

*A strategic analysis of the industrial dynamics of*  
**CAR-BO GARASJEPORTER AS**



**Master of Business and Administration, with specialisation in Strategy and Management at the University of Stavanger**

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## **Preface**

The presented Master Thesis is an obligatory graduation paper for the department of Business & Administration at the University of Stavanger, and it is the final project for the programme Strategy and Management. We believe that the development of this thesis has been extremely valuable and a great opportunity to further enhances our educational elaboration.

Throughout our study we have received support from several individuals. In light of this occasion we would like to recognize and acknowledge these individuals for helping and supporting us towards achieving our goals and finalizing the graduation paper.

Initially, we would like to thank Terje Våland, our supervisor at UiS for being a great support throughout this process. Your involvement, valuable feedback and assistance have helped us in many of our questionings along the way to reach the end of this thesis.

We would also like to thank the management and employees at Car-Bo Garasjeporter who have contributed with knowledge in several areas. We are very grateful for all input and encouragement during this period, as well as the firms' contribution of time. Lastly, Raynor and Ryterna deserve an acknowledgement for valuable feedback and enthusiasm. Without the guidance from these firms collectively, the outcome of this thesis would not been what it is today.

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## Abstract

The garage door industry is an attractive industry to enter and thereby it is experiencing a significant increase with respect to competition. By addressing this industry, one gets an improved image on the challenges within the industry, as well as the sensitiveness of economic cycles, which in turn will control the outcome of the garage door industry. However, as there is limited information and knowledge about this particular industry we will consider a single case company throughout this thesis – Car-Bo Garasjeporter. By considering the environment and identifying potential opportunities as well as exploring internal resources within Car-Bo Garasjeporter, different strategic options have been pinpointed in order for the company to survive and prosper in the industry.

The aim of this thesis was to provide grounds for strategic decision-making by considering the business environment and industry, which the case company Car-Bo Garasjeporter competes in, with the purpose of developing future strategic options. The research study has been conducted through industry analyses such as PESTEL and Porter's Five Forces, in addition to an internal analysis. The findings from these analyses were welded together in a SWOT analysis. The data and information was mainly gathered from industry reports, database research and both internal and external interviews.

The garage door industry is a minor industry, which evidently is susceptible to price pressure. As the products are fairly homogenous and hard to differentiate, it respectively all comes down to price and delivery times. However, the industry is distinctly in an altering phase and in the recent years, Car-Bo Garasjeporter have had its main focus on design and functionality rather than price, which have enabled the firm to evolve. Based on the results from the analysis, we ultimately recommended two feasible options for Car-Bo Garasjeporter. Firstly, to best adapt to the current situation we recommended the company to keep the originated business plan, as the potential success of the expansion to Vestby, Oslo has not yet been identified. In addition, we recommended consolidation or procurement of firms for future development, as the environment is extremely competitive and the industry is expected to prosper, causing consolidation and procurement of firms to be more apparent.



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# 1. INTRODUCTION

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*This chapter yields general information and direction of our research. The first part will state a brief presentation regarding choice of topic for this master thesis. Furthermore we will provide a short literature review on the background of the chosen topic and define the potential contribution that our study can provide.*

## 1.1 Background and purpose

In light of advanced technology, higher demands from markets and faster turnaround times, globalization has become fundamental for world commerce (Rao, 2013). Changes and overlapping of industries have brought new challenges to corporations, as well as being important driving forces for the dynamics in strategy at business levels. As a result of globalisation, competition has become more and more rigorous, where distribution channels, available infrastructures and marketing approaches are some of the many factors that strive to force competition today (Harvey, 1988).

In essence, competition is all about market leadership, where companies compete with each other for a leading market share in an industry (Xiaowen & Slocumb, 2015). In order for a corporation to accelerate alongside increased competition and be able to address emergent challenges, some corporations have sought to reduce waste, improve operational efficiency, and adopt competitive practices that are sustainable in the market. Within these competitive priorities we find areas of interest, such as focus on customer satisfaction, operational flexibility, the order cycle time, delivery speed, and product quality. To be able to achieve these goals and improve existing manufacturing programs, corporations strive to develop existing capabilities, invest in employees or capital, and benchmark in an effort to improve their existing system or program from well-known manufacturing practices, which are used by a successful leading international company (DonHee, Boo-Ho, & Seong, 2015)

Leading up to the financial crisis in 2008, the construction industry across Europe was experiencing some of the best years it has ever seen (Stawinska, 2010). However, at the end of 2008, the situation instantly worsened, with an immediate drop in construction activities across the European Union (Nistorescu & Ploscaru, 2010). Several companies went bankrupt or had to downsize their business, and in the following declining years companies were forced to fundamentally reconsider their business models. Nevertheless, after the recession,

the economy started to improve and demand was expected to increase, leading to continued growth of technology and outburst of data.

With emphasis on the construction industry, there are several sub-industries, which are all highly correlated with construction activities, demand and trends, which in turn is highly correlated with the general economy. Evidently, in the long run, demand is almost exclusively dependent upon the stabilization of the economy; hence an expected recovery of the construction industry could rapidly change, if the economy declines or predicted increase in construction demand do not emerge. In this thesis focus will be on the garage door industry, which act as one of many sub-industries underlying the construction industry. A single case company will be considered as a base throughout this thesis and the company of reference will be Car-Bo Garasjeporter.

As a prominent supplier of garage doors in Norway, Car-Bo Garasjeporter has been impacted by the increase in competition and have in turn experienced significant decline in profitability. For this reason, an analysis of the company's current situation will be carried out for the purpose of identifying several strategic options, allowing the company to consider and possibly adapt to the changes and occurring trends within the industry. Alongside the construction industry, the garage door industry also reveals forthcoming trends and prospects, thus if companies do not follow the technical developments and occurring trends in an industry, there is a risk to stagnate, presenting competitors with the opportunity to move ahead.

## **1.2 The problem statement**

The garage door industry consists of limited available public information despite it being a highly competitive sub-industry with numerous well-known operators. With finite research material available, this emerged as a challenge for us to develop a strategic analysis of the external environment. This led us to the following problem statement:

### **A strategic analysis of the industrial dynamics of Car-Bo Garasjeporter AS**

Complementary to this, there have been developed two supportive research questions in order to better structure the study, as well as to provide a significant answer to the problem statement.

*RQ1: What are the forces that contribute to shape competition in the industry? Who is the ideal competitor and what are their market shares?*

*RQ2: What are the strategic options for Car-Bo Garasjeporter in order to enhance its position in the industry?*

To be able to answer the research questions, we first need to present relevant literature review of the underlined key elements. This thesis will primarily examine the external landscape of the case company, however, the thesis will also entail an internal analysis, for the purpose of gaining a greater understanding of the company's strategic position. Additionally, after the completion of the strategic analysis, we will specify a number of strategic options for the company to best adapt to their external environment and industry.

### **1.3 Delimitation**

Our master thesis is written with the purpose of presenting recommendations to Car-Bo Garasjeporter, on how they should best adapt their business model, in order to be competitive in the garage door industry. Our recommendations are targeted at Car-Bo Garasjeporter as a company and others interested in the industry, and not towards individual shareholders.

