

**MNGT-E2009**

# **International Strategy**

**Session 3 – Case Assignment & Location Choice**



**Aalto University**  
**School of Business**

**Perttu Kähäri**

**Ville Österlund, LeanLab**

**Tiina Ahva, BCG**

**September 13, 2022**

# Plan for this morning

- **LeanLab Case introduction, CEO Ville Österlund**
- **HQs and politics – Case Nordea, Tiina Ahva, Consultant, BCG**
- **HQ Location Research Project**
- **Location choice for multinationals**
  - **Location of production activities**
  - **Location of headquarters**
- **Attraction game**

# Lecture 2 Feedback Notes

- Further questioning the complexity, pros and cons, of joint ventures
- How long term are foreign entry strategies and what are the tools for analysis?  
Rationality vs faith with internationalization.
- The role of multilingualism in MNCs
- Failed M&A stories
- More information on Incoterms
- Protectionist state policy & low internationalization – link?
- Link between cultural factors and entry mode? Marimekko in Europe vs Asia
- Licensing – McDonalds and Monopoly
- Franchising- Does one size really fit all?
- World trade trends – less agricultural



# LeanLab Case

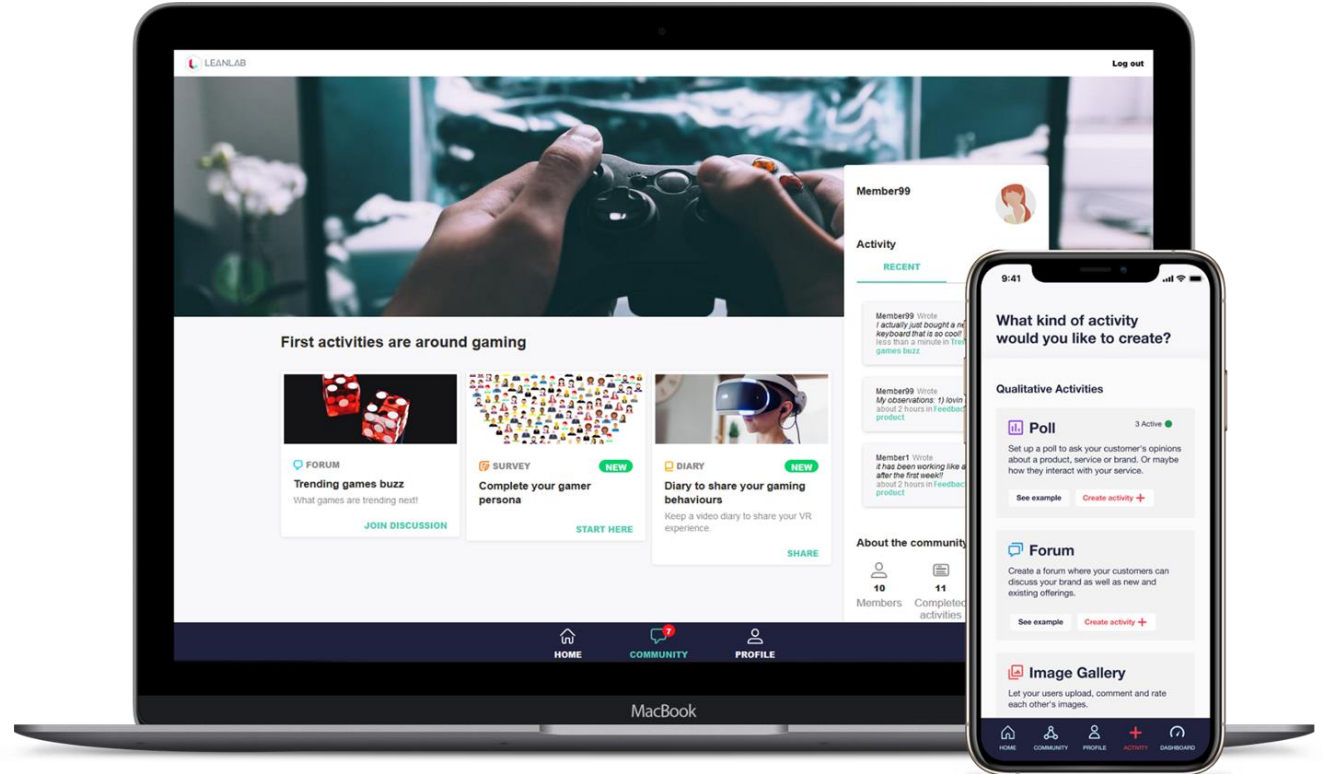
# Market trends and competition analysis



# Market Trends and Competition analysis

Case LeanLab, a Finland based SaaS software business

- Mixed method platform for qualitative and quantitative research
- Currently targeting Customer Insight and Customer Experience teams
- [www.leanlab.co](http://www.leanlab.co)



# Analysis Scope

How might we develop our offering going forwards in the Nordics?

