultancy sales

Not only analyzing the region, but also analyzing the company is a possible approach. When analyzing the current situation of a company, the experts of Hessen Agentur can determine whether it's interesting for a company to enter the German market.

○ Road shows

Hessen Agentur had done some road shows in the past. This is however a very costly way of promoting. Therefore, currently, Hessen Agentur doesn't work with road shows. But in the future it might be a possibility again.

○ Delegation trips

Sometimes the Minister-president or cabinet members such as the minister for economics go on delegation trips to another country. He takes some companies along who are interested in establishing in this country. For these countries this is a nice opportunity to get to know the other country, and the possibilities of this country. Usually these activities are mainly outgoing, which means that it doesn't directly deliver incoming foreign investments. However the state of Hessen and its benefits to businesses from abroad is usually presented during the delegation trip. And this does often result in a delegation trip of the president of the visited region to Hessen, this president does also bring companies along which might be interested in establishing in Hessen.

American companies

At this moment, there are more than 700 American companies in Hessen. Not all these companies are in IT, and not all of them have entered the European market in the past five years. About 100 companies are in IT, and only three or four of them have entered in the past five years.

The process of entering the European market would roughly look like this:

○ **The need to come to the European market**

There has to be some kind of need to come to the European market. This can be the population of West-Europe, a big amount of people with a high income. This is mostly the reason for big B2C companies to enter the European market. For the smaller B2B companies, entering the European market is usually done by following these big international clients.

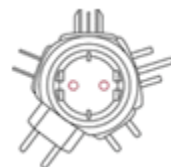
○ **Research on the market**

Before a company really enters the European market, they have to know something about this market. Usually they already have some clients in this market and do some assignments, but getting to know a bit more before making an investment is pleasant. This is not a thing which Hessen Agentur does. These researches are mostly done by consultancy companies.

○ **Opening an office**

Opening an office can be done by setting up a Greenfield, or by acquiring another company. The big companies usually acquire another company, because this is the easiest and fastest way, however, this is also the most expensive way. The smaller B2B companies usually just open an own office and set up a small team of experts to run the office.

This office is often not only for the German market, but from German companies want to expand to other European markets. The offices that are established are therefore mostly focused on marketing and sales. Hereby sales is the most important activity, and marketing is always established simultaneously with sales.



Difficulties

Of course, when companies enter the European market there are some difficulties where companies run into.

The most important difficulties are the following:

○ Tax system

The tax system in Germany is complicated. For companies establishing in Germany it is therefore hard to figure out the tax system. Mostly, companies are advised to hire an external lawyer or accountant.

○ Legal entity

A second problem is which legal entity to establish in Germany. There are more possibilities to set up a company. A company can choose to establish a partnership (Personengesellschaft), a GmbH or an AG. Mostly the choice turns out to be a GmbH, but taking this decision is quite hard. A lot of companies have an external advisor to help them with this.

○ Paperwork

Germany has an image of being very bureaucratic, when establishing a company, there is paperwork to be done. This can take a lot of time and requires knowledge of the German language and law system, therefore, also this is often done by an external advisor.

○ Labour law

Compared to the labour law in America, the law in Germany is quite protective towards the employees. It's not possible to just fire someone in a short period. Mostly persons have an endless contract and a company has to have a very good reason to fire someone. This is not specific for Germany, a lot of European companies have this policy.

○ Culture

When an American employee comes over to Europe to set up the company in Germany, it takes some time to adjust to the European culture. Hessen Agentur however does everything to make these people feel at home. There are much clubs and faculties for American people, Hessen is namely a region where a lot of foreign people live, and among them a lot of American people. The quality of life in Hessen is also very good, there's also a lot of beautiful nature to see in the region of Hessen.

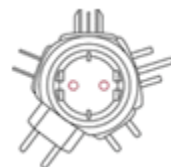
Marketing and expansion

Usually when a company enters the German market, they are looking to expand their business to more European countries, marketing and sales play an important role in this. There are several possibilities to expand business, depending on the situation of a company.

When a company has chosen to acquire a German company, there is also usually knowledge available about expanding business to other European countries. So the company that is acquired can take care of the marketing and sales to other European countries.

When a company did not acquire another company, but established a greenfield, marketing to other European companies gets a bit more difficult. Usually in this case a company will search for a partner who has knowledge about this. This can be a company with which they want to cooperate, the products of the company and the partner are in this case sold together.

And in some cases, a company can choose to hire a marketing agency which had knowledge of their market and knows how to handle sales and marketing in different European countries. These marketing agencies can either be very big international agencies, or smaller agencies. These big agencies have very much international experience and knowledge, but are also very expensive. The smaller agencies do the international projects next to their normal

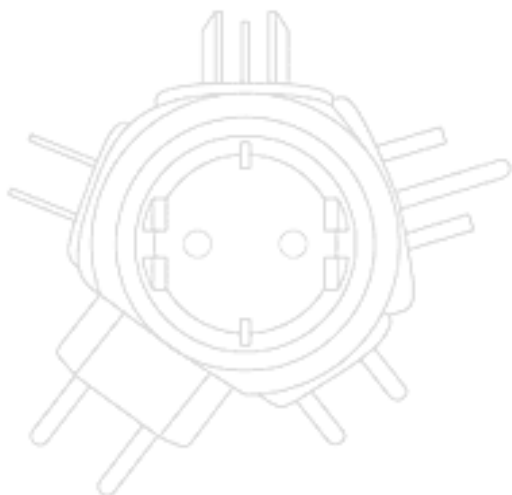


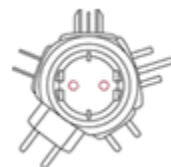
everyday business, they have less experience and knowledge about international marketing, but are also not so expensive.

Conquering the European market is done in very much the same way by American companies. A lot of companies establish their first subsidiary in the UK. This is an easy first step because there is no language problem for American companies in the UK. From the UK the companies try to get sales started in the rest of Europe. However this often seems to be quite hard from the island of the UK. Therefore a lot of companies chose to open a subsidiary in the continental Europe. The countries where they then start to focus on are Germany and France, the two biggest economies in Europe.'

Other interesting sources for this research

- FrankfurtRheinMain GmbH
- Accenture





Minutes – AmCham Germany

to	Dr. D. Müller AmCham Germany
subject	Minutes interview 12 May 2006
from	Ruud Verstraeten
date	17 May 2006

About AmCham Germany

The AmCham Germany was founded in 1903 in Berlin. The organisation then had 100 members, 60% of these members were American companies, 40% were European companies. Since this time, the AmCham has helped a lot of companies with their activities concerning business between America and Europe. At this moment, the AmCham Germany is the biggest AmCham in Europe, and operates with 20 employees and has 3.000 members. These members still consist of about 50% American companies and 50% European companies. There are about 2.500 American companies in Germany at this moment. There are four important sectors that are largely presented in this group:

- IT;
- Automotive;
- Industrial niche products;
- Financial services.
- Consumer goods

Roughly speaking, the IT is about 20-25% of this market.

The goal of the AmCham is to support unrestricted trade and investment between America and Germany, and promote a healthy, open and productive business climate. To achieve this goal, the AmCham supports companies on the following fields:

- Visa;
- Networking / lobbying;
- Legal;
- Marketing.

Clients

At this moment, the most important investments in the German market are from the following sectors:

- IT;
- Finance;
- Entertainment;
- Food/production.

This does however not mean that these are all greenfields. A lot of investments are done in the German market, that do not really have a Greenfield character, but who are related to investments of an existing company. When only looking at the Greenfield investments, the market is rather small. There are not a lot of new companies coming to the European market at this moment. The most important activities of these companies are usually sales and R&D.

Process



American companies, who enter the German market, have to set up an office first. But before they have the possibility to set up an office, they need to establish a legal entity. When these companies come to the German market, they are usually focused on sales. This means that they either already had sales in the past, and therefore already have experience in the market, or they do research before they open the office. The companies who establish in Germany do often not only open an office for just Germany, they can chose to set up a European headquarter, and manage all business from this central German office. This happens more and more, because Germany is becoming the central country in Europe. When this is done, the European headquarters is often especially focussed on sales, marketing and engineering. The financial headquarters are mostly in Switzerland. The company often gets managed by a local employee of the companies, so an American comes over or a European is being relocated. But it also happens a lot that an American company enters the European market by acquiring his formal German distributor.

Difficulties

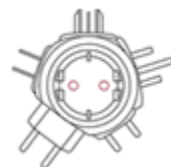
When entering the German market, American companies get to cope with certain difficulties. The most important ones are:

- Understanding the market
Since a lot of companies focus on marketing and sales, the new market which they are entering, can be an important difficulty.
- Law
The law is different for every European country, though the EU is bringing law in Europe closer together, it's still hard for an American company that is used to having one law for whole America.
- Tax
Taxes bring the same problems as law, the government demand is different, and a company cannot do the taxes the way they're used to in America.
- Labour law
Labour law is one of the most important differences between America and Europe. Employees have many other rights in Europe than they have in America. This asks for a lot of understanding from the management. The problems which companies have when entering the European market, are always on the market side, competition in Germany for instance is very intense, products might need to be adjusted, finding partners for distributions can be hard, et cetera. Therefore, the AmCham offers these companies market advice, they can help with adjusting the company, and the company's commercial structures to the local market. Not only the AmCham delivers these kinds of services, there are also some consultancy companies who can help the American companies. These consultants are usually the big strategic consultancy companies, Boston Consulting Group for instance. Advertising agencies are not really that much involved in this process.

The AmCham can help companies setting up there marketing, or getting relations by organizing a forum. At this forum, the AmCham also invites potential customers of the American company, and brings them together in this way. When a company is looking for partners or new clients, they also often ask the AmCham to send an e-mail to some interesting companies, and ask them to cooperate in a sales appointment when the American company calls them. In this way, the AmCham can make a first entrance for American companies.

Cooperation with development agencies

The AmCham is not the only organisation who organization, helping American companies who come to the European market. Every country has development agencies, these are agencies who exist to help foreign companies entering the market, and who promote foreign investment in their country. The activities of the AmCham therefore have a lot in common with the activities of the foreign investment agencies. The two organisations work together frequently. The agencies are mostly focussed on getting American companies to the European market, this is not an important focus of the AmCham. The AmCham is a private owned organization, and doesn't have the mission to develop the local



economy, the most important interest of the AmCham is to help their members, and investing in persuading new companies to enter the German market, is not something that is directly very profitable for their members. The cooperation between the foreign investment agencies and the AmCham is therefore more based on advising. They do conferences together, and speak with American companies about their issues in international business. And they also sometimes play the role of the reference of the foreign investment agency, and give companies who want to enter the market, the information they need. Also sometimes there are tours done together with the foreign investment agencies.

Promotion

So the AmCham does proactively try to get American companies in Europe, AmCham does become an important and more proactive organisation. New projects for the AmCham are not acquired by marketing or sales from the side of the AmCham, the companies who the AmCham works for, came to the organisation.

The companies who come to the AmCham for advice are mostly companies who are entering the market. They usually have a presence in Europe already, a lot of companies started in the UK. From the UK they start entering the rest of the European market, and at a certain point, the sales in Germany is big enough to establish an office there. This is the point in which they come to the AmCham. When the companies enter the German market, it usually doesn't take them very long to start making profit, mostly it takes about 2 months before the organisation is fully operational, and then the break-even point is quickly reached, this is of course also mainly because the companies had already reached a certain revenue or turnover in the country.