This thesis is written from an external point of view, using predominantly secondary information in the analysis. In order for the paper not to be too extensive and time-consuming, we will make use of existing analytical tools within the field of strategic analysis. These analytical tools will be presented in the literature review, and their usage will be argued based on what is best suited for this in-depth analysis.

The external analysis is conducted in relation to the ideal competitors in the industry, due to time and page limit. Still, the assumptions made during the analysis process are made to the best of knowledge, and are deemed reasonable and largely approximate reality in a satisfying manner.

Although the case company purchase products from global manufactures and suppliers, the competitive scope for this research paper will mainly concern the Norwegian market, and to

some extent the European market. The European market will be included due to the fact that Norwegian industry players, to a larger extent crosses national borders to gain market share, whilst others have consolidated with European players. A competitive scope with a broader market emphasis will therefore make the analysis more interesting and reflective. When data is used, it will be specified on which time horizon and exactly what it describes.

Lastly, a definition of what we consider the garage door industry, alongside its characteristic and content will be presented in the beginning of chapter two.

#### 1.4 Structure of Master Thesis

In order to provide a high-quality research, we have decided to structure our master thesis by dividing it into seven chapters. Together these chapters will provide the relevant, theoretical and methodological framework needed for this research. It will highlight the practical aspects of observations, present an analytical review of acquired data based on our theoretical model and establish conclusions grounded on the received results.

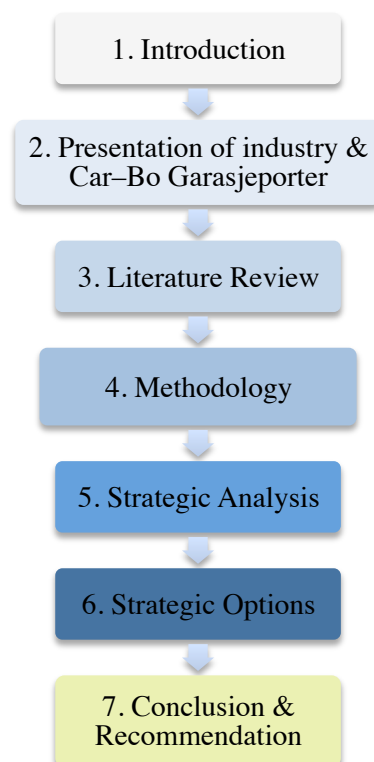


Figure 1: Structure of Master Thesis

The first chapter provides an extensive discussion of background and purpose of research, which is followed by a formulation of problem statement, and establishment of two research questions, which we argue, will help guide the direction of this thesis. The second chapter provides a definition of what we consider to be the garage door industry, alongside its characteristic and content. In addition, there will be a presentation of the case company, as well as the ideal competitors. The third chapter signifies the theoretical framework of our research paper. It will provide an overview of a range of carefully selected theories directly connected to the research questions.

Chapter four`s purpose is to establish the methodological framework of this research paper. This includes defining the research philosophy underlying this thesis, develop the appropriate research design and methods, and lastly argue the validity and reliability of the research. Chapter five is the strategic analysis, in which the connection of the findings obtained throughout the research, alongside with the applied literature review will be illustrated. The next chapter presents the strategic options developed for the case company on the basis of the strategic analysis. The last chapter presents conclusions and recommendations, that summarize the work of the research paper in terms of contributing with new knowledge and challenges within existing theories. Additionally, this chapter argues the theoretical and practical applicability of our findings, and ultimately presents the most appropriate strategic option for the case company.

## **2. PRESENTATION OF INDUSTRY AND CAR-BO GARASJEPORTER**

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*In this chapter there will be a presentation of the garage door industry in Norway, and to some extent, the market in Europe. Furthermore, there will be a more detailed presentation of the case company Car-Bo Garasjeporter, which will be the main area of interest throughout the thesis. The gathered information and background knowledge will collectively be used to introduce the reader to Car-Bo Garasjeporter and its competitors in the strategic analysis.*

### **2.1 Industry definition and overview**

First of all, we will present our definition of the garage door industry, since this is essential, in order to understand any further analysis. The garage door industry is a sub-industry of the construction industry, and this market is highly correlated with the construction industry,

which in turn is highly correlated with the general economy. The primary focus of this industry is supply, sale and installation of garage doors. Industry activity also includes inspection prior to the installation or removal of any existing garage door and opener, additions, alterations, maintenance and repairs.

When talking about the garage door industry in this thesis, the scope is centered on companies that produce and/or supply garage doors to the end-user. Generally, the magnitude of companies in this industry is exclusively supplying the products to the end-users, whilst only a few companies both produce and supply. The typical procedure of suppliers is to outsource the production, and serve as independent intermediaries in the market.

The majority of players in this industry provide a wide product spectre, with residential, commercial and industrial garage doors. There are several types of products and materials used, whereas the most common are steel-, wood-, modern premium fiberglass-, vinyl- and traditional aluminium garage doors (Winterton, 2012).

The garage door industry is a market in which standardized products are dominant. The main players in Europe are Novoferm, Hörmann and Crawford (Assa Abloy). Currently, it is estimated to exist approximately 20-30 players within this industry in Norway (Proff - the business finder, 2015). It has not been conceivable to obtain information with regards to how many players operating in Europe. However, according to dialogue with companies in this industry, it is estimated to operate approximately 50-70 suppliers altogether in Europe.

The garage door industry is usually split into three different customer segments: 1) *private customers*, 2) *industrial customers* and 3) *indirect industrial customers*. Private customers are customers, which acquire products and services for their own household, and are typically customers that purchase a garage door once or twice pr. household. Industrial customers represent the business sector and acquire products and services for non-residential buildings, such as offices, warehouses and other industrial buildings. These customers typically purchase garage doors once or twice pr. building over a lifetime, however, these are larger and more complex, generating greater profitability. The indirect industrial customer represents a mix between private and industrial customers. In this segment lays builders, department stores and entrepreneurs, which in turn have their own customers, both private



and industrial. These customers typically purchase on a regular basis, yet, as these customers are contracted, they acquire standard discounts, generating variation in profitability. All three customer segments will be taken into consideration in the strategic analysis, to ensure that our recommendations have the highest quality possible.

Garage doors are most often installed during construction projects, signifying that industry demand depends highly upon residential and commercial construction activity, which is fairly impacted by seasonality. With the crash in construction market during the recession, industry revenue also declined. However, escalation of renewed housing and commercial construction will allow the industry to recover in the next five years and thereby yet again accelerate global competition (IBISWorld, 2014).

Demand for services from the garage door industry declined significantly, as a result of the economic downturn, causing consumers to cut back on discretionary spending. Still, as conditions improved, consumers increased spending and investment in their homes, including upgrades to their garage doors. Consequently, industry revenue has experienced steady growth. Over the next five years, industry operators are anticipated to benefit from increases in private spending on home improvement. Additionally, a rise in the construction of houses will also benefit industry revenue over the period (IBISWorld, 2014).

According to IBIS World, an established authority on industry research reports, home improvement spending shall rise at an average rate of 4.4% yearly, as more investments are anticipated to pour into the housing and commercial building markets. Accordingly, industry revenue is set to rise at an average of 5.0 % annually over the next five years. The research added that the improved demand would also allow profit margins to rise. The renewed spending on housing sector is expected to further strengthen the garage door industry as garage doors are most often installed during construction projects. The price of all garage doors, regardless of whether they include insulation, has gone up by at least 6 % and by an average of 15 % compared with 4 years ago. The increase is due to the rise in raw materials costs, particularly steel (Vass, 2012).