01

## Product Management Software Market

Growth CAGR 11,1% to 2027  
Size by 2030 5.6 bn USD  
Source: [here](#)

02

## UX Research Software Market

Growth CAGR 12% by 2026  
Size 2026 356 MUSD  
Source: [here](#)

03

## Customer Feedback Software Market

Growth CAGR 12,7% to 2027  
Size by 2027 3,3 Billion  
Source: [here](#)

04

## Innovation Software Management Market

Growth CAGR 10.2% to 2026  
Size by 2026 1,6 Billion  
Source:



# Analysis Scope

The key areas we like to assess

1. **MARKET:** What are the key trends driving each software market growth? What footprint those companies have in the Nordics - what about local Nordic players?
2. **MARKET:** Who are the up & coming and who are the dominant players in each market?
3. **POSITIONING:** What is the key communication line used by each company?
4. **TARGETING:** Which customer profiles (Customer Experience, UX, Product, Design, Insight, Innovation) are being targeted specifically?
5. **FEATURES:** What are the dominant 'must have features' in each market and what are the differing features/propositions?
6. **SERVICE:** To what extent is the software product offered fully DIY - how much is there service?
7. **PARTNER TRACK:** Is the product offered direct to brands or is there a specific partner offering?
8. **PRICING:** what kind of pricing options there are, is there PLG (Free trial) track, is the pricing visible?



# Analysis Scope

If we were considering the market you have looked at, what would be your recommendations?

1. STRATEGY: Which companies seem to have had success and why?
2. POSITIONING: Entering to the market how should we talk about our product?
3. TARGETING: which buyer profiles and company types should we address?
4. PRODUCT: Which features should we pack to be able to play in the market? Are there features that could help us to differentiate?
5. PRICING: Do you recommend PLG track and why?
6. PARTNERS: Do you recommend selling and working with partners? What kind of partner routes are available?

# Task Instructions / Deliverables

1. You will compare our current market + one selected market
2. For the competitive analysis:
  - a. There will be about 10 companies in our current market and another 10-20 in the selected software market to be looked at
  - b. You will carry out desk research and use Aalto's XX to access any financial data available on selected companies
  - c. You can add your details to example excel and create a short powerpoint 1-2 page summary of the company in question
3. In addition to competitive analysis carry desk research to the market trends and create a short summary
4. Please compile your background research and findings into Powerpoint and get ready to present your market analysis and your recommendations

# Case assignment

# Case assignment

- Assignment will be done in teams of 4-5 students
- You will **analyze** the LeanLab international market challenge and provide **potential solutions** to it in a PowerPoint deck
- LeanLab will provide you with some materials. There will be an opportunity to ask questions along the way. More information will be provided by the end of the week.
- Use **knowledge** from the lectures and course readings in the analysis and solution
- Each team will **pitch** their solution to the case company

# Team formation

- 10 teams of 4-5 students each
- Teams have been formed by the course teachers, prioritizing diversity of the teams
- Please share your contact details with fellow team members today. If someone is not in the class today, ask us for their contact information.
- Book your first meeting and start working on the case right away
- If you are not in a team, please let us know immediately

# Teams

## TEAM 1

Barrea	Olivia Marielle D
Finke	Clara
Meskanen	Juhani Kristian
Nikkanen	Pauli Yrjänä
Rekola	Anna Juulia Rebekka

## TEAM 2

Almagro Vazquez	Nayra
Fiuza Pereira	Vinicius
Forsström	Petra Linda Amanda
Koshida	Rie
Riescher-tuczkiw	Titouan Guillaume

## TEAM 3

Berard-Desormière	Paola Hélène Josette
Grept	Charlène
He	Yupeng
Rinne	Joel Matias
Schiffer	Lars

## TEAM 4

Bhatia	Richa
Hofmann	Elias
Hynninen	Ville Johannes
Romatowski	Aaron Jaakko Joel
Turchányi	Emese

## TEAM 5

Alanen	Pauliina Mira Melina
Blanchard	Louis
Højgaard Frederiks	Dávid
Jaakkola	Meri Emilia
Salah	Aisha Adam