Entering the European market

A lot of American companies used to begin in the UK when entering the European market, language and culture were the most important reasons for them. However, times change, and companies start focussing more on continental Europe, because the UK is really an island, and is a bit separate from the rest of Europe, so when wanting to develop business in continental Europe, the UK is not the best country to establish an office. Another reason for companies to start looking at continental Europe more and more are upcoming eastern markets. Therefore, Germany starts to be more of a central European country. Still a lot of European headquarters are in the UK.

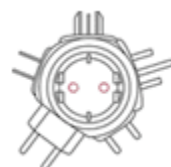
When a company enters the European market via the UK, the second office they open is usually on the continental Europe, the most important markets are mostly Germany and France. Then they look for business in Benelux and the Nordic. But every sector and business has its own preferred geographical regions. For the IT there are three very important countries in Europe, UK (London), Germany and France. Therefore a lot of IT companies will prefer to go to the UK first. And usually Germany and France also get an own office after a while. Because when a company wants to do business in these markets, it has to be local and speak the local language.

Culture

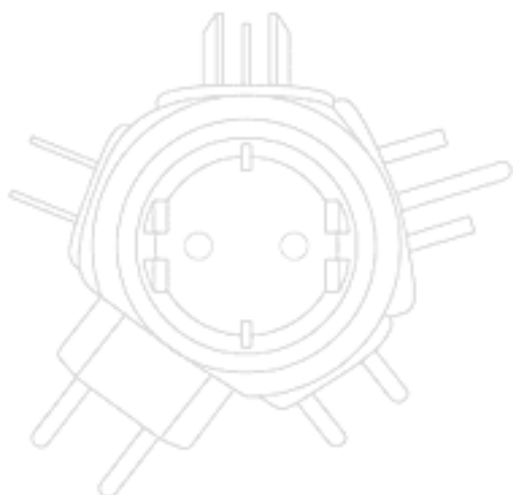
West Europe is stretched from Scandinavia to Greece. This means that there can be quite some cultural differences for a company to consider. Some European countries are more the same, and some differ more from each other. The German speaking countries for example have only small differences, but then German and the France market have much bigger differences. The more southern European countries have a more relationship focused culture, it will therefore take longer to develop business there, but the relations will be longer. The northern European countries have a more business culture. Relationships are not that important, and hierarchy and political games are less common.

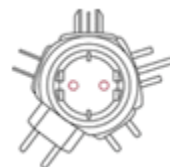
Developing business in these countries is easier, if the solution is good, they will buy it. This only means that if they run into a better solution or a better deal, the relationship can be ended just as easy.

American companies make many mistakes on the field of cultural differences. The most important reason for this is that they do not always fully understand the fact that there are cultural differences. Since the American business people have grown up in a country without the cultural differences which Europe has, and without the differences in language. It's difficult to understand that the situation in Europe is so different. Styles of communication and negotiation are different for a lot of countries, so these activities can often bring American companies in difficult situations.



This is also true for the internal culture of the organisation, when working in a certain country with local people, the American culture and procedures will not always be applicable. Mostly, companies therefore adjust there cultural a bit on local level, but keep their strong American values. With one exception, the acquisition situations mostly have other cultural differences, the challenge is than the combine the existing cultures of two organisations from two countries.





Minutes – AmCham the Netherlands

To	Mr. S. Paul
Subject	AmCham the Netherlands Minutes interview 02 March
From	Ruud Verstraeten
date	03 March 2006

History

1960

The American Chamber of Commerce (Amcham) is officially established in January 1962. The reason of this establishment was the need of the American companies in the Netherlands to form a strong front together to be able to influence the Dutch government. In this time, there was quite some discrimination towards American companies by the Dutch government (government assignments, repatriating of the revenue).

A second function of the American chamber of commerce was helping American companies entering the European market. The process of entering the European market was a bit different in these days. Cities in which the wife of the CEO good do some good shopping, and in which there was a lot of beautiful culture, formed a big attraction to foreign investments. Help from the Amcham was a source of information that could really help the company making the right decision. The company didn't pro-actively look for information about potential places to establish. The Amcham was also active on the field of trade development (export from America).

1970

As time went by, the function of the Amcham changes. The U.S. Department of Commerce took over the trade development activities from the Department of State in the seventies. In this process, the Amcham also lost tasks.

1980

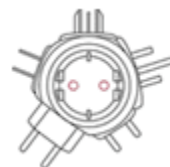
The NFIA and the local development agencies began to take over the tasks of the Amcham with regard to promoting the Netherlands as a country for establishment, and advising American companies who are entering the Dutch market.

Now

The most important tasks of the AmCham are on the field of lobbying. The AmCham exists of 300 members at this moment, all these members have a certain need or demand who is related to the Dutch the law. It's therefore important to always clearly communicate the needs of the American companies to several governmental and political organisations, a new law for example can be a reason to start a lobby. To consistently do a good lobby, the members of the AmCham come together yearly. In this gathering, decisions are made about the future lobby, after this meeting, the AmCham will write a lobby program. Though the need for lobbying has also decrease in time. Consumers and government organisation have become easier for the international companies. In the seventies and eighties, this was far more important, nowadays, the government is much more flexible towards big companies.

The process of entering the European market has became more rational, it's not the wife of the president or CEO anymore who determines where the company will establish. But it's a team, composed by the CEO, who has the most important influence on the place of establishment of a new subsidiary. In this process of doing research on potential places to open a subsidiary, the internet has grown more and more important for the teams.

The process of internationalisation also begins much earlier by the average American company. When making national products, with international potential, the companies will already consider the international demands and guidelines for the product. So American companies have became much more proactive towards internationalisation. The economy which was always known to be very closed, starts to open itself.



Another important function of the AmCham is networking, the frequent meetings of the members of the AmCham form an interesting form of networking for the entrepreneurs.

Members

There are about 1500 to 1600 American companies in the Netherlands at this moment. The amount of members of the AmCham today is 600 companies (half of them are American companies). So the members of the AmCham represent about 20% of the total amount of American companies in the Netherlands. The amount of members of the AmCham has decreased in the past years. In the future this decrease will probably continue. A lot of the present members of the AmCham see their membership as a corporate responsibility as an American company.

Next to the AmCham, there are some other companies who help American companies entering the European market. Important organisations are of course the NFIA, including the local development agencies. American companies also use external consultants a lot. Especially for the American companies who are still to enter the European market, there is an interesting market for consultants who can advise these companies in the process of entering Europe.

Process

The process of entering the European market looks different for every company. It strongly depends on the product or service of the company, and the clients that are already present in Europe. Roughly, the following steps are taken in the process of entering the European market.

1. Reselling

The first products come to Europe and the first relations are being built. This does not always have to be a formally planned process or strategic movement, and can take quite some time. This step is built on getting some assignments in the European market and building relations. What also happens a lot is that an American company has an international client in America who asks the company to also do an assignment for them in Europe.

2. Agent/distributor

When the European market proves to be interesting, the company starts to enter the European market, this starts with proactively doing sales in Europe. This sales is usually still done by a reseller or distributor. This partner usually doesn't have a strong commercial profit for the product, and it's therefore very important to manage this relation well. The company can choose to first begin with a test market. Companies who also deliver services, also need to look for partners who can deliver these services to the European clients. Or they can skip this step and open a European office themselves.

3. Team/CEO

When the business in Europe is going well, and the sales of the partner shows good results, the CEO puts together a team of people who get the responsibility of managing the process of entering the European market, and especially do all the research. This team then starts to do research, the internet plays an important role in this phase.

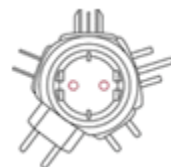
4. Country

The team makes a shortlist of interesting countries, visits these countries and search for an interesting place to establish. The CEO usually also visits these countries. Eventually, the team gives the CEO an advice. Usually, the CEO takes over this advice.

5. Place of establishment

The process, in which the exact place of establishment is chosen, goes a bit faster than the process in which the country is chosen. Often the team already has a place in mind. Still, mostly there will be another one or two visits to the specific country. Eventually, the team also advises the CEO about the place of establishment, and the CEO usually takes over this advice.

6. Becoming an operational subsidiary



To form the basis of the European company, usually, an employee of the American companies goes to live in the European country for a while. This is a period of about five years. This employee has the task of setting up the business and expanding it in Europe. The most important tasks of this person are related to finding partners and setting up the distribution. Also very important in this phase are the legal aspects, a lot of times, companies have an external consultant to help them with this. Depending on the market in which the company operates, sales and marketing can play an important role here. The length of this phase depends on the market and the market situation of the company.

7. Local manager

After the period in which the American employee sets up the business, a local manager will take over the company, and the American employee will go back to America. This local manager is usually a person who knows the market very good in different European countries. At this moment, the company starts to get a stronger European culture.

Marketing difficulties

When entering the European market, a company can run into several marketing difficulties. This will also strongly depend on the market and market situation of the company. For the Dutch market, some examples of difficulties where a company can run into:

○ Searching for partners

Finding the right partners can be a real difficulty for a company. Not only cultural differences, but also the specific needs of the American company and the small size of the network of the American company play a role here. A company can be helped by development agencies in this process. They have, especially in the region, a good network of potential partners. The American Ambassadors can also help a company in this situation.

○ Culture

Cultural differences are a difficulty with which every company will have to cope when coming to a new market. In Europe, there are countries that have a culture that have many similarities with the American culture, but there are also countries which have a culture that is really different from the American culture.

The Netherlands has a quite easy culture when it comes to coping with Americans. The UK can at this point even be a more interesting country for the American companies. Language also plays an important role in here.

○ Legal

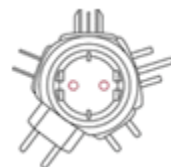
Especially for business to business markets, legal aspects can be very important when entering the European market. Laws and procedures are different in every country. Products therefore often need to be adjusted.

○ Logistics

In compare with America, Europe is a difficult area for distribution. In America there are no costs for bringing products from the one state to the other. When travelling in Europe, there are a lot of import and export rights to be considered. The Netherlands is at this moment still the most interesting place to establish this distribution centre, both considering the law and infrastructure.

○ Financial management

When a company makes profit in a European country, and want to ship this money elsewhere, to the US for instance, the company will get to cope with taxes. The Netherlands is a good environment for shipping money. When there is revenue in a Europe country, and this money is shipped to the Netherlands, there is no need to pay taxes in the Netherlands again to ship the money to the US, so there will only be taxes in the country in which the company has earned the money. This makes it attractive for companies to locate their headquarters in the Netherlands, and do all the financial management from there. There are headquarters of big companies in the Netherlands, for example Nike, T-Mobile and Orange have there headquarters in the Netherlands.



Minutes – NFIA

To	Mr. M. Zegel The Netherlands Foreign Investment Agency
Subject	Minutes interview 15 March
From	Ruud Verstraeten
Date	27 March 2006

About the NFIA

The NFIA stands for the Netherlands Foreign Investment Agency. The NFIA is founded about 25 years ago and helps foreign companies when entering the Dutch market. The organisation doesn't only help companies when entering the Dutch market, there are also activities on the field of persuading companies to come to the Netherlands. Therefore, the NFIA also has offices in America and Asia.

The central goal of the NFIA is to get as much foreign investors to the Netherlands as possible and to correctly help them establish in the Netherlands. To enable companies to correctly go through the process of entering the Dutch market, the NFIA also has more local development agencies, with local knowledge to help the companies more pragmatically.