In 2014 the European market have shown signs of stabilizing in the last 12 months. Although some countries are still suffering, overall there are signs of recovery, both in the construction

and garage door industry. A full-scale recovery is not expected to emerge before the ending of March 2015 (Sanwa Holdings Corporation, 2014).

In the following section, we will provide a thorough presentation of Car-Bo Garasjeporter. Afterwards we will give a brief presentation of some of Car-Bo Garasjeporter`s competitors, both direct and indirect, dependent upon looking at the Norwegian singularly or the European market as a whole. We have chosen five competitors in total, three of which are towards the European market, and two of which are directly competitors in the Norwegian market. The purpose of looking at both markets is due to the strategic options that will be presented further in chapter six, which include expansion to the European market.

## **2.2 Car-Bo Garasjeporter**

In this part we are going to introduce Car-Bo Garasjeporter. First, we will start with a historical overview, then take a look into the company`s organisational structure. Furthermore, there will be a brief presentation of the economic developments, turnover per customer segment, as well as sales share. Jointly, this information will contribute to support and provide the necessary material in order to conduct a worthy strategic analysis.

### ***Historical Overview***

Car-Bo Garasjeporter is a Norwegian family owned business, which was founded in 1969. The company is a supplier of garage doors and supplies its products to private-, industrial- and indirect industrial customers throughout Norway. Currently the company consists of 13 employees, divided between offices in Bergen and Oslo. During a time period of 46 years, Car-Bo Garasjeporter has grown into being a one of the prominent suppliers of garage doors in Norway.

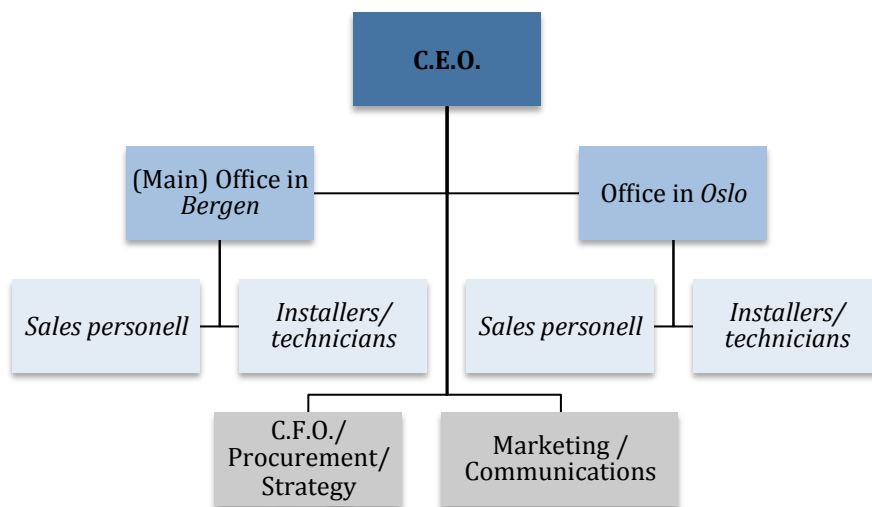
As a fairly small company, with mostly a somewhat short-term focus, the company does not have a set long-term strategy. This is rather normal considering the size of the company, where survival generally would be of main focus. However, despite being a moderately small part of their industry, the company have established a slightly prominent strategy in order to gain visibility through their strategic decisions and actions. As a result of various strategic choices, the company have managed to increase their market share through expansion and acquisition. With main office and majority of employees in Bergen, their market share is

evidently larger in this part of the country. The company have operated with a facility in Oslo since 2008, however in 2012 the company consolidated with another supplier of garage doors in Oslo, which growingly have contributed to increase their market share in this part of the country as well. In addition to this consolidation, the company decided in 2013-2014 to expand their office and storage facilities in Oslo, in order to make their presence more visible for the customers.

When founded in 1969, the products where manufactured in-house, however for the past decade, the company have subcontracted this function to external suppliers. This decision was due to the fact that the market could produce at a lower cost, see more suited solutions and make the operation more effective. Additionally, the company`s size made it challenging to produce and deliver their products to the customers in a competitive manner. Today, the manufacturing function is subcontracted to external suppliers in Canada and Lithuania, where production cost is lower; nonetheless making delivery time and transportation costs essential success factors for their contracting relationship.

***Organisational Structure***

The company is rather simply organized, and the figure below illustrates a visual image of how the company is put together. The company consists of one subsidiary, which is the division in Oslo. In addition, the business is organized with jointly support functions within finance, IT, communications and marketing. In light of this, the company has a relatively flat organisational structure.

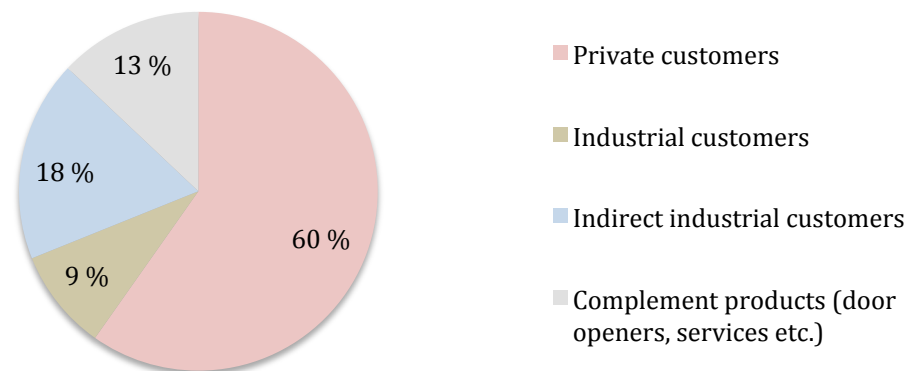


**Figure 2: Car-Bo Garasjeporter`s organisational structure**

### ***Presentation of economic developments, turnover pr. customer segment and sales share***

In order to provide an overview of the company's most profitable customers, we have chosen to display a percentage overview of each customer segment. As it is illustrated below, the private segment clearly represents the largest business area for Car-Bo Garasjeporter. This chart show that private customers represents the most profitable with almost three quarters of the total turnover in 2014; this percentage share has also been stable during the last decade.

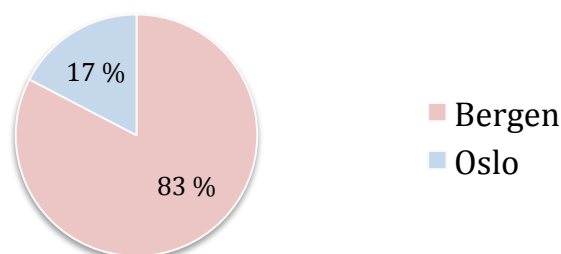
#### **Turnover per customer segment 2014**



**Figure 3: Turnover per customer segment 2014 for Car-Bo Garasjeporter.** Data retrieved from the company's annual report 2014 and calculated in excel. See appendix E1.