## TEAM 6

Buiatti	Basile Louis J.
Granier	Maximi Pien
Janes	Parker
Kesseli	Susanna Kristiina
Tuuri	Sofia Karita

## TEAM 7

Cáliz Grivé	Laura
Gupta	Medha
Lallemand	Maxime Fabien J
Luukkonen	Aleksi Mikael
Wallenius	Sini

## TEAM 8

Abildsten	Silja
Comis	Lorenza
Hietanen	Rasmus Joonatan
Marchand	Caroline, Annette, Juliette
Nguyen	Xuan Nhat Vi

## TEAM 9

Da Conceição	Zoé Ambre Andréa
Ilkay Ferenm	Simon
Mohr	Simon
Rachad Rachad	Oumnia

## TEAM 10

el Kordy	Jasmin
Kaszonyi	Brian Keith
Panzeri	Fabiola Anabel
Uusitalo	Liisi-Sisko Annikki

# Case Group Feedback Meeting

- Each group will have an individual meeting with Perttu sometime between September 23 and 30.
- **You should present your ideas and the focus of your project.** This is a chance for you and your group to get feedback on your preliminary ideas and ask any questions you have about the case.
- The feedback sessions will be booked on MyCourses. A schedule with available time slots will be provided for registration
- This meeting counts as one of the teaching sessions.

# Case assignment deliverables

## Format:

- 1) Report to case company in the form of PowerPoint slide deck, containing the analysis and potential solutions. The number of slides is not limited.
- 2) Pitch presentation (max. 10 minutes), where you may use a subset of your slide deck.

## Deadline:

- Upload both slides decks (report and presentation) to MyCourses by midnight on 10 October.
- Online team presentation on 11 October.

## Evaluation:

Maximum number of points for the assignment is 30. Both the report and the pitch will be taken into account in the evaluation.



# Elements in grading the case

- Executive summary: What is this case study about?
- Use of concepts, frameworks; rigor in analysis and quality of insight: How well do you use models/concepts as “glasses” to make sense of and explain the case? How well do you present your analysis and answer the question(s)?
- Suggested action: feasibility, conditions, risks, etc.
- Quality of the presentation: structure, logic, flow, clarity.

# Effective teamwork

- Good communication and social skills
- Positive interdependence: 'we' instead of 'me'; yet individual accountability and personal responsibility
- Attending and participating in meetings, fulfilling promised work
- Group processing
- Shared goals
- Processes for conflict resolution



# HQ Location Research Project

# Headquarters and politics – Case Nordea

Tiina Ahva

13.9.2022



# Nordea's HQ relocation – an interesting mix of business and politics

- In early 2017, the Swedish government proposed a **bank resolution fee** to safeguard against new financial crises
- Subsequently, Nordea announced they were considering to relocate their HQ and legal domicile from Sweden
- The government amended their original proposal in June 2017
- Still, the relocation decision was recommended by Nordea's board in September 2017 and finalized by the AGM in March 2018

## My thesis

**RQ 1:** *What were the frames propagated by Nordea and different political actors in the public framing contests?*

**RQ 2:** *How did the media portray Nordea's actions during the events?*

**Dataset:** 127 media articles and primary accounts in Mar-Sept/2017



... A rational business decision without political significance

*"This is a very pragmatic decision, and we should not over-dramatize it."*  
– Casper von Koskull, CEO of Nordea

... Evidence of the government's poor economic policy

*"The government is driving companies out of the country with the policies they implement"*  
– Ulf Kristersson, Moderate MP



... Neglect of corporate social responsibility

*"I understand if people are frustrated and cursing this -- the whole reason for the bank to exist are Swedish taxpayers, and the thanks for that is: Now we are moving our HQ."* – Stefan Löfven, Sweden's Prime Minister