The clients of the NFIA can be divided in two groups. The Asian group and the American group, representing the most important origins of foreign direct investment (FDI) in the Netherlands. At this moment, the American investors form the biggest group, however, the Asian investments are the biggest ones. This means that there are a lot of investments from America, but relatively smaller investments and there are less investments from Asia, but relatively large investments. The big American companies have entered the Dutch market some time ago already, the big Asian companies are doing that now.

Acquiring projects

In American, the NFIA is proactively approaching companies, to persuade them to enter the European / Dutch market. For these activities, there is a process that the NFIA in America uses to approach companies:

- Selecting interesting companies
This selection is based on **turnover**, **sort of product** and **global presence**.
- Approaching companies
This can be done by direct mail, cold calling, building relations or other possible channels.
- Promoting Europe
Some companies don't have the plan yet to enter the European market, the first step is than to persuade those companies to enter the European market.
- Put the Netherlands on the short-list
To make a choice between the different European countries, the CEO usually makes a team to do research and to give him advice. This team will therefore begin to do desk research, the result of this research will be a short-list with interesting countries. For the NFIA, the goal is to get the Netherlands on this short-list.
- Fact Finding Trip
Mostly the countries on the short-list are visited by the CEO and his team. In this trip they try to get a view on the possibilities and exact circumstances of the countries. The NFIA tries to takes the lead in these trips, and show the companies around in the Netherlands, in this trip, the goal is to leave a good impression of the Netherlands, and make the company decide to establish there.



○ Second Fact Finding Trip

In some cases the companies make a second fact finding trip, this trip is usually made when the decision for country is made, and when the company wants to take a more detailed look at where they would want to establish in the Netherlands. Things like where to establish and where to get employees becomes important. These visits are mostly shorter than the first one, because the company already has seen some interesting places in the first trip.

○ Office

When really opening the office, there'll be a lot of support from the NFIA. Setting up a business is quite a heavy job and since the services of the NFIA are free of charge, the support is very welcome. There are procedures like getting listed by the Dutch chamber of commerce, but also things like law, tax and recruitment start to play important roles.

The NFIA has a lot of contact with foreign companies and is therefore the correct organisation to advice the Dutch government about their policy with regard to foreign investment. Every year, there are some researches done by the NFIA to see what the target audience needs and what they think the Netherlands offers them. The scores of different countries on the measured decision factors are compared, these research reports are not only used to determine the policy towards foreign direct investment, they are also used as promotion towards foreign companies, to show them how the Netherlands is better than other countries.

Business processes

The process mentioned above is written from the perspective of the NFIA. Another very interesting thing is to see the steps that a company goes through moving all business processes to Europe. It's namely not common to open a big European headquarters from the first moment on. Roughly, the process of moving business processes to Europe looks like this

○ Product

A distributor, a reseller or an agent will put the product in the market for the first time. The goal is to get enough sales to make establishment cost-efficient. (In B2B this is sometimes done directly)

○ Marketing / sales

○ Distribution / logistics

Distribution / logistics are mostly done simultaneously with marketing / sales.

○ Shared Service Centre

A shared service centre is established when a company has several office in Europe already and wants to centralize certain activities. This can be administration and legal, but also marketing.

○ R&D

Research and Development is mostly established because some products need to be adjusted to some European countries (law). There are only a few products who aren't influenced by law and who need no adjustment.

○ Assemblage/production

This process is not exactly the same for every company, because every situation and company is a bit different. Though this process is mostly the rough situation of companies to go through either doing a lot of research to make the correct steps and decisions, or moving fast and making quick decisions. Certain companies do not have all above mentioned disciplines and therefore don't need to go through all steps, or don't want to establish all divisions in the Netherlands for strategic reasons. This does mean that most of the investments are on the field of sales and marketing.

Difficulties



There are certain difficulties for a company when entering the European or Dutch market. For example getting a green card can be difficult. For American people it's not that hard to get into the Netherlands, but for Asian people, this can really form a very important barrier. This means that getting employees can also really be hard. Especially since certain companies like to work with expatriates. Getting local personnel is also not that easy, American companies have the reputation of a hard business culture where an employee has to make long days and achieve almost impossible goals.

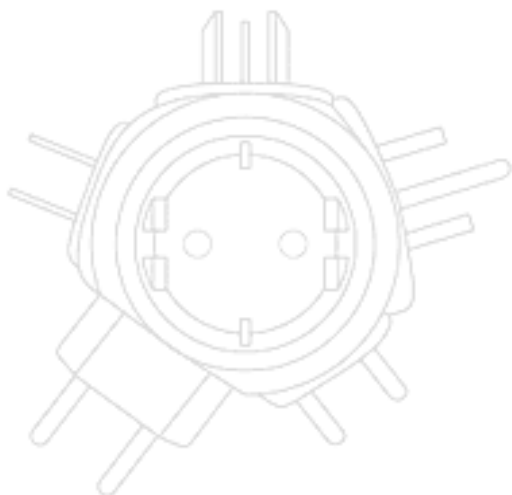
Other difficulties when entering the Dutch market are especially on operational fields, getting listed by the Dutch chamber of commerce for example, or determining the taxes or requesting for subsidy.

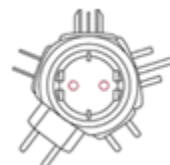
Marketing

One mistake that American companies often make when approaching the European market, is assuming Europe to be a second America. The first time, some companies can approach the European market as a whole and in English. It will then appear that Europe is heterogeneous and needs to be approached in segments, with different languages and from different cultural backgrounds. When it seems that all countries should be approach differently, the company realises this will be very expensive and might chose to begin with just the most important European economies, Germany and France. The Netherlands is a convenient country to approach both Germany and France. The Netherlands has a central position in Europe and Dutch people are very developed linguistically.

Interesting relations and sources

- TC-one
- BenQ
- Starbucks
- Amsterdam American Business Club
- Rotterdam American Business Club





Minutes – WFIA

to	Missis Annete Morgen
subject	Interview 02 March
from	Ruud Verstraeten
date	04 March 2006

About the WFIA

Clients

The WFIA is a foreign investment agency for the region of West Holland. The WFIA helps foreign companies in the process of establishing in West Holland. Dividing the companies which the WFIA works for, you could make two global groups. Companies from English speaking countries and companies from not English speaking countries. English speaking countries are, the US, the UK, Scandinavia and Australia. Not English speaking countries are, China, Japan, Taiwan, Korea and Germany.

Successful sectors

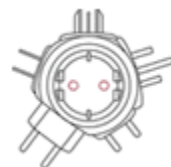
Since not all companies are the same, the WFIA has focussed on certain interesting sectors, these are sectors where companies, establishing in West Holland are mostly going for. There are five interesting sectors, being: life science, aerospace, oil and gas, IT and greenhouses. These five sectors are important for West Holland, but therefore not especially for the whole Netherlands. The life science for example has a strong focus on the west region of the Netherlands. Mainly because the University of Leiden does a lot of research on this area. The Oil and Gas is kind of the same story. Because Shell has its headquarters in West Holland, there are a lot of small companies (mostly suppliers) establishing in the area where Shell is established. Also, the places where there is oil and gas to find in the Dutch ground are in the North Sea. So the closed place to be is West Holland.

Activities

The sector in which most companies operate in the west region of the Netherlands, are already named. An other important question is the activities which these companies undertake in the Netherlands. In this we see that things like production are not frequently established in the Netherlands. The foreign investments in the Netherlands have a focus on marketing offices, sales offices and headquarters. It also sometimes happens that there is a customer contact centre established in the Netherlands. But customer contact centres are very much related to the economy and therefore not common in the past years.

Organisation structure

The WFIA exists of a director and two divisions, namely the division of English speaking investors and the division of not English speaking investors. To help their clients, these divisions exist of foreign investment advisors. These advisors know everything about entering the Dutch market. They have knowledge about the exact place of establishment, and also have a wide network of interesting relations which can be interesting for the companies entering the European market. They help companies with the arrangement of certain legal affairs, help them with the difficulty of finding good employee's and of course also help a lot with personal problems an American has when immigrating to the Netherlands. When questions or difficulties are getting to concrete or detailed, they advise companies to contact a certain specialised consultant.



Process

The process of establishing in the Netherlands looks different for each and every company. Depending strongly on the sector the company works in and the activities it's about to undertake in the Netherlands. To give an idea of the process that a company goes through, hereby a global process that an average company could go through:

1. Resellers

First it's always important for a company to already be involved with activities in the European market. So that the company has some experience in business with European companies and has perhaps already build a basis of customers. Often it happens that these first customers are international companies who are clients of the American based company, and ask this American company to work for them in Europe. It is important for an American company to slowly build relations with several European companies, and not to focus on a whole market of companies to build a relation with. Experience in the European market is important.

2. The need to come to the European market

Before a company decides to enter the European market, there has to be a certain need to do so. The company has to have specific reasons to want to make the investment. Because entering a foreign marketing is not a decision that can be made ad hoc. There are several reasons a company can have to enter the European market. A company can have a new product which has really grown fast in the US and has good potential to also become a success in the European market. But a company can also have a product in the US which has been doing well for a long time, but the market in the US begins to saturate and the company wants to start looking for other markets for the products. A factor that can play a big role in this decision can also be the decisions that others made, a competitor for example who plans to enters the European market, can make a company decide to take action (from marketing perspective a strategic thing to do when looking at the model of 'order of entry'). The commercialisation of government tasks can also play an important role.

3. What country and a place to locate

When a company has decided that it will enter the European market, the next question is which country within the European market is the most interesting location. In this process the company first does desk research on a long list of different countries, and then forms a shortlist of the most interesting countries. The countries on this shortlist are usually all paid a visit. The different development agencies have a big part in persuading the companies to come to the Netherlands. Even the regional agencies first promote the Netherlands as a whole and then in the next step, focus on convincing the company to establish in there region.

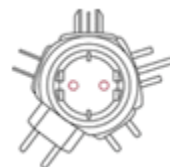
4. Beginning the new company

When the place of the new European company is decided, the process of setting up the company begins to take form. Usually there will be an employee of the American company coming over to start up the new subsidiary. This person of course needs some help from the Dutch development agencies, to get adapted to the Dutch culture.

In this phase the whole European company gets a basis. Usually there is not yet a lot of personal. The person managing the European company usually is involved in the distribution process a lot. The sales is still mostly done via resellers and distributors. This is because the American manager doesn't speak the Dutch language yet. When the manager has the distribution figured out, he begins to focus on things like marketing and sales. Building relationships are an important activity here. Another important issue can be the adaption of the product to European guidelines and the adaption of the marketing strategy to the European market. For these things the manager can make use of an international marketing agency. When these things start to take there place, and the sales are beginning to increase, the company starts to hire new employees and therefore starts with further adaption to the European culture.

5. further adapting to the European culture

After about five years, the American endorser can tell whether the European company is going to be a success. This can therefore sometimes be a critical moment in the entering of the European market. When the



company decides to go on with the European company, the American manager is brought home again and replaced by a local manager. In this phase the company starts to get a real European culture.

Marketing difficulties

In the process of entering the European market, there are certain difficulties a company gets to cope with. An important difference between the American and European market is that the American market is rather Homogenous, and that the European market, by contrast is a heterogeneous market. A lot of American companies therefore make the mistake of approaching both markets as homogenous. Another marketing difficulty is of course the cultural difference, especially in countries that have a lot of differences with the American culture, for example Germany or France.