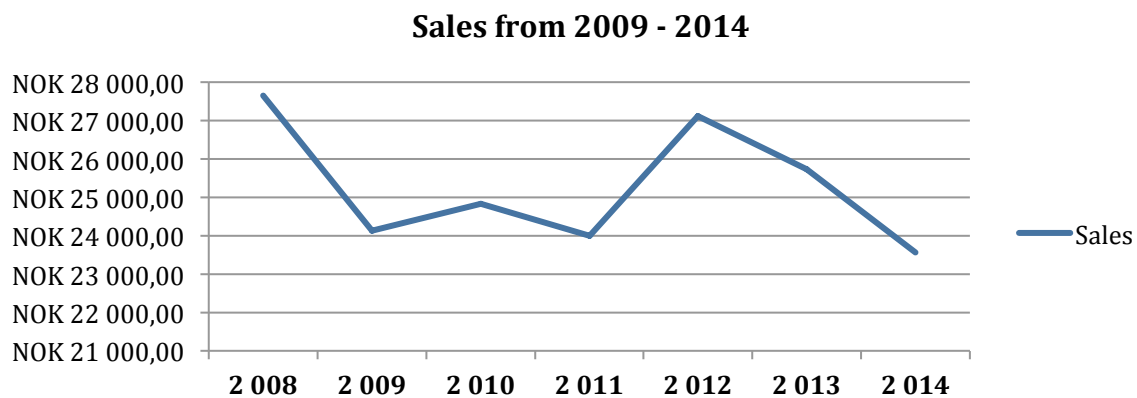
It can also be interesting to visualise the difference in sales between Bergen and Oslo, which indirectly also reflects the differences in market share. As their main business is in Bergen, this part is therefore also expected to allocate the most sales. Yet, since the expansion to Oslo in 2008, this share have gained a rapid growth, which is expected to increase, as the new office and showroom have just been finalized and opened up for customers.

#### **Sales share between Bergen and Oslo in 2014**



**Figure 4: Sales share between Bergen and Oslo in 2014 for Car-Bo Garasjeporter.** Data retrieved from Car-Bo Garasjeporter's annual report 2014 and calculated in excel. See appendix E1.

Alongside most companies in the market, Car – Bo Garasjeporter was also impacted by the global financial crisis, which particular can be observed from changes in sales from 2008 till 2009. Sales improved a bit in 2010, but as the graph illustrates, their best financial year was first in 2012, followed by a strong economic downturn in 2013 and 2014, which was predominantly due to the alter use of personnel and resources for the purpose of the expansion in Oslo.



**Figure 5: Sales from 2009-2014 for Car-Bo Garasjeporter (numbers are in millions).** Data retrieved from Car-Bo Garasjeporter’s annual report 2014 and calculated in excel. See appendix E1.

The alteration between sales in the three customer segments, including complement products and services, is illustrated below, alongside their development over the past six’s years. This graph highlights that the private segment is categorized as the most profitable over the years, and is expected to continue along this path in the future. Industrial customers have experienced the strongest decline the last couple of years, which is mostly due to the fact that the construction industry has not fully recovered. Indirect industrial customers experienced a small increase in 2014, and are predictably expected to continue in this direction. Complement products and services have experienced a slightly decline in sales in 2014, however this is not due to any specific circumstance, and alongside increase in general demand this is also expected to continue in a positive direction.

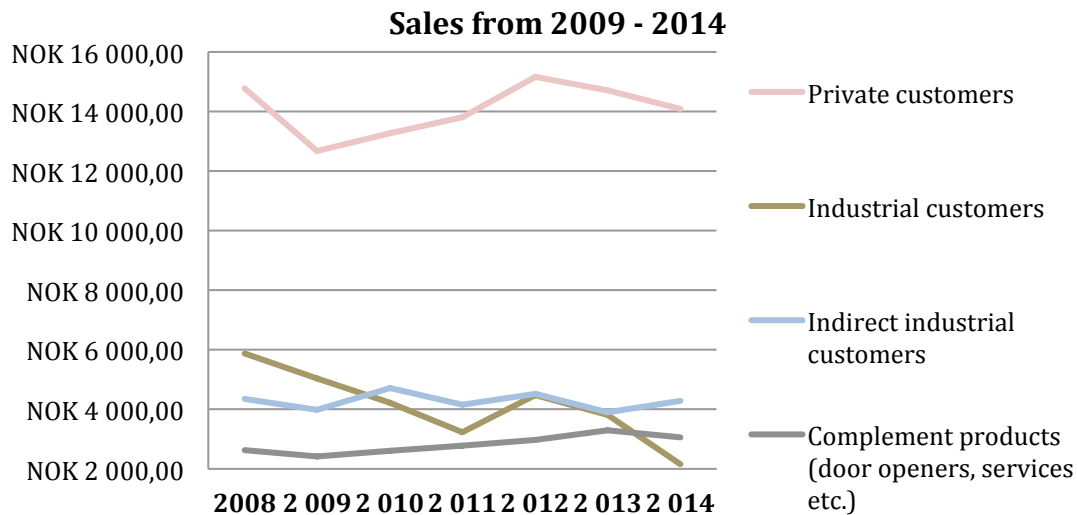


Figure 6: Sales from 2008-2014 with for the different customers (numbers are in millions)

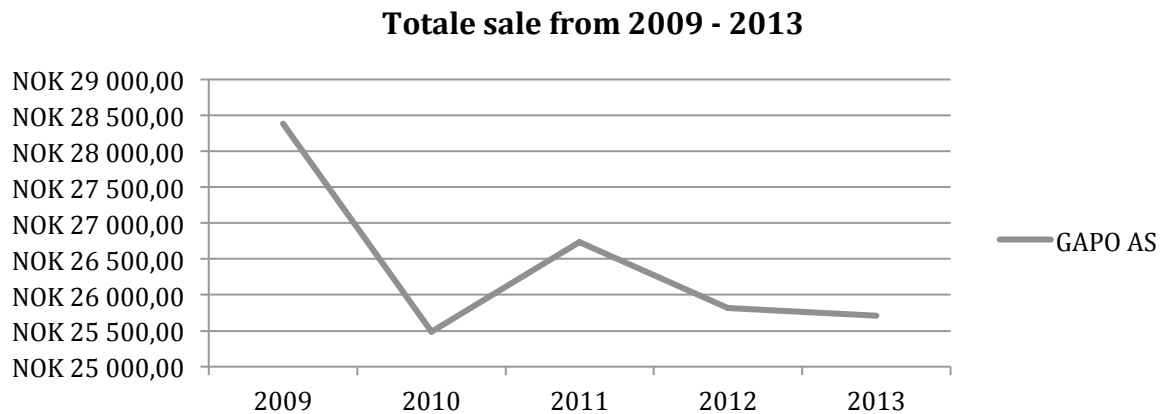
### 2.3 Companies in the Norwegian market

In this part we will give a brief presentation of the two largest competitors in the Norwegian market, which for Car-Bo Garasjeporter currently signify direct competitors. The purpose of this is to provide a visual of the competitive environment in Norway; how these competitors operate, their customer segments and product range, as well as their prospective market share.