... An unethical threat in attempt to influence regulation

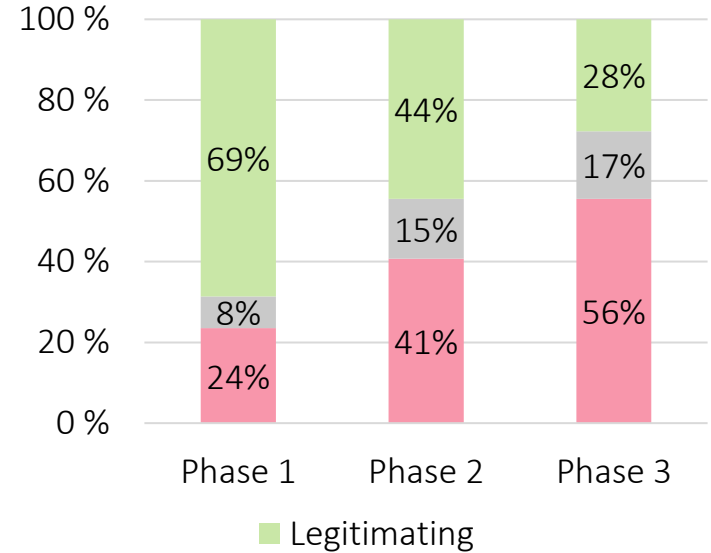
*"I do not care much for large banks that engage in this kind of blackmail against democracy"*  
– Jonas Sjöstedt, MP and leader of the Left Alliance

... And many other frames by different actors

# The media itself has agency in political issue contests



Legitimation/delegitimation of Nordea in the media during the issue contest



Phase 1: March 2017 – June 8<sup>th</sup>, until the government announced amending the fee

Phase 2: June 8<sup>th</sup> – September 6<sup>th</sup>, until Nordea's relocation decision

Phase 3: September 2017, after the relocation decision

For Nordea, two key delegitimizing dynamics in place

1

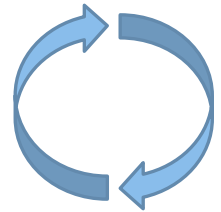
### Ideological escalation by external political actors

- Use of the HQ relocation as a **political card** for opportunistic reasons
- Participation of one party prompted others to respond
- Difficult to de-escalate once relocation gained **ideological** significance

2

### The use of a political discursive lens by the mass media

- Likening Nordea to the **social identity of a political actor** and discussing its HQ relocation through a political discursive lens
- Within this lens, the economic rationale of the relocation no longer constituted moral legitimacy





# Key conclusions for management and research

## 1 For management

Companies cannot fully control which market actions attain political significance, but they can attempt to mitigate risks by **strategic framing** and studying the **political landscape** beforehand.

Nonmarket strategy should be **integrated** with market strategy, as many firm actions have significance in both environments.

When interacting with mass media within political discourse, companies must **reframe** business-economic arguments to align with **broader societal goals**.

## 2 For research

In addition to symbolic and pragmatic meanings of headquarters, **HQs' political meaning** warrants more attention.

**The mass media's agency** should be accounted for in research on public issue contests, and research should consider **external political stakeholders** beyond the directly involved ones.

The complexity of the business/political sphere calls for more **multidisciplinary research**, incl. collaboration with political sciences.

# Thank you!

Ahva, T. (2021). *Legitimacy risks in public corporate political activity – the case of a Nordic bank*. Master's Thesis. Aalto University, School of Science, Department of Industrial Engineering and Management.

Tiina Ahva  
13.9.2022



# HQ Location Research Project

# IB Unit: Headquarters (HQ) Location Project



A 4,5 year research project on the interplay of **physical and social aspects of location**. It's funded by Wallenberg foundation and Academy of Finland, involving:

- Faculty, doctoral and master students
- Foreign and Finnish companies
- Business Finland and other public bodies

The project consists of four work packages, which all will lead to conceptualizing the meaning of location. The project outcomes include:

- Identify all foreign firms' HQ in Finland
- Map HQ relocation events in Europe between 2000-2019
- Understand the strengths of host locations to attract HQ

More information: <https://www.aalto.fi/en/departement-of-management-studies/location-research-project>

<https://yle.fi/uutiset/3-10157369>

# HQ Location Project Team



**Perttu Kähäri,**  
Professor of Practice



**Rebecca Piekkari,**  
Professor, Head of IB Unit



**Tiina Ritvala,**  
Associate Professor,  
Head of IB Specialization Area



**Iiris Saittakari,**  
Assistant Professor



**Daria Kautto,**  
Post-doc researcher



**Linyu Liu,**  
Doctoral researcher



**Dominic Savolainen,**  
Project researcher

# HQ Location project MSc thesis group

*How are HQ organized in a digital world?*

*Multinational Enterprises' Headquarters - Sustainability Aspect*

*Headquarters in platform business*

The purpose is to create interaction and provide additional peer support to MSc thesis students.

The group meets once a month, where two students present and everyone gives feedback.