B2C or B2B

When it comes to marketing difficulties, the companies who are in business to consumer get to cope with much more difficulties than the companies who are in business to business. Not an illogical fact, because the B2C companies communicate with much more people and therefore need a strong adjustment of every form of communication. The business to business companies have much more personal relations and the marketing difficulties they get to cope with are more related to legal problems. Examples of B2C marketing problems are, the adapting of the product to several laws and guidelines of the different European governments, and of course getting the word out. Getting a marketing approach which rhymes with all cultures of the European market, and still has a strong difference compared to the local competitors, is a hard job. Examples of problems that a business to business company gets to cope with are also certain product adjustments to laws and guidelines of the different government. A typical B2B problem when entering the European market, is finding the right salespeople, these need to be people who fit in the culture of the American company, but also fit into to culture of the local market.

IT sector

Especially in the IT sector, finding employee's can be a problem. Lately there has been a lot of so called job-hopping in the sector. Because there is a lot of demand for employee's, and there are not a lot of people working in the IT or looking for a job there. At this moment that is a specific problem, but about five years from now, when the IT sector is not that hot anymore, this problem will be over.

The IT has another difficulty, compare to the other sectors, the IT is a very dynamic market with fast moving new developments.

Trends

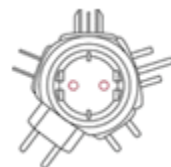
There are certain trends in the companies entering the European market. These trends have much to do with the economic situation at this moment. A list of trends which we have seen in the past five years, would look like this:

- Companies are more careful
- Companies come with smaller projects to the European market. So the investments are lower.
- Companies are less willing to take a risk while entering the European market.
- The phase in which an American employee comes over to set the basis of the European company, is very expensive, so sometimes this is done by a local manager. In this case, phase four and five are one.

Acquiring new projects

The WFIA has some channels to acquire new projects.

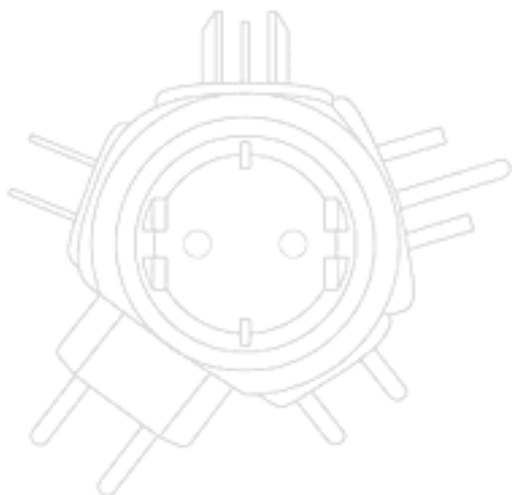
- Network in the US
- Seminars in the US about investing in the Netherlands
- The NFIA, who acquires projects and hands them over to the more local development agencies.
- The internet, when a company is seeking information about setting up a business in Europe, they can also come on the website of the WFIA and therefore get interested in getting advise from the WFIA

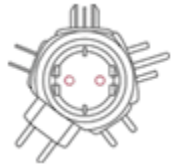


- Local network, some Dutch companies get in touch with American companies entering the European market (for example real estate companies) and advise them to contact the WFIA.

Other interesting resources

- Buck consultants
- Ernst and Young
- IBM
- Red hot locations
- IPA (a UN foreign investment agency)





Minutes – DDB Amsterdam

to	Mr. D. van Aalst and Mr. Dr. D. de Raaf
subject	DDB Amsterdam Minutes interview 11 April
from	Ruud Verstraeten
date	11 April 2006

About DDB Amsterdam

DDB is an international marketing agency, founded in 1911 by Bill Bernbach in America. DDB forms an international network of agencies around the world. On the field of marketing and communication, DDB can provide its clients with all the possible services. Services that this agency delivers are always with a creative approach. This means that it doesn't matter whether DDB provides a client with strategy, a research or a concrete creative concept, creativity is always the approach. DDB is a full-service agency, they can provide services from research, strategy until prefab.

DDB has grown by acquiring good creative agencies. The agency in Amsterdam used to be named Result, after the merge the agency was named Result DDB. The name of the original agency was not simply replaced, because the concept off DDB worldwide wants to keep the entrepreneurs-mentality of the individual agencies in tact. Therefore the directors of the agencies keep a minor share in stock. However, some time ago, DDB decided to get all the names of the agencies on one line. Almost all agencies are now called "DDB *place*". So for example DDB Amsterdam and DDB London.

DDB holds several other organizations, being:

- DDB Tribal
- Own fabricate (Self fabricated)
- DataB
- Etcetera group
- Spring
- Rappcollins

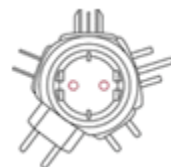
These organizations all have there own specialization, sometimes for a certain market (for example the medical) and sometimes for a certain specific service (for example action marketing).

Target audience

DDB doesn't focus on a specific target audience. The agency is very big and has all kinds of experts. Because of this wide range of experts, DDB can focus on both B2B as B2C and be successful in both. This is also the most important difference that DDB has in compare with there competitors, DDB is a very good international network, and is able to create a special team for that fits for 100% around a certain client or brand.

International marketing

DDB has worked for several international clients, and has a lot of experience in international communications since DDB is an international agency. DDB has done assignments for international clients in which total brand revitalization was



required, but also work where it was only necessary to adapt certain small things to the Dutch culture. In international marketing, there are three different models to approach the creation of an international campaign.

1. Central developed, local adapted

A campaign can be developed by the headquarters of the company (or together with the agency of the headquarters), and then send to all the subsidiaries to be implemented. The subsidiaries have very little to say about the campaign. A problem that can occur in this situation is the resistance of the subsidiaries to the campaign. A company therefore needs a very good internal structure and management to be able to follow this model.

2. Internationally developed, local implemented

Some companies have a different view on international marketing. They see the development of an international campaign as a process in which an expert of every country should be present. So these companies ask an agency to organize a meeting between representatives of the agency from the countries where the campaign is going to be active. This international meeting has the goals of making a good international campaign. The participants make a good concept and role it out in their own country. This process can take more time than the process of model one. But for brands who get to cope with big cultural differences, this is the best way to make an international campaign.

3. Local developed, local implemented

For some products the cultural differences are so big, that making an international campaign is not an option. The brand values will be specified internationally, and from there on, the marketing is managed by a local office in each country. This model is mostly used by companies who have a strong local focus, and who have clients who do not often travel internationally. Knowledge about marketing is shared between the countries to help each other building brands in their own country.

The model that is best chosen for a certain situation depends strongly on the sector and culture of an organization. Companies or brands in a universal and international sector have the possibility to make a central campaign to be rolled out throughout the world. The company's culture and vision towards marketing also plays an important role here. The central model is used a lot in the sector of sports, companies like Nike and Adidas can centrally develop international campaigns.

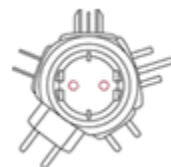
Companies are more involved in cultural differences, and which have products that are less universal, can use the model of international developing and locally implementing. This model is used by some companies in business-to-business campaigns in which the markets of the different countries have differences, but the product does not.

The last model is the most decentralized form of making an international campaign. This form is used by companies who have a wide scale of products in combination with strong cultural differences in target audiences in different countries.

Not only advertising differs from country to country, the products are also often adapted to the local target audience.

Selling the campaign

When a campaign is centrally developed, the roll-out can be arranged on two different ways. The agency can sell the campaign to the headquarters of the company which rolls it out over all the subsidiaries. Another option is to sell the campaign directly to all the subsidiaries. The first possibility is usually the easiest one for the agency, there is only one client to focus on, and there is one big fee for selling the concept to this client. The second model can be a bit more difficult, but it can be more interesting for the agency, because there can be more money made. In this possibility, the agency develops a campaign, and gets a 'small' from the headquarters of the client, then the real selling of the campaign begins, every subsidiary can buy the concept. Selling the concept in this way, can bring more money on the table, but there is also a bigger risk. When the campaign is not good enough for certain countries, they will not buy it. So in the development of the campaign, it's very important to know who is going to decide whether to buy it or not.



Difficulties

DDB can play two different roles when it comes to international marketing. First there is the role of the adapter, and second, there is the role of the developer.

When DDB plays the role of the adapter, it means that the international concept has already been developed, the only thing that needs to be done is to translate the texts, and maybe replace the visual, and then execute the campaign. In this role, DDB gets to cope with campaigns that are designed in a way that will not bring a great success in the Dutch market. In this case DDB will propose to change certain things, this is not always a possibility and therefore the campaign will not always be a success.

In the role of developer, it's important to make a concept that fits in all countries. Rolling out the campaign and managing the implementation in all countries can be a difficulty. Some countries will respond with a proposal to change certain things in the campaign, to have more success in that specific country, if this happens, DDB needs to make sure that the concept doesn't change too much and that it stays consistent throughout the world.

Trends

In the field of international marketing, there have been two important trends in the past years. The first one is the growing interest of consumers in local products. The local brand and products are increasingly chosen above the international brands and products. This is a threat for international brands. Reasons for this trend are the fear for terrorism and the event of 11 September. People are seeking security and find this in products and services who are made and sold in their own country.

Another trend is the consciousness of international companies, that global marketing is not a realistic approach. They start to see that it is not possible to communicate on the same way to all the different people in the world. This consciousness brings companies to decentralize certain marketing activities. Some companies choose to do all the 'above the line' activities central and do all the 'below the line' activities local.

International marketing agencies

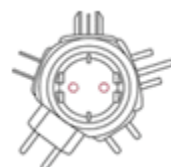
The market of international agencies is dominated by the big players in the world. These are mostly agencies who work together in the development of international campaigns. The differences between these agencies lie mostly in the extent of freedom which a local agency gets when working internationally. Some agencies have a very tight organizational structure and work with secured processes, in this structure, the local agency simply does its job, and doesn't get the ability to really get creative. An agency like DDB has a less tight form of cooperation, when a campaign is centrally developed, DDB Amsterdam has possibilities to change things for more success in the Dutch market. DDB-people work very closely together internationally, and can therefore put more trust in the capabilities of the other agency.

Both these forms of approaching international marketing can be a successful one, the approach that works best depends on the product and market of a client.

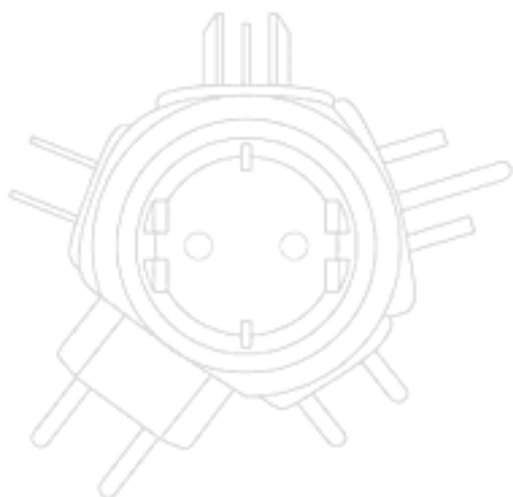
Promotion

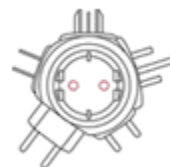
Getting a new assignment for an international campaign is not an easy job. The most assignments come in through the holding of DDB. The holding has contact with the fortune 500 companies in the world and does pitches to get assignments. When the holding has won an assignment, the account, or certain responsibilities of the account are divided over the agencies of the holding.