#### **GAPO**

GAPO was founded in Ålgård, Norway in 1983 and currently consists of 15 employees (Digitale Medier 1881, 2015). The company manufactures and supplies garage doors, and is presently the only company in Norway that produces garage doors. The company manufactures and supplies a wide range of products to all three customer segments, private-, industrial-, and indirect industrial customers. In addition to in-house manufacturing, the company also imports several complement products such as automatic openers and steel doors. In light of this, and with numerous retailers throughout Norway, GAPO holds one of the largest market shares in this industry in Norway (GAPO, 2015). Below is a visualisation of total sale from 2009 to 2013.





**Figure 7: Total sale from 2009-2013 for GAPO (numbers are in millions).** Data retrieved from GAPO's annual report retrieved from [www.1881.no](http://www.1881.no) and calculated in excel. (Digitale Medier 1881, 2015). See appendix E2.

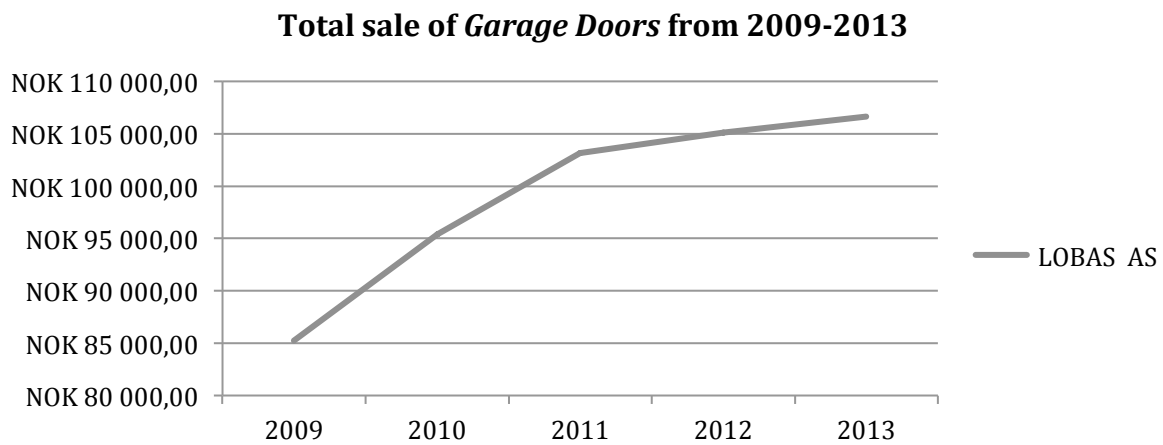
In regard to the economic crisis, GAPO first felt the impact of this in 2009 and 2010, with a decline in total sales of approximately 11%. From 2010 and 2011, the sales had a strong increase, followed by another decline, however, in the subsequent years, the direction seemed to be moderate, with only a small weakening till 2013.

### **LOBAS**

LOBAS (Lonevåg Beslagfabrikk AS) was founded in Lonevåg, Norway in 1947 and consists of approximately 61 employees (Digitale Medier 1881, 2015). The company was originally a Norwegian production company, which over the past decade have developed itself as a market leader in several areas within the construction industry in Norway. Their three central focus areas are roof-safety equipment, equipment for gutters and garage doors. The latter is accounting for about 30% of the priority areas; nevertheless, as a large operator in the construction industry, LOBAS is a strong competitor with a wide market spectrum in Norway. The main reason why the company decided to position themselves within several areas, is due to the impact seasonality have in the construction industry; during the winter there were a strong decrease in workload, and therefore the company decided to expand their focus area into complement industries.

In relation to garage doors, the company is only a supplier to private and indirect industrial customers, and offers a fairly low range of products, consisting mostly of classic steel garage doors (LOBAS, 2015). However, with numerous dealers throughout Norway, the company seems to have a strong market share within this industry. Below is a visualisation of total sale

from 2009 to 2013, which have been altered to only display sales in relation to garage doors, and are estimated to be approximately 30% of total sale.



**Figure 8: Total sale of garage doors from 2009-2013 for LOBAS (numbers are in millions).** Data retrieved from LOBAS's annual report, obtained from [www.1881.no](http://www.1881.no) and calculated in excel. Numbers are in millions (Digitale Medier 1881, 2015). See appendix E3.

Alongside other companies, LOBAS also experienced economic decline in 2009, however, as can be viewed from the graph, there was rapidly growth in sales up till 2011, which must have been due to a large focus area. Beyond this, sales have proved to be moderately rising, and this will most likely continue in a similar direction in the future.

## 2.4 Companies in the European market

In this part we will give a brief presentation of the three largest competitors in the European market, which for Car-Bo Garasjeporter presently are indirect competitors. However, these could become direct competitors in the future, if the company decides to expand to Europe, an alternative currently on the table and which will be debated later underneath strategic options.

### ***The Hörmann Group***

The Hörmann Group is a family-run company, which was founded in 1935 in Germany. Today the company is estimated to be Europe's leading supplier of garage doors. With more than 6,000 employees in 27 specialized factories in Europe, North America and Asia, the company develops and produces a large product range of high-quality doors, hinged doors, frames and operators for use to all three customer segments. Currently Hörmann operate with over 80 individual sales locations in more than 30 countries, as well as hundreds of

authorized dealers in about 35 additional countries. Furthermore, the company recently recorded an annual turnover of more than 1 billion euros (The Hörmann Group, 2014).

As a leading manufacture and supplier of garage doors exclusively, Hörmann have acquired the largest market share in Europe, evidently they have also gained great visibility and market share in Norway. Still, since the economic crisis, Hörmann have struggled financially, which, according to customers have been captured thought inferior product quality. This is, conversely only affirmed from Norwegian customers, as numerous customers have contacted Car-Bo Garasjeporter the past several years, in the purpose of replacing products from Hörmann, due to poor quality and performance.

### *Novoferm*

Novoferm is a subsidiary of the Japanese Sanwa Holdings Group and is currently one of the leading manufacturers and supplier of garage doors in Europe. The company has their headquarters in Hamburg, Germany and was founded in 1955. It operates with approximately 2000 employees till this day, providing a medium range of products to all three customer segments. By country, Germany accounts for about half of Novoferm's sales, followed by France, Italy, the Netherlands and other countries (Novoferm, 2015).

The company provides products to all there customer segments, nonetheless, the strongest share is industrial costumers, and this is mostly due to the acquisition with Alpha Deuren International B.V., which had the second largest market share of the industrial market in Europe. If this market share continues to grow, it might lead to an oligopoly in the near future (Sanwa Holdnigs Corporation, 2014). Below is a visualisation of the company`s net sales from 2009 to 2014.

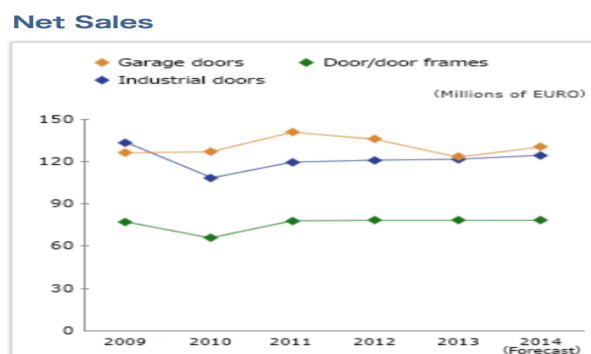


Figure 9: Novoferm`s Net Sales from 2009-2014 (Sanwa Holdnigs Corporation , 2015)

As the graphs illustrate, one can see that in the European market, demand from private customers have remained above industrial doors the past recent years. The demand of industrial doors gained a stronger impact from the global financial crisis. Additionally, whilst the net sales to the private sector had a wider fluctuation throughout the years, the industrial sector was raising steadily. Due to the fact that Novoferm is a company with operations in several European countries this table is an interesting reflection of sales and demand in the European garage door industry from 2009 to 2014.