17 MSc thesis completed in 2020-21 and 9 MSc thesis in progress.

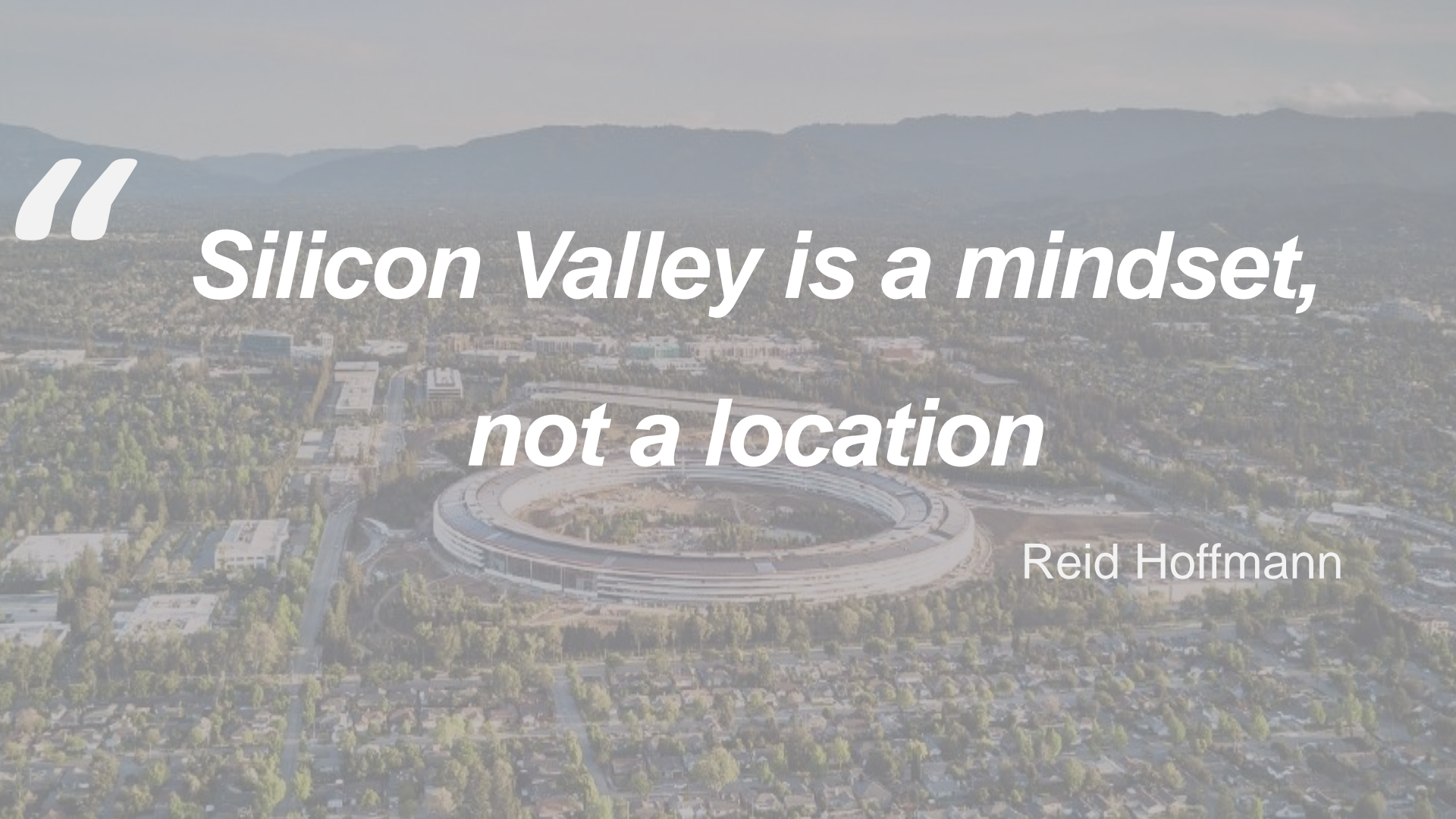
*Evolution of regional structures*

*Where are HQ located in Europe?*

*“They suck at making friends!” – Or what went wrong with Amazon’s stakeholder communications regarding HQ2 in New York*