DDB is a part of the American Omnicom group, the Omnicom group is also owner of the BBDO and TBWA. Getting clients can therefore sometimes be a political game. An example is the account of McDonalds, DDB Amsterdam has done a lot of work for McDonalds in the Netherlands. TBWA is the agency which is responsible for McDonalds in South-Europe, and since recently, Omnicom has classified the Netherlands as part of South-Europe, this means that the account of McDonalds in the Netherlands will go to TBWA.



Getting international assignments is also possible through the base of own clients. An existing Dutch client can decide to start developing business in another country, in this way DDB can help companies grow and take steps towards building a global brand.





Minutes – Hunterskil Howard

to	Mr. C. van der Sanden Hunterskil Howard
subject	Minutes 12 April
from	Ruud Verstraeten
date	12 April 2006

About Hunterskil Howard

Hunterskil Howard is an international marketing agency which started in England in 1969. The first people of Hunterskil Howard were copywriters who wrote manuals for Philips products. These copywriters came to the Netherlands and set up the agency Hunterskil Howard. As the agency grew, the activities started to be extended. From copywriting to doing art-direction, to communication consultancy, Hunterskil Howard grew to be the full-service agency it is today.

Today Hunterskil Howard works in six different countries. The international network is set up with one international brain in Eindhoven (the Netherlands), and account managers on location in the different countries. These last persons only take care of the contact with the local client, the projects are being done from Eindhoven.

Services

Hunterskil Howard only works for the fortune 500 companies. The contact is always with the headquarters of these companies. At this moment there is a strong focus on business-to-business companies. In the future this focus might move more towards business-to-consumer companies.

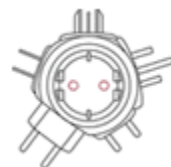
The projects on which Hunterskil Howard works are only international, there are hardly any national projects. Therefore, this agency works only with a small pool of clients, big clients. The Netherlands is not really seen as the country where Hunterskil Howard operates in, the agency works internationally, and the place in which Hunterskil Howard is established, is more based on coincidence than on an intentional choice. Assignment which this agency gets are therefore usually from existing clients and can differ from a product launch, to a corporate branding campaign, to a campaign for internal communication.

Process of international marketing

The process of making an international marketing campaign looks quite the same as making a national marketing campaign. The process would roughly look like this:

- Winning a pitch / getting an assignment
- Briefing
- Strategy
- Creativity
- Presentation
- Implementation

In this process of making an international campaign, it's very important to involve the key countries⁷¹ from the start. Preferably from the start point, the pitch or the briefing. The presence of representatives of these countries is important, because they will be the ones who are going to implement the campaign. If the key countries don't support the campaign, the chance of success is significantly smaller. It's important to always prevent the subsidiaries to get the feeling of "not invented here", a feeling in which they don't feel like the campaign is their own product, it will lead to resistance.



The implementation is the phase in which the strategy and the creative thinking is translated to concrete tools, these tools can be brochures, billboards, but also internet sites and e-mail campaigns.

Difficulties

Making an international campaign means communicating to different people around the world. This brings certain difficulties. One of these difficulties is always culture, when for example making an advertisement, it's important to know what is acceptable in the different cultures where the advertisement will be shown. For some cultures, for example, it's not acceptable to have a visual with a woman with bare upper arms.

Difficulties are not only in the designing of the campaign. When distributing promotion material, knowledge about the way the customs at the different borders work, and what tricks there are to get material faster across the border.

Hunterskil Howard works with big companies, a difficulty which one can run into when working with big companies, is the political game. The games of power that are played in certain big companies can lead to difficulties when a campaign has to be made, especially when the project has only a deadline which is almost reached.

American companies

Hunterskil Howard has worked for several American companies. In marketing, there are a few differences between America and Europe. Visuals are more retro in America, and copywriting also has a different approach. However, roughly speaking, the cultures of the Netherlands and America have a lot of similarities, this makes it easier to work with American companies. The most important difference between America and Europe is that Europe has a much bigger diversity of cultures and spoken languages.

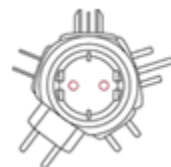
Market

The market of international agencies is dominated by the big agencies. These agencies are almost always a form of a network agency, this means that international assignments are usually done together, each country makes its own part of the assignment. Besides the big international agencies, there is also a concept of an international marketing network, a good example of this is the BBN network, a network which Hunterskil Howard has recently joined. These networks don't work as much on assignments as the agencies do. The function is mostly for local agencies to be able to share information in order to help each other with international campaigns. These networks usually don't stand a chance to win a pitch, because they're racing against the big international agencies.

A trend which Mr. Van der Sanden sees in international marketing is the centralisation. More and more marketing activities which were done by subsidiaries, are being brought back to the headquarters. This is something which happens in all organisations when the economy is having a recession.

The thing that makes Hunterskil Howard different from all the other agencies is that Hunterskil Howard does the entire international project from one international brain in Eindhoven, and all the other agencies spread the assignment and complete it in different agencies. People with Hunterskil Howard in Eindhoven therefore only work and think internationally.





Minutes – J. Walter Thompson

to	Mr. M. Giatas J. Walter Thompson
subject	Minutes interview 16 May 2006
from	Ruud Verstraeten
date	18 May 2006

About JWT

JWT is a full-service advertising agency. They say JWT was the first advertising agency in the world. The agency is founded in 1864 in New York as Carlton and Smith, an advertising broker buying and selling space in the popular religious journals of the nineteenth century, the firm was purchased and renamed by James Walter Thompson in 1878. The agency is full-service, and has a focus on above the line communication. To the company is trying to become better in integrated communication, but this is a really hard job for global advertising agencies like JWT. The company works a lot for big brands, examples are Vodafone and Nestlé. The clients of JWT are usually in business-to-consumer markets. There are sometimes projects for business-to-business, but by far not as much as the B2C.

Creating an international campaign

The process of making an international campaign depends on the client. For Vodafone, the process of making the campaign will be different than for Nestlé. Mostly there is one central office or person who steers the process. For American companies, this unit is mostly located in London. The campaign then gets centrally developed, the strategy is determined and the creative idea is produced. The campaign is then rolled out over Europe. This means that the central agency, London in this example, sends the campaign to all JWT's subsidiaries in the European countries where the campaign is going to be rolled out. These offices will adapt the campaign for their market, some small changes will be made, language, and sometimes visuals.

There are two ways of getting a campaign internationally, as an agency:

1. Winning the international assignment.

This means that the agency will compete with other agencies to get the international campaign. This competition can be in the form of a pitch. In a pitch situation, the client will write an office request for agencies to come with a proposal for their campaign. Every agency is allowed to participate in the pitch. The best idea and agency will eventually get the assignment.

A second way for an agency to get an assignment like this is in a sort of network presentation. The client then invites certain agencies, and asks them to come with a proposal, this can be seen as a closed pitch, agencies are only allowed to participate if they're invited. This occurs more when it comes to international assignments. Nestlé for example does this often when looking for an agency. Most of the pitches are closed pitches.

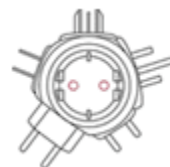
2. Local

When a campaign is made for a subsidiary of a global company, and is done national, the campaign has a possibility to be liked by other subsidiaries of the global company, and then the campaign can go travelling. In this way, a very good national campaign can become internationally.

Difficulties

There are two main difficulties when making an international campaign, these difficulties represent the two most important factors in advertising:

- Target audience / market



When communication to different markets, it's very important to have knowledge of the specific market situations. Countries in Europe can have very different cultures and drivers. So to be successful in a certain market, it's very important to really know this market.

- Brand

The market situation for the brand can also be very different, in two markets where the situation is the same, the history and current position of the brand can be very different. When a brand is market leader in one market, and follower in another, the strategy should be different. But it can also happen that the brand has a lot of A-brand competitor in one market, and a lot of retail competitors in the other. Coping with these situations is the most difficult aspect of international market.

There are three ways in which a company can cope with these international challenges. It depends on the situation and the budget and timeframe which solutions will be chosen. These are the three possible solutions, from low cost and short timeframe, to high costs and long timeframe:

- Central development, local adaption

This option is the most common one. One central international agency develops the campaign and spreads it over Europe. Where the campaign will be translated and will sometimes get a new visual. This one central agency has to have knowledge of all the markets that the campaign is aiming for, usually the agency has partners in these countries who provide information and give their opinion about the campaign.

- International cooperation

Marketers from agencies from the different European countries come together and produce the strategy and creative concept. In this way, the central campaign is determined, the local agencies will then adapt certain things for their own market. All markets have knowledge of their own market.

- Market research

One central agency (or an international cooperation) will design the campaign. But since there is not always enough knowledge about the market, there will be an international market research. This research brings detailed information about how the market situation and how to address the target audience.

Internal cooperation

Since JWT works a lot for international clients, there is a lot of contact between the agencies. But there is also cooperation on other fields, so the employees of JWT have a lot of experience in international cooperation. The most important international forms of cooperation of JWT are:

- Client projects

When there is a project to be done internationally, this is the most preferred form of international cooperation. The project is mostly done by communication over phone or internet about the project.

It also happens about once a year that the client and agency have an international meeting. The agencies from all countries and the client's subsidiaries from all countries come together to talk about the brand worldwide.

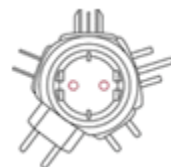
- Corporate projects

When a certain subject has effect on JWT as a whole, all the agencies are usually involved. For example the new visions of JWT (Time is the new currency) was developed.

- Management team

The management of all subsidiaries of JWT come together frequently to talk about the situation of the agency, and the situation of the market. Also corporate decisions of JWT worldwide can be discussed in these meetings.

- Internal competitions



Every quarter, JWT has internal competitions among the agencies. For instance the competition of the best creative idea. In these events, the employees of JWT all over the world get to know each other better, so international cooperation will be smooth.

Promotion

The most important sources of international clients are the other agencies from the network. This is one of the most important functions of an advertising network. When a local agency has an international client, for which the agency does a local campaign, the agency brings the international client in contact with another JWT agency in a country where the client does also have need for advertising.

A current threat in the market for international advertising is that there less and less big international companies. The most important reason for this is the fact that a lot of big companies get acquired by even bigger companies. In this way, the market is consolidating. And when an agency than has P&G as a client, there is no chance on getting Unilever as a client anymore (at least not in the same product category e.g. detergents). These are difficult decisions that need to be made on top management level. The top management is a very important source of international assignments. A pitch is only used when a client wants to a national campaign, or a campaign to a few countries. The real pan-European and global campaigns don't have a pitch (even though there is a trend towards international corporations having international advertising agency networks pitch against each other. This is a new form of pitch.) The top management is the one playing the most important role here, the top management is namely on the same level as the ones making the DMU with the client for pan-European and global campaigns.