### ***Crawford, a subsidiary of Assa Abloy***

Assa Abloy is a Swedish-Finnish company, which was formed in 1994 through the merger of ASSA in Sweden and Abloy in Finland. Since then Assa Abloy has grown from a regional company into an international group with around 44,000 employees and annual sales of over SEK 57 billion. The company has several areas of focus, with leading positions in much of Europe, North America and the Asia Pacific region. Their main focus areas are intelligent lock and security solutions, however since 2011, garage doors have been a part of their broad portfolio.

In 2011, Crawford consolidated with Assa Abloy. Crawford is a global manufacturer of industrial garage doors, and was established in 1930 in the United States, and currently holds a large market share with regard to industrial doors throughout the globe (Crawford, 2015). Crawford still operates with its original name, mostly in order to still be visible for its customers, but also to carry on the quality and reputation of the brand name. They provide products exclusively to industrial customers, however they offer a wide product range, due to a smaller customer focus. For Assa Abloy in general, Hörmann is considered one of their five main competitors, as they operate within the same segment (Assa Abloy, 2015). The figure below illustrates the sales share by region for Assa Abloy for 2014, and as illustrated, main sales are to customers within the European market.

## Share of Group sales by region 2014

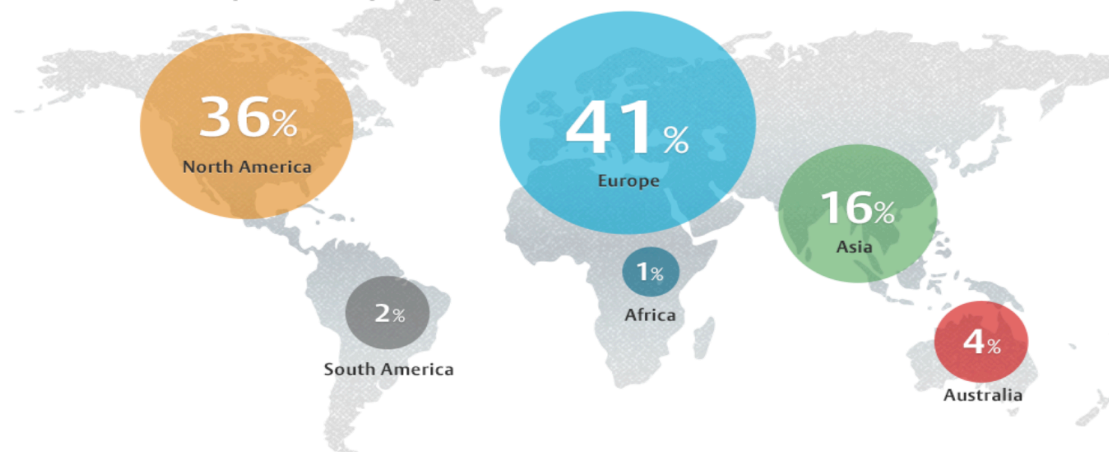


Figure 10: Share of Group sales by region 2014 for Assa Abloy (Assa Abloy, 2015)

### 3. LITERATURE REVIEW

*The purpose of the literature review is to shape the theoretical framework of our master thesis. In order to be able to identify strategic options for the case company, we need to create an extensive analysis of the environmental landscape of the industry, in addition to a brief analysis of the company's internal environment. This will be carried out by, identifying external influences, competitive forces and lastly an examination of customers and market, for the purpose of positioning the different players. As a result of these analyses, it will be possible to identify potential bases of competitive advantage or areas in which the company perform better than its competitors. This can be conducted by matching the internal strengths and weaknesses of a firm with the external market opportunities and threats.*

#### 3.1 External analysis

An understanding of the competitive environment is a critical ingredient for a successful strategy. The business environment of a company consists of all the external influences that impact its decisions and performance (Grant, 2010). There are several challenges that arise in order to make sense of the uncertain world around the business environment. First, 'the environment' captures many different influences, which create difficulty in making sense of this diversity. Second is the problem of complexity, which arises because many of the separate issues in the business environment are interconnected. Lastly, is the issue of the speed of change, whereas managers argue that the pace of technological change and the speed of global communications have a stronger impact than ever before (Johnson, Scholes, &

Whittington, 2005). This external analysis is will review literature based upon macro-environment, industry analysis and competitors and markets.

### **3.1.1 The Macro- Environment**

According to Grant (2010), the macro-environmental influences can be categorised by source – such as political, economic, social, technological, environmental and legal factors (PESTEL) or by proximity, such as the microenvironment. However, a systematic and continuous scanning of the entire spectrum of an external analysis is costly and can in addition create information overload. Therefore, in order to construct an effective environmental analysis, one needs to distinguish the vital from the merely important. Nonetheless, this does not imply that macro-level factors such as general economic trends, changes in demographic structure, or social and political trends are unimportant to strategy analysis. These factors may be critical determinants of the threats and opportunities a company will face in the future.

#### **3.1.1.1 PESTEL - analysis**

The PESTEL- analysis was originally published in 1960 by Jeremy McCarthy and provides a comprehensive understanding of a firm's macro- environment, particularly related to foreign markets. The analysis is an acronym for the political, economic, sociocultural, technological, environmental, and legal context in which a firm operate. According to McCarthy, these six factors are uncontrollable for a firm and function as significant stimuli on a business's performance (Friend & Zehle, 2009). It is therefore of importance to gather the essential information to understand each factor as well as its implications, in order to implement appropriate strategies (Hitt, Ireland, & Hoskisson, 2009).

#### ***Political environment***

The political environment can have a significant influence on businesses. In addition, political factors can impact consumer confidence as well as consumer and business spending. Government policies on regulation and taxation can vary across national borders. Political considerations also comprehend trade treaties, such as NAFTA, ASEAN and EU. Such treaties tend to favour trade among the member countries and could enforce less favourable trade terms or penalties on non-members. For these reasons it is important that companies



entering new markets also reflect the stability of the prospective political environment (Carpenter & Dunung, 2011).

### ***Economical environment***

Businesses also need to take into consideration macroeconomic factors that will have short-term and long-term impacts on the success of their strategy. Critical aspects, which are in need of reflection, are inflation rates, interest rates, tariffs, the growth of the local and foreign national economies, and exchange rates. In addition, unemployment, availability of labour, and the cost of labour can function as strong components on a strategy, especially related to location of disparate business functions and facilities (Carpenter & Dunung, 2011).

Companies that outsource the manufacturing part of their business, will particularly need to consider the current exchange rates between critical markets as this directly impact production and distribution of goods and consequently profitability.

### ***Sociocultural environment***

Social forces imply the way in which businesses are influenced by changes in the society. An important social force is the cultural distance between the home and host country of a firm, with particularity regard to differences in cultural norms, values, language and religion. Today more firms understand the importance of considering cultural differences when operation in foreign markets (Johnson, Scholes, & Whittington, 2005).