*HQ in Africa – locations for expansion*

*Nordea HQ relocation: How is it represented in media?*



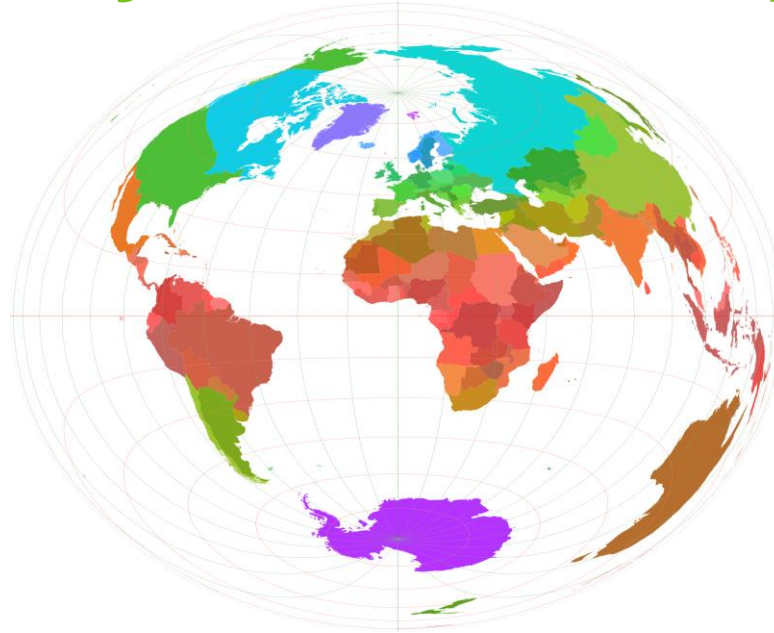
**“ *Silicon Valley is a mindset,  
not a location* ”**

Reid Hoffmann

# Location of MNC activities



# Group discussion: Where would you start a company?



# Location of MNC activities (Dunning)

## Differences between

- Resource seeking
- Market seeking
- Efficiency seeking
- Strategic asset seeking

# Location of MNC activities: **micro** context (Shenkar & Luo)

## **Cost/Tax factors**

- Transportation costs
- Wage rate
- Land availability and costs
- Construction costs
- Costs of raw materials and resources
- Financing costs
- Tax rates
- Investment incentives

## **Strategic factors**

- Investment infrastructure
- Manufacturing concentration
- Industrial linkages
- Workforce productivity
- Inbound and outbound logistics

## **Demand factors**

- Market size and growth
- Customer presence
- Local competition

# Location of MNC activities: **macro** context (Shenkar & Luo)

## **Regulatory factors**

- Industrial policies
- FDI policies
- Availability of special zones

## **Sociopolitical factors**

- Political instability
- Cultural barriers
- Local business practices
- Government efficiency and corruption
- Attitudes towards foreign business
- Community characteristics
- Sustainable development

# Location of production activities



DHL is present in over 220 countries and territories across the globe, making it the most international company in the world. With a workforce exceeding 340,000 employees, we provide solutions for an almost infinite number of logistics needs.

DHL is part of the world's leading postal and logistics company Deutsche Post DHL Group, and encompasses the business units DHL Express, DHL Parcel, DHL eCommerce, DHL Global Forwarding, DHL Freight and DHL Supply Chain.

## **Our case**

- **Location of physical production activities: DHL European Air Hub**

# Hub and spokes



# Group discussion: DHL European Air Hub

- What would be the key criteria for selecting the new hub location?
- Where should the hub be?





# Leipzig/Halle is favoured option for central DHL hub

## 11/09/2004, 12:00 AM CET

The Group Deutsche Post World Net intends to extend the **Airport Leipzig/Halle** into the central European hub of its express and logistics subsidiary DHL. Plans for a move to the alternative location Vatry, France, are not pursued any further at present. As **no political consensus** on an extension could be achieved in Belgium, it is intended to maintain Brussels as a regional hub from 2008 onwards. Until then, DHL plans to keep activities running at the current scale at Brussels Airport.

All these plans will be discussed with the appropriate social partners and employee representatives following the procedures legally required at national and European level in order to make sure that all employees are treated fairly.

Following the successful finalization of all negotiations and preparations, start of operations in Leipzig could be realized at the beginning of 2008. The Group plans to invest around 300 million euros in the new site and to create around 3,500 jobs by 2012. Experience has shown that a further 7,000 jobs are likely to be created in the Leipzig area should such a dynamic, globally acting business move there. "This is a location that would pave the way for the **necessary growth of DHL in the future** and provides the Group with **long-term planning security**", says Dr. Klaus Zumwinkel, Chairman of the Board of Management of Deutsche Post World Net. "With DHL located in Leipzig, 10,000 new jobs would be created and our company would make a major contribution to the enforcement of the eastern German states."

With annual sales exceeding 40 billion euros and some 380,000 employees in more than 220 countries, the solidity and dynamics of the leading logistics company worldwide is giving stability and perspective to the intended Leipzig investment.