Culture

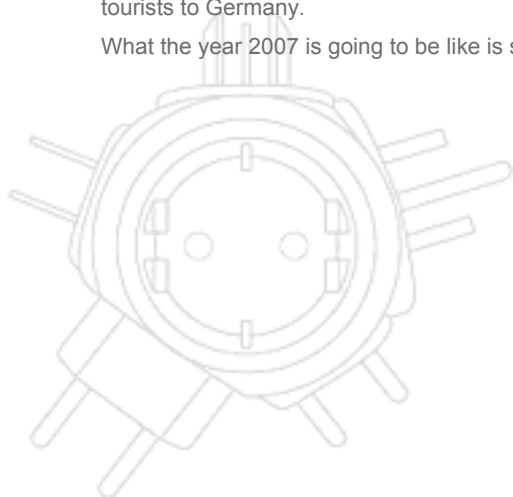
Of course cultural differences play a very important role in international advertising. Campaigns have to be compatible with all countries. Knowledge about cultural difference is therefore also one of the most important strengths of international advertising agencies. Especially when it comes to advising an American company coming to the European market. American people who are not internationally yet, and haven't been outside of America that much, have a very "US-centric" way of approaching Europe. They are not used to cultural differences having a big impact, and language different being very important. European people do therefore often experience these Americans as arrogant and self-centric. These American people can have the idea that whole Europe will be able to speak English, not an illogical way of thinking when you come from the big America, but unfortunately, they will have to let this idea go.

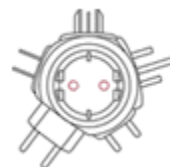
European people are in contrast more open to cultural differences, they are used to begin in a Europe in which crossing a border means coming to another culture and speaking another language.

Future

The year 2006 was a very good year for Germany already. Better than any year has been lately. The most important reasons are the growing economy, but especially the taxes. Taxes in Germany is going to be increased in 2007, this means that a lot of consumers want to do their personal investments still this year. Another important source of good economy of 2006 will be the WM (Weltmeisterschaft 2006), the world championships of soccer. This will bring a lot of tourists to Germany.

What the year 2007 is going to be like is still quite uncertain. One thing however is known, it will not be better than 2006.





Minutes – Ogilvy

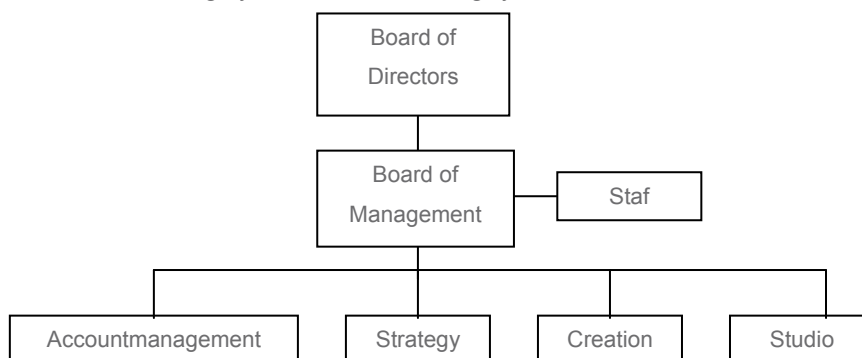
To	Mr. H. van Dijk Ogilvy
Subject	Minutes interview 30 March
From	Ruud Verstraeten
Date	2 April 2006

About Ogilvy

Ogilvy is founded by David Ogilvy, a British creative copywriter who began an agency in New York. At this moment Ogilvy has offices in 204 countries around the world. Unfortunately, David Ogilvy past away in 1999.

Ogilvy is an international marketing agency which is active on the field of international marketing and communication. The agency has a department for account management, strategy and creation. Therefore, Ogilvy is a full-service agency. Ogilvy is an international agency, though they also want to work for local clients, to give the agency a local reputation. Ogilvy works mostly for B2C brands, but also does assignments for big B2B brands every now and then.

The organisational structure of the Ogilvy Amsterdam looks roughly like this:

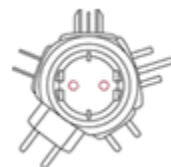


Pan-European

Ogilvy often makes pan-European campaigns for clients. The central vision in international marketing is “think global, act local”. This means that the campaign has to fit all European countries, however, it is of course important to adjust a campaign a little for every country. Ogilvy mad a campaign for IBM ones, which wasn’t adjusted for every country, only the language and sometimes visuals are being adjusted. The advantage of the campaign for IBM was that it involved a B2B market, marketing to B2B markets is often easier as for B2C markets, because of the difference in diversity.

There can be very big differences between the different European countries, these differences are especially between the consumers, the business markets are also a bit diverse, but do not form the most important challenge. Developing an international campaign can globally be done in three steps. First there will be an international concept developed in the Netherlands than the campaign is sent to several offices of Ogilvy worldwide to take a look at the achievability of the campaign. At this moment, some small changes can be made to adjust to the different countries. The office in the Netherlands will judge the campaign. The last step is testing the campaign.

Testing is often done for international campaigns, especially when it involves big investments and important changes in brands. These tests can be done by big international research agencies. However, testing also doesn’t always tell enough about the potential success of a campaign. The best and most successful campaigns are never tested, sometimes the agency just knows the campaign will be a success, or wants to take the risk ones.



Assignment

The assignments which Ogilvy gets can be: *"make an international campaign for the product x in country y and z"*. But mostly the clients don't have such a detailed assignment. In some cases, there is the need for repositioning or a brand gets aware of increasing competition and must design an offensive.

The most important way for Ogilvy to get new clients, is the reputation that the agency has build in the past years. So mouth to mouth promotion is very important for them. Of course Ogilvy also proactively approaches companies.

Marketing differences between American and Europe

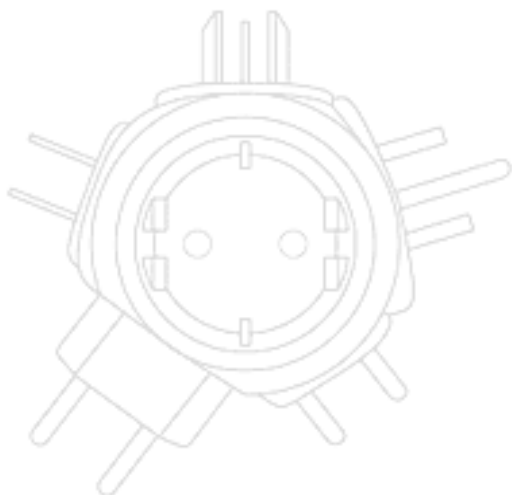
There are some differences in marketing in American and in Europe, this can lead to problems. There is mostly a bigger marketing budget in America for example, this can lead to problems in B2C markets especially. Not only is the budget in America bigger, the wear-out of a campaign is also reached faster. This means that a campaign can be substituted already in both America and Europe, while it hasn't been running long enough in Europe. This can lead to confusion about the brand.

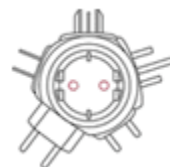
Another difficulty is that a brand sometimes has the need to look like a local brand. Especially with regard to fmcg, this can occur. French people for example are thought to have more need for French products than for American products. However, making the brand 'local' does result in higher marketing costs. These problems do mostly occur with B2C brands (especially fmcg), B2B target audiences are more likely to have an international mind-set. Another difficulty lies in a typical American assumption about Europe. A lot of American companies see Europe as a homogeneous market, a second America which can be concurred with one central campaign without adjustments.

International agencies

Ogilvy is not the only agency offering these kinds of services to international brands. There are a lot of comparable agencies. The agencies who offer international marketing are all network agencies. The only differences is that Ogilvy is working internationally every day, other agencies have a more local focus and do therefore not have the international strength that Ogilvy has. International assignment, which Ogilvy can do independent, need to be done in cooperation by these smaller agencies. There Ogilvy can do some assignments more efficient, because there is more international know-how.

Ogilvy has actually got two USPs, for national brands, Ogilvy is the marketing agency with the 360 degrees marketing and communication approach (full-service). For international brands, Ogilvy is the best international network for marketing and communication.





Minutes – Saatchi & Saatchi

To	Mr. O. Sicker Saatchi & Saatchi
Subject	Minutes interview 16 May 2006
From	Ruud Verstraeten
Date	18 May 2006

About Saatch & Saatchi

Saatchi & Saatchi is an international full-service advertising agency, which is founded in London in 1970, the German office is an agency founded even earlier, in 1970 and was bought by Saatchi & Saatchi in 1982.

The agency works for clients as P&G and Toyota and especially focuses on business-to-consumers, because the biggest brands are in B2C. But this doesn't mean that Saatchi & Saatchi doesn't do any B2B. The agency works a lot for local brands to, and has more B2B activities local.

Process of international advertising

In Western Europe, Saatchi & Saatchi works for Pampers. Mr. Sicker is responsible for the Western European Pampers account. When doing a project for this client, this begins with a briefing for the Western European campaign. This means that the client has often already got a certain strategy for the brand. The most important task of Saatchi & Saatchi is the development and production of the campaign.

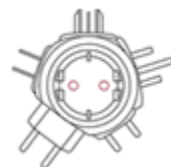
In this case, the campaign will be developed centrally, and send to other offices of Saatchi & Saatchi in Western Europe. These agencies look at the campaign from their countries point of view, translate it, and maybe make some small changes. The most important task for Saatchi & Saatchi is therefore mostly to develop a central idea or template for the campaign.

The processes of making an international campaign can look a bit different for other clients. It does also happen that several agencies of Saatchi & Saatchi work together to develop a campaign. But most of the times this process is done centrally.

Difficulties

When doing international projects, the products of the client are mostly not the difficulty. Products throughout European are namely mostly quite the same. The only differences are mostly in details and only have to do with the law of the different European countries.

In international marketing, it's the consumers that form the most important difficulty. The cultures of the consumers in the different European countries can really differ, this makes it hard to design one central campaign to them. One very important difference in consumers are the drivers, consumers from different countries can have different reasons to buy a brand. These drivers have a very important effect on the market. Consumers from Germany for example are going for quality not show, price can also be important. This means that the market for retail brands is very big. For a brand like Pampers it's then hard to communicate to the German market in the same way as to other markets, where the competition has another approach. When it comes to Diapers, a lot of people from the middle and northern side of Western Europe have the idea that diapers are very expensive. But people from the more southern regions don't have this view. Therefore it would not be possible to make a pan-European campaign to explain that diapers are not expensive.



The most important thing when making an international campaign is not worrying about all the differences in culture and market, but seeking the central idea. The feeling or driver that all consumers have in common. When this idea is found and it's strong enough (tested in 2-3 markets), it can form the central idea on which a successful international campaign is going to be build.

Market

At this moment, the market for international assignments is quite stable. There is not really an extensive growth, but the market is not doing badly. In the near future, the market will probably grow, since a lot of big companies get acquired by even bigger companies. This means that more companies will be operating internationally, a very interesting development for international advertising agencies. However this is also a bit of a threat on the long term. Because there will be less and less big clients on the market, so the competition will increase. Another thing is that once an agency has chosen to work for one big brand (P&G or Unilever for instance), there is no change that the agency may work for the other big brand to, the strategic choices that an agency makes will therefore increasingly determine the future of the agency.

The most important competitors of Saatchi & Saatchi are:

- Leo Burnett
- Grey
- JWT
- Ogilvy & Matter

These are all big international advertising agencies. Leo Burnett is one of the least threatening agencies, because it is part of Publicis Group, the same holding as Saatchi & Saatchi is part of. Every one of these agencies has its own specialty. Grey for instance is an agency which is very good in strategy. Ogilvy is positioned as the best international network. The USP of Saatchi & Saatchi is 'Lovemarks', Saatchi & Saatchi creates ideas beyond advertisements, ideas beyond television commercials, Saatchi & Saatchi creates global concepts for brands.