Other important factors to consider include attitudes toward consumerism, environmentalism, and changes in lifestyles and differences in consumer preferences across countries, whereas companies might have to adapt their products and services accordingly (Carpenter & Dunung, 2011).

### ***Technical environment***

Technological factors can have a major impact on the threats and opportunities firms encounter. New technology may make it possible for products and services to be produced less expensively and to a better standard of quality. It can also provide the opportunity for more innovative products and services (Carpenter & Dunung, 2011).

The infrastructure of national markets can also be considered an important factor in evaluating the attractiveness of markets. For instance can the availability of roads determine the choice of entry mode; as high transportation costs can make it difficult for exported products to compete with the local products. For exporting companies with large geographical distances this is especially the case (Johnson, Scholes, & Whittington, 2005).

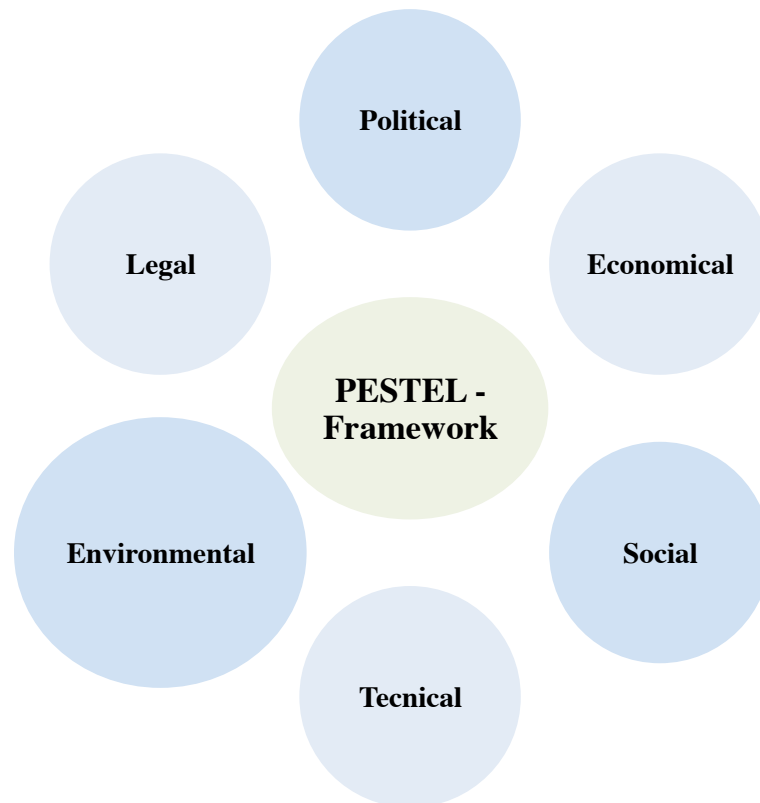
### ***Environmental environment***

Environmental issues relates to matters regarding environmental protection laws, waste disposal, energy consumption and emission of greenhouse gases. Recently, environmental governance has become increasingly significant, and vast resources assembled to ensure effective and efficient environmental control. Today, companies have a stronger focus with regard to adapt environmentally friendly practises and try to act in a manner, which is sustainable for the environment. Customers also demand companies to use more environmental packaging and invest in energy saving transportation methods (Johnson, Scholes, & Whittington, 2005). Accordingly, it is therefore important for a firm to consider the governmental regulations concerning environmental issues before entering a new market.

### ***Legal environment***

Legal factors reflect the laws and governmental regulations relevant to the entry of foreign companies. These include whether the rule of law is well established, how easily or quickly laws and regulations may change, and what the costs of regulatory compliance are (Carpenter & Dunung, 2011). Legal forces can for instance be restrictive import policies such as tariffs, quotas and other trade barriers. The purpose of tariffs is to protect a country's own production from foreign companies by making the foreign products more expensive. Quotas, on the other hand, are restrictions in quantities of a certain product, that are allowed to be exported to a country and this puts a limit on the amount of products a firm can sell abroad (Porter M., 1980). Hence, these barriers to trade are important factors in a firm's decision on whether to produce locally or to export.

In addition, if a company decides to entre a foreign market it has to consider the local competition law, the employment law, consumer protection laws as well as environmental laws and health and safety restrictions (Johnson, Scholes, & Whittington, 2005). The framework for the PESTEL- analysis is presented below.



**Figure 11: PESTEL – Framework (Johnson, Scholes, & Whittington, 2005, p. 68)**

The analysis can help managers gain a better understanding of the opportunities and threats their company face; consequently, the analysis helps building a better vision of the future business landscape and how the firm might compete profitably. This is a useful tool for analysing market growth or decline with respect to position, potential and directing for a business. In addition, the analysis provides insight into key market flatteners, both in terms of their present state and future trends (Carpenter & Dunung, 2011).

Nonetheless, given the vast number and range of external forces, and the pace at which they change, it is almost impossible for a firm to get a whole picture of its external environment. Despite conducting a systematic analysis such as PESTEL, such extensive environmental analysis is likely to be very costly and time consuming. For this reason, it might be necessary to also evaluate a firm`s environment from an industry-based view to obtain a more accurate and realistic picture.

### **3.1.2 Industry analysis**

Johnson et al. (2005) define industry as “a group of firms producing the same principal product” or, more broadly, “a group of firms producing products that are close substitutes

*for each other*”. From a strategic management perspective, it is useful for managers in any organisation to understand the competitive forces acting on and between organisations in the same industry or sector. This will determine the attractiveness of the industry and the way in which individual organisations might choose to compete. An understanding of this, may inform important decisions about product and market strategy, and whether to leave or enter industries or sectors.

According to Grant (2010), the base for an industry analysis is to identify what determines the level of profit in an industry. He argues that profits are determined by three factors: the value of the product to customers, the intensity of competition and the bargaining power of producers relative to their suppliers and buyers. An industry analysis brings all three factors into one single analytical framework. When conducting an industry analysis there are several analytical tools accessible, however, some might not be as valid as others, and therefore, the selection of tools will be based upon its applicability for this research paper. In the following section literature will be presented based upon defining relevant industry, Porter`s Five Forces and a modification of Porter`s Five Forces.

### *3.1.2.1 Defining the Relevant Industry*

Defining the industry in which competition actually takes place, is important for a worthy industry analysis and it is also relevant in order to create a strategy and for setting boundaries (Porter M., 2008). Several strategic missteps emanate from mistaking the relevant industry, such as defining it too broadly or too narrowly. According to Porter (2008), defining an industry too broadly by obscuring difference among products, customers, or geographic regions, which are important for identifying competition and can in turn lead to incorrect positioning and misjudgement of profitability. Whilst, defining it too narrowly overlooks commonalities and linkages across related products or geographic markets which are crucial to competitive advantage.

Another aspect Porter (2008) notifies is that strategies must be sensitive to the possibility that industry boundaries can shift. Industry boundaries consist of two fundamental dimensions: scope of product or service and geographical scope. The extent of differences in Porter`s Five Forces for related products or across geographic areas is a matter of degree, making industry definition most often a matter of judgment. A rule of thumb is that if the differences in any

one force are large, and when the differences involve more than one force, there may be distinct industries present (Porter M., 2008).