Key argument for Leipzig as favoured option is **the large capacity for flight operations** and for the overall infrastructure. With operations running 24 hours a day, the Airport Leipzig/Halle meets the **night flights requirements**. The regional government of Saxony would allow an extension of the infrastructure, which above all implies the **construction of a second runway** and the further improvement of road and railway connections.

The company would be a magnet for business in the region. Logistics partners and customers would be able to set up logistics centers of their own. The area provides sufficient space to accommodate such growth.

# Location of HQ activities

# Headquarters relocation cases



# Amazon HQ2

Announced 20 finalist locations

- Many did not meet the preferences set by Amazon (City Lab, 2018)
- Philadelphia was considered a leading contender (The Guardian, 2018)

Amazon cancelled its plans to build an expansive corporate campus in New York City



Sept 2017



Jan 2018



Nov 2018



Feb 2019

- Amazon announced HQ2 plan
- Official preferences from Amazon were presented
- 238 proposals from US, Canada, and Mexico are received

Confirmed the plan to split the new HQ2 between Crystal City, VA and Long Island City, NY (25,000 jobs each)

# Amazon preferences



- Metropolitan areas with over 1 M population
- Stable, business-friendly environment
- Urban or suburban locations attractive to tech talent
- Communities that think big and creatively
- International airport (45 min) with daily direct flights to metropolitans
- Higher education institutions
- Tax breaks and other incentives

“

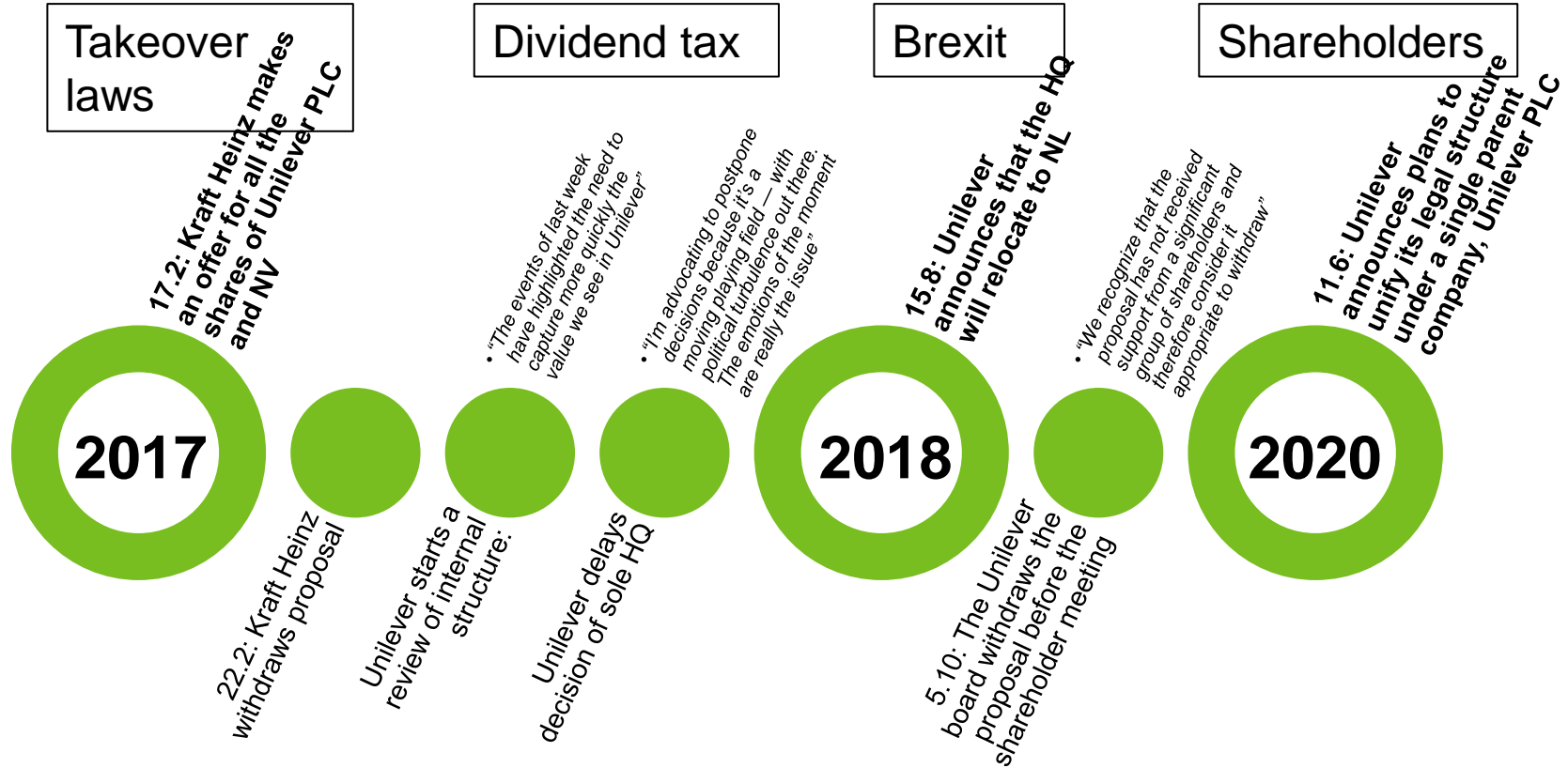
*A number of state and **local** politicians have made it clear that they **oppose** our presence and will not work with us to build the type of relationships that are required to go forward.*