Internal cooperation

Saatchi & Saatchi is an agency which has offices around the world. Therefore, international cooperation is a strength of the agency. The most important forms of international cooperation are the client projects. When a client wants an international campaign, Saatchi & Saatchi has a network of advertising experts who how to tackle international problems, and how to find central drivers.

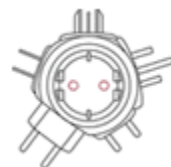
When doing an international project, there is mostly a client event every year. In this event, all subsidiaries of the client, and all participating subsidiaries of the agency come together to talk about there experience and there market. This gives the opportunity to build the relationship, and talk with each other about the project, meetings between client subsidiaries and agencies are arranged. These meetings form the most important gathering of the Saatchi & Saatchi agencies worldwide. There are namely not that much events focused on HR and getting to know the international colleges. These expensive events which other agencies sometimes do, are not necessary because the employees of Saatchi & Saatchi work together internationally enough anyway to meet or talk to each other frequently.

New business

Getting international assignments is not just an easy process. It involves much money and big companies. The most important two channels of getting an international assignment are relationships and pitches.

Getting these assignments via relationships means that the agency hears somewhere that a company is looking for an international campaign, and approached this company, the process of sales than begins. Depending on the size of the client and the assignment, these conversations can take place on European marketing management level or at top management level.

The second way of getting an international assignment is entering pitches. A pitch is roughly divided in three stages:



1. Selecting an agency

In this phase, all agencies who wish to participate in the pitch give a presentation of themselves. Their current clients and experience are very important here. After this phase, only the interesting agencies that have the capabilities to bring the campaign to a success, will remain in the race.

2. Briefing and first ideas

The agencies will be briefed by the client, and will be invited for the first pitch presentation. In this first pitch presentation, the agencies will present their first ideas for the campaign. After the presentation, a second selection will be made of agencies that may enter the next round.

3. Questions and ideas

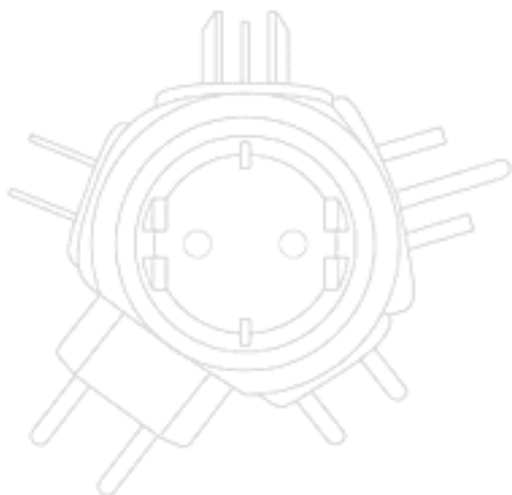
In the last round, the company will be more looking at the pragmatic side of the presentation, why this idea, and how to implement it. The presentations look more like a defence and selling of the ideas.

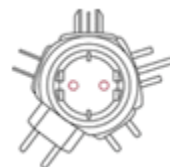
After this last presentation, usually the winning agency is chosen, it does however sometimes happen that a fourth round of presentations is done.

Clients

Mr. Sicker has got a lot of experience with working with P&G. The company is not like the stereotype American company would be profiled. The employees of the company are really international, and are capable of thinking beyond their own borders. Therefore P&G is a very pleasant company to work with.

A lot of global companies try to find a global idea, something they can use for their global communications, this is very difficult, most companies end up having a good global strategy, but still local executions, because the world will always keep its diversity.





Minutes – TC-One

To	Mr. Ing. B.C.P. Pieters DMS MBA TC-One
Subject	Minutes interview 31 March
From	Ruud Verstraeten
Date	6 April 2006

About TC-One

TC-One is a sales consultancy organisation which helps companies giving form to their sales activities. In this field of activities, TC-One focuses on non-European companies, who are entering the West European market and West European companies who want to set up business outside Europe. The customers of TC-One mostly operate in B2B markets. TC-One is an agency of 15 employees and has 20 years of experience in marketing throughout whole Europe.

A model which TC-One uses to support their consultancy is the model of the four growth strategies of Prof. Dr. H. Igor Ansoff (1918-1991). These strategies are mentioned in a lot of marketing books, but on the field of sales, they are not used that much.

Services

The services that TC-One offers look like this

○ TC-Xray

When a company wants to enter a new market, it's wise to first gather some information about the market and the situation in this market. Therefore, TC-One has a pragmatic, but very effective method of market analyses called TC-Xray. In this TC-Xray, TC-One contacts several prospects from interesting markets, in these conversations, TC-One tries to find out what need there is for a certain product or service. This TC-Xray is very important for companies, because it gives them a view on the potential in the market and the costs that have to be made to profit from this potential.

○ TC-Prospecting

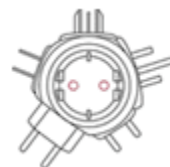
TC-One also offers lead generation activities. This means that TC-One contacts prospects over the phone to see what the current business drivers are, and simultaneously pick the "low-hanging fruit". Lead generation does not only provide some assignments, but does also build a relationship with the prospects. A third advantage of lead generation is that the company has a constant contact with the market and is therefore always informed about the latest developments.

○ TC-Sales

Companies, who want to enter the European market, are not present at the market yet. Interesting leads that are generated can therefore not be visited by sales persons right away. These activities will therefore be done by TC-One. The agency has the possibility to travel throughout whole Europe to do a sales meeting with a prospect.

Clients

The clients of TC-One are divided in 'start-ups' and multinationals. The last ones are already present in Europe, and their need for sales consultancy focuses on the European countries in which they are not present yet, but which they want to enter. Especially the 'start-ups' are interesting, because they have the most extensive need for consultancy and services of TC-One.



Difficulties

When entering the European market, companies always get to cope with some difficulties. One of these difficulties is how to design the sales organisation. Hiring and training people will cost a lot of time and asks for an investment of which it is not clear yet whether the market is worth it.

There are however also some difficulties which companies run into that are not related to commercial activities. The law for in the Netherlands for example is always a very difficult one for companies. The most important reason for this is that the law is not available in English, while American companies have the need to arrange all legal aspects to the details. Establishing a legal entity for example is very difficult for an American company, this is much easier for a Dutch company, so TC-One can arrange this.

Also searching for partners on several areas of business is an important service which TC-One offers.

One thing that is very important for American companies enter the European market, is to keep their identity. There are some companies who want to hide the fact that they are American, because they think it might lead to negative connotations. But sooner or later the client or relation of the company will find out about the origin of the company and might feel lied to, this leads to a bad reputation. The best thing to do for a company is to be honest about their origin and even be proud of their origin. The company then only has to turn the origin in a positive fact and underline the advantages of this origin.

Marketing/sales

TC-One has a difficult target audience, companies who are entering the European market are mostly not physically present in Europe. The first difficulty is therefore to get a view on the potential customers. Another difficulty is communicating with the target audience. For this communication, TC-One uses the following channels:

○ The NFIA

The Netherlands Foreign Investment Agency is an important source of leads for TC-One. This organisation persuades foreign companies to enter the European market and supports them in doing so. When a company has a specific problem which the consultants of the NFIA cannot solve, the NFIA advises the company to contact a specialist, TC-One for example.

○ Mouth to mouth promotion

Looking at the importance of relations in the market in which TC-One operates, the channels of mouth to mouth promotion is very important, it can be very valuable when a company recommends TC-One.

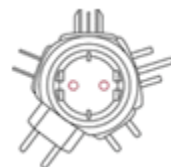
○ Direct mail / E-mail marketing

Sometimes TC-One uses direct mailing to promote itself, this direct mailing is always done in combination with lead generation.

○ Big industrial business club

The network of Mr. Pieters is also a very important source of new business. Mr. Pieters is namely member of the 'industrial big club', an extensive network with some of the most important people from the West Holland business. One advantage of this network is that other members give leads to TC-One, but TC-One also has the possibility to let American companies speak once at this club and thereby create some interesting contacts. Being able to send a speaker to one of these events is very valuable for a company. This is a very interesting way to make first contact with American companies.

The DMU of prospects of TC-One exists of the president and vice president of a company. The USP of TC-One is that TC-One has a very extensive network, combined with clever employees of the agency who can play this network in a very smart way. For companies who are entering the European market, TC-One offers another important advantage, namely the one-stop-shop concept. A company who wants to enter a new market, wants to get support from only one agency, to keep costs and complexity as low as possible.



TC-One has about 20 competitors, but not all these companies offer just as much services as TC-One does. Most of them are companies with only one person.

Entering the European market

TC-One helps companies entering the European market, the process that a company goes through while entering Europe is slightly different for every company. But the most important phases look like this:

- Sales research (TC-Xray)
- Lead generation (TC-prospecting)
- Sales (TC-sales)
- Establishing a legal entity (a B.V.)
- Hiring employees
- Further market penetration.

Trends

In the market for companies who are entering the European market, there are certain trends and developments. Lately the American companies are moving more towards Spain and Italy for example. The most important reason for them to do so is the situation of these markets. The markets are not developed as far as other European markets yet, but some products and services are now becoming interesting there. A second argument to go to the Hispanic market is that a lot of companies already have products and sometimes even employees in this language, because they needed this for the Southern American market.

A last development is that Asian B2B companies are probably going to enter the European market in the future two years.

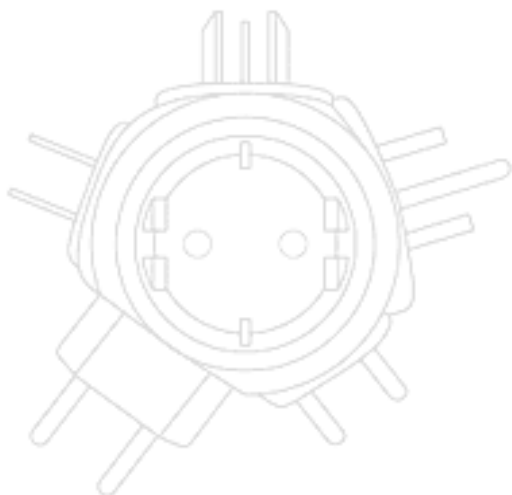
Culture

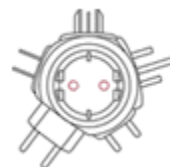
Not only language, but also culture is a very important aspect that plays a role in the process of entering the European market. It's very important for a company to know the culture of the European country that it's going to enter, especially when there is also sales and marketing to be done.

A difference in America and Europe on the field of sales is that America needs hard sales, and Europe needs intelligent sales, consultancy sales. In America it works very good to put a line in every form of communication, saying how big and successful the company is. When a European company does this, it will have to prove it to.

Other interesting sources

Salesforce





Minutes – The Lawrence Wellingham Group

To	Mr. R. Peeters
	The Lawrence Wellingham Group
Subject	Minutes interview 06 April
From	Ruud Verstraeten
Date	09 April 2006

About Wellingham Group

Wellingham Group is an agency which helps companies entering the European market. There is especially a focus on sales advice. Clients of Wellingham Group are mostly in technical markets like IT, telecom and electronics. About 95% of the companies are in B2B markets.