### 3.1.2.2 Porter's Five Forces

Porter's Five Forces can be used as a framework to understand and analyse a potential market and the overall industry. The aim of the model is to explore how a company can develop opportunities in its environment, while protecting itself against market competition. Without understanding the nature of each of these forces, organizations cannot gain the necessary insight that enables them to formulate the appropriate strategies to be successful in their market (Porter M., 1980). Porter's Five Forces Model is divided into horizontal and vertical competition.

- ★ Horizontal Competition: threat of new entrants, threat of substitute products, and threats of existing rivals.
- ★ Vertical Competition: the bargaining power of suppliers and the bargaining power of buyers.

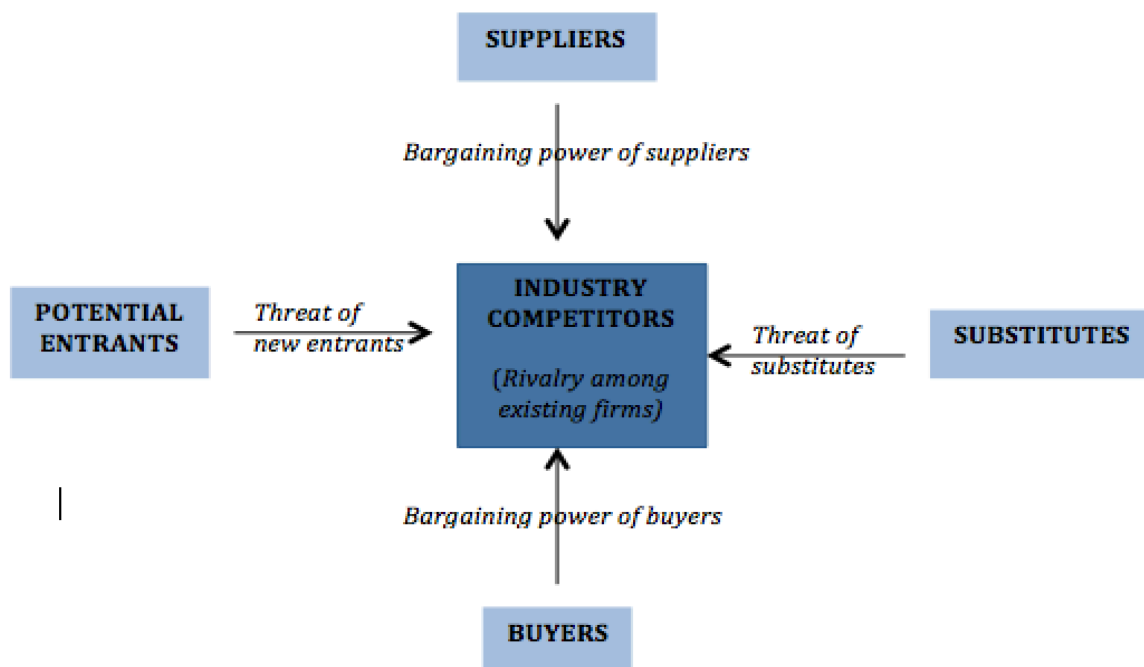


Figure 12: Porter's Five Forces Framework (Grant, 2010, p. 69)

Analysing these five forces enables one to determine the intensity of the competition and profitability in an industry (Porter M., 1980). Subsequently, each of the five forces will be presented one by one.

### ***Threat of new entrants***

According to Porter (1980), the threat of new entrants is determined by the degree of entry barriers. Entry barriers can be defined as advantages held by the existing companies already operating in the industry relative to new entrants. A high threat of new entrants can make an industry more competitive and decrease prospective profit potential for incumbents. On the other hand, a low threat of entry makes an industry less competitive and might increase profit for potential incumbents. The following dynamics can contribute to alter the competitive arena in the direction of *high threat* with regards to new entrants:

- A. Profitability contributes to economics of scale, but it is not required
- B. Products are undifferentiated
- C. Brand names are not well-known
- D. Initial capital investment is low
- E. Consumer switching costs are low
- F. Easy access to distribution channels
- G. Location is not an issue
- H. Government policy is not a concern

### ***Threat of substitute products or services***

The threat of a substitute is high if it offers an appealing price-performance trade-off to the industry's product, or if the buyer's cost of switching to the substitute is low (Porter M., 1980). Furthermore, the threat of a substitute in an industry affects the competitive environment and thereby could affect the company's ability to achieve profitability by capturing market shares, thus intensifying the internal rivalry. The following dynamics can contribute to alter the competitive arena in the direction of *high threat* with regards to substitute products or services:

- A. Consumer switching costs are low
- B. Substitute product is cheaper than industry product

- C. Substitute product quality is equal or superior to industry product quality
- D. Substitute performance is equal or superior to industry product performance

### ***Rivalry among existing competitors***

Rivalry among existing competitors play a significant role in an industry, as competitors are the main source of intensified competition, and it could be described as the constant battle for market share by companies within the industry. Moreover, highly competitive industries generate lower returns because the cost of competition is high. The intensity in the market could be characterized as high if competitors are numerous and roughly equal in size and power, little product differentiation, slow market growth or high exit barriers. Porter (1980) claims that there are ways to simplify competition, which is either to lower cost or make differentiated products in order to gain competitive advantage. The following dynamics can contribute to alter the competitive arena in the direction of *high intensity* with regards to rivalry among existing competitors:

- A. High number of competitors, with respectively similar size and market share
- B. Industry growth is slow
- C. Brand loyalty is insignificant
- D. Competitors are strategically diverse
- E. Excess production capacity
- F. High fixed costs

*Factors that can contribute to create pressure on product prices:*

- G. Products are undifferentiated
- H. Low customer switching costs
- I. High exit barriers

### ***Bargaining power of suppliers***

Suppliers may have the ability to capture more value for themselves by raising prices, lowering the quality of the product or service or reducing availability of their products (Porter M., 1980) - all of which represent costs to the buyer. Furthermore, a supplier group could be characterized as powerful if it is more concentrated than the industry it is serving. This could be present if the supplier group is not reliant on the industry to generate revenues, and if the

industry participants face switching cost when changing supplier. The following dynamics can contribute to alter the competitive arena in the direction of *stronger* bargaining power to the supplier:

- A. The industry is dominated by a small number of competitors, and additionally the industry is more concentrated than the industry in which it supply's its products
- B. Level of substitutes in industry is low
- C. Products are differentiated
- D. Change of supplier is associated with high switching costs
- E. Suppliers can easily forward integrate – or begin to produce the buyer's product themselves

### ***Bargaining power of buyers***

The bargaining power of buyers refers to the buyer's ability to capture more value by demanding higher quality products and services at lower prices. There are several factors that determine how powerful a buyer group could be. A buyer group could be considered powerful if there are few buyers, the industry products are standardized or undifferentiated, buyers face few switching costs or if the buyers can threaten to integrate backwards (Porter M., 1980). The following dynamics can contribute to alter the competitive arena in the direction of *stronger* buying power:

- A. Buyers are more concentrated than sellers
- B. Buyer switching costs are low
- C. Threat of backward integration is high
- D. Buyer is price sensitive
- E. Buyer is well- educated regarding the product
- F. Buyer purchases products in high volume
- G. Buyer purchases comprise large portion of seller sales