Amazon statement (2019)



Anti-Amazon protesters before a New York City Council hearing in January. The deal to build a sprawling Amazon campus in Queens had also run into opposition from some local lawmakers.  
Hiroko Masuike/The New York Times

# Unilever HQ relocation Case



# Attraction game



# Competition between countries

## The perfect business climate.

Choosing where to relocate or expand a company usually involves compromise. That is, unless, the choice is Michigan. With an estimated 86% reduction in business taxes, a deep pool of tech-skilled talent, \$16.7 billion in annual R&D and an unsurpassed quality of life, business comes naturally in Pure Michigan.

[michiganadvantage.org](http://michiganadvantage.org)

Write in #373 for free info.

PURE MICHIGAN

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The Perfect Climate For Business.

[perfectbusinessclimate.com](http://perfectbusinessclimate.com)

**Flanders: Europe's best business location**  
Eight good reasons to invest in Flanders

"Flanders has a ready-to-hand, skilled and motivated pool of talent."



### Flanders boasts a strategic location in Europe

The region of Flanders, the northern part of Belgium, provides you with a uniquely central location at the hub of the wealthiest and most populated area of Europe. Our immediate neighbors are France, Germany, Luxembourg, the Netherlands and the UK. Flanders European cultures capital, Brussels, is of international go.

Excellent in access  
Flanders has the re

*The Netherlands ~ Europe's best business location*

*Are you interested in exploring the opportunities to expand and operations in the Netherlands? How to reach the European market*

Source: Antti Aumo, Business Finland and market access

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CANADA

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- ✓ **LOWEST FLAT TAX ON INCOME** 10%\*
- ✓ **TAX ON REINVESTED PROFIT** 0%
- ✓ **FAST COMPANY REGISTRATION** 4 hours
- ✓ **ABUNDANT & COMPETITIVE LABOR** €370/mo average gross salary
- ✓ **FREE ACCESS TO LARGE MARKET** 650 million customers\*\*

**Stockholm**  
The Capital of Scandinavia

**GERMANY AT ITS BEST**  
NORDRHEIN

**TAMIL NADU INVESTORS' PARADISE**

Largest share of India's industrial workforce

**Global Investors Meet, 9th - 10th September, 2015**  
[www.tamilnadugim.com](http://www.tamilnadugim.com)



# Ranking the countries

## World Economic Forum Global Competitiveness Report

- #1: Singapore
- Finland #11
- "The Global Competitiveness Report defines competitiveness as the set of institutions, policies and factors that determine the level of productivity of an economy, which in turn sets the level of prosperity that the country can achieve."
- <https://www.weforum.org/reports/global-competitiveness-report-2019>

## IMD World Competitiveness Yearbook

- #1: Denmark
- Finland #8
- "The Overall Competitiveness Scoreboard is based on four factors: Economic Performance, Government Efficiency, Business Efficiency, and Infrastructure"
- <https://www.imd.org/centers/world-competitiveness-center/rankings/world-competitiveness/>

## World Bank Doing Business Rankings

- #1: New Zealand
- Finland #20
- "A high ease of doing business ranking means the regulatory environment is more conducive to the

## World Bank Group on Discontinuing Doing Business Report

After data irregularities on Doing Business 2018 and 2020 were reported internally in June 2020, World Bank management paused the next Doing Business report and initiated a series of reviews and audits of the report and its methodology.

# Thank you!

**You can contact me at:**

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