In the beginning, the Wellingham Group has especially focussed on American companies entering the European market, the most important reason for this was the dotcom bubble. Wellingham Group has profited from the last part of the dotcom bubble. When the investments from America started to decrease, Wellingham Group started to focus more on companies moving within Europe. The last couple of years, the investments from America start to rise again.

The Wellingham Group exists of three partners. Besides these partners, there are about ten to thirty professionals with which The Wellingham Group works together. These professionals are all specialised on a certain field. Roughly, Wellingham Group works together with specialist on four areas:

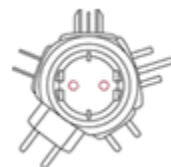
- ☐ Taxes
- ☐ Legal
- ☐ Sales
- ☐ Technical

The services of the Wellingham Group are especially focused on sales, the designing of the sales organisation of the client is the central responsibility of the Wellingham Group. This can be done in several ways, depending on the business of the client. Often designing the sales structure is the most important part. A very important difficulty there is always finding the right partners, some technical companies need partners for local implementation or support. Wellingham Group doesn't take too much time to think about strategy, being pragmatic is important to the agency, especially when it involves technical products that need short time-to-market.

American companies often begin with hiring an agent, but the products of the technical clients are often not suitable for this channel, the products are too complicated and the commitment of the agents is often too low to get sales started.

To give form to the advice with regard to the sales process, Wellingham Group has two services, SOLD and PACT. SOLD means Scan Organise Launch and Direct, and is targeted on the designing of the sales organisation. The services that are part of SOLD are:

- ☐ Determining the strategy and setting the commercial goals;
- ☐ SWOT;
- ☐ Management of sales people and sales processes;
- ☐ Designing and managing the direct sales channels.



The second service that the Wellingham Group offers is PACT, this service is less focussed on the sales organisation as a whole, but more on finding good partners and sales channels. PACT means Program for Advanced Channel Technology. The concrete services that are part of PACT are:

- Finding and managing the correct sales channels;
- Achieving sales goals of clients;
- Managing sales and after sales to realize market penetration and growth in revenue.

Entering the European market

It's not possible for a company to enter the European at once, this would take an enormous investment. This is why it is much more sensible to start with one test-market. The Netherlands is a good test-market, because the Dutch are good representatives of the European people. When the test-market proves to be interesting, the next step is still working with so called 'anker-markets'. This means that there is a combination made of a specific product and a specific market, also known as a PMC (Product Market Combination). This includes a product, a country, a vertical and a horizontal. For example ERP software, the Netherlands, logistic companies and the small business market.

A lot of American companies come to Europe and begin their first presence in the UK, to enter the European market from there. The step from America to the UK is not that big for companies, but the step from the UK to continental Europe is big. This is because the UK hasn't got very good relations with continental Europe, the distribution from the UK to continental Europe for example is very expensive.

Difficulties

Difficulties which American companies get to cope with are things like the cultural differences and differences in language. Another thing is that Americans are used to communicating that they are the biggest and the best, a tactic which doesn't work in Europe. The European market is often also seen as homogeneous by the American people, while the European market is in fact very heterogeneous. The law is another thing that can really be different for the American people, and the different countries in Europe also have different laws of their own. This means that some American companies need to adjust their product to the European market. This in combination with the pricing, not every country has an equal amount of money to spent, makes products different for some European countries. Procter and Gamble for example sell detergent in very small bags in the Eastern European countries, buying detergent in a big box like the people in Western Europe do, is not affordable for these people.

Clients

Every year, the Wellingham Group does about 20 projects for clients. The organisation is therefore a fulltime agency. Of these 20 projects, about five or six run longer than six months. For American companies specific, the Wellingham Group Works on one long project at this moment, and two projects that run shorter. The channels that the Wellingham Group uses to generate new business are:

- Networking;
- International trade shows;
- Begin present at seminars and workshops;
- Trade organisations;
- Matchmaking with the English chamber of commerce;

This means that the Wellingham Group brings some companies to England who want to enter the English market, and the English chamber of commerce at there turns bring English companies who want to enter the Dutch market.

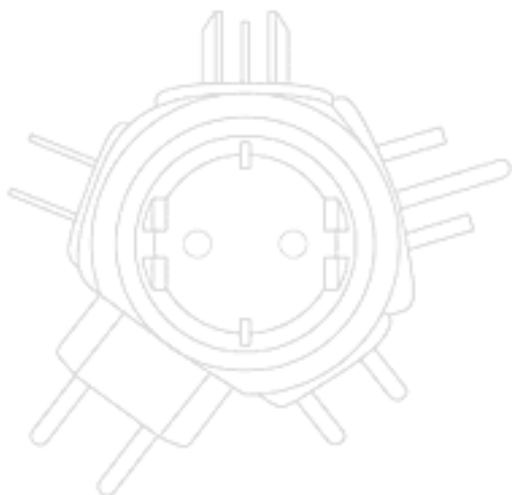
- The Amcham;
- Giving lectures and being present at lectures.

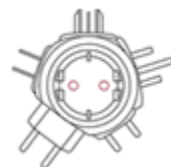


Competitors

Mr. Peeters knows that most of the companies that do activities related to the activities of the Wellingham Group are all companies with one person. The market is very big, so the few companies who offer these kinds of services do not run into each other.

The UBR⁷² of the Wellingham Group is: Technical and pragmatic knowledge of sales in Europe





h 16. [Notes]

ⁱ European Investment Monitor 2001 (EIM), European Investment Monitor 2002 (EIM), European Investment Monitor 2003 (EIM), European Investment Monitor 2004 (EIM), European Investment Monitor 2005 (EIM), Ernst and Young.

ⁱⁱ Also some companies from not-IT sectors.

ⁱⁱⁱ WFA, The Voice of advertisers worldwide, annual report 2004, world federation of advertisers

^{iv} Mr. W.S. Janssen, lecturer marketing and analyses on the Fontys University of communication in Eindhoven

^v The phenomenon of “order of entry” plays a big role in this decision.

^{vi} Mr. A. Visser Focus Frame

^{vii} Mr. G. Kleijer, MapInfo.

^{viii} Mr. J. van Wendel, Manhattan Associates.

^{ix} For instance the privatization and liberalization of the electricity supplying sector.

^x Mr. T. Kramers, Excelergy.

^{xi} Netherlands Foreign Investment Agency

^{xii} Figure 6-4

^{xiii} For example North Brabant foreign investment agency, Hessen foreign investment agency, Paris foreign investment agency, et cetera.

^{xiv} Mr. B. Cohen, GCX.

^{xv} For example marketing, sales, R&D, HRM, administration, etcetera.

^{xvi} This is not an actual step in the phase of “Business in Europe”, of the process of entering the European market, but it’s a step which belongs to the phase of “the need to enter the European market”. I do however mention it because it makes the process more clear.

^{xvii} European Headquarters, location decisions and establishing sequential company activities, Ernst & Young International Location Advisory Services.

^{xviii} Mr. G. Kleijer, MapInfo.

^{xix} Mr. J. Gerris, IEX Europe.

^{xx} Mr. G. Kleijer, MapInfo.

^{xxi} Mr. J. van Wendel, Manhattan Associates.

^{xxii} Mr. J. Gerris, IEX Europe.

^{xxiii} Mr. J. van Wendel, Manhattan Associates.

^{xxiv} Mrs. P. Metz, Airgo Networks.

^{xxv} Mrs. P. Metz, Airgo Networks.

^{xxvi} Mr. A. Goossens, SEL.

^{xxvii} Mr. T. Kramers, Excelergy.

^{xxviii} Mr. J. van Wendel, Manhattan Associates.

^{xxix} Mr. J. Gerris, IEX Europe.

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^{xxxi} Mrs. P. Metz, Airgo Networks.

^{xxxii} Mr. A. Visser Focus Frame

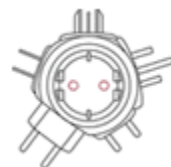
^{xxxiii} Mr. J. van Wendel, Manhattan Associates.

^{xxxiv} Mr. G. Maazen, Dermagenics.

^{xxxv} Mrs. P. Metz, Airgo Networks.

^{xxxvi} Mr. R. Tierhold, NetManage.

^{xxxvii} Software that for example locates call to determine which mechanic should take a certain assignment, or which does demographical analyses.



^{xxxviii} Anonym interview on the 7th of April.

^{xxxix} Mr. J. Gerris, IEX Europe.

^{xl} Mr. J. Gerris, IEX Europe.

^{xli} Mr. J. van Wendel, Manhattan Associates.

^{xlii} Mr. A. Schijns, Dawn Foods.

^{xliii} Mr. W. Schenk, Dothill.

^{xliv} Mr. H. Goetsch, Level 3 Communications.

^{xlv} Mr. A. Visser Focus Frame.

^{xlvi} Mr. G. Maazen, Dermagenics.

^{xlvii} Mr. S. de Bont, Solectron.

^{xlviii} Mr. W. Schenk, Dothill.

^{lix} The big international agencies are Lowe, Ogilvy, TBWA, DDB, JWT, Grey, BBDO and Hunterskil Howard.

ⁱ Mrs. J. Roelofs, Greenberg Traurig.

ⁱⁱ Mr. H. van Dijk, Ogilvy.

ⁱⁱⁱ Mr. C. van der Sanden, Hunterskil Howard.

ⁱⁱⁱⁱ Mr. D. van Aalst, DDB Amsterdam.

^{liv} Mr. B. Pieter, TC-One.

^{lv} Mr. C. van der Sanden, Hunterskil Howard.

^{lvi} Mr. B. Pieter, TC-One.

^{lvii} Mr. R. Peeters, The Lawrence Wellingham Group.

^{lviii} Mr. B. Pieter, TC-One.

^{lix} Mr. S. Paul, American Chamber of Commerce of the Netherlands and Dr. D. Müller, American Chamber of Commerce Germany.

^{lx} Mr. S. Paul, American Chamber of Commerce of the Netherlands.

^{lxi} Dr. D. Müller, American Chamber of Commerce Germany.

^{lxii} Communicaid Group Ltd, Germany | German social and business culture – a German culture overview,. 2004

^{lxiii} For instance the privatization and liberalization of the electricity supplying sector.

^{lxiv} Van den Berghe (Douglas), European Headquarters, location decision and establishing sequential company activities, 2005, Ernst & Young International Location Advisory Services.

^{lxv} Belgium, France, Germany, Luxembourg, Netherlands, Switzerland, UK.

^{lxvi} United Nations Conference on Trade and Development

^{lxvii} Cap Gemini, Ernst & Young, EU enlargement, European distribution on the move?, 2004

^{lxviii} Original Equipment Manufacturer, a company which only does the product design and marketing, the rest is being outsourced. This is especially a trend under companies who had developed so many activities, that they threatened to lose the focus on their core business.

^{lxix} Executive planet, Doing business in America, 2004, <http://www.executiveplanet.com>

^{lxx} Called social anthropology in the United Kingdom and now often also known as socio-cultural anthropology. Areas studied by cultural anthropologists include social networks, diffusion, social behavior, kinship patterns, law, politics, ideology, religion, beliefs, patterns in production and consumption, exchange, socialization, gender, and other expressions of culture, with strong emphasis on the importance of fieldwork or participant-observation (i.e living among the social group being studied for an extended period of time).

⁷¹ Most important countries in which the campaign is going to be implemented.

⁷² Unique Buying Reason, part of the SIVA model (Solution Information Value and Access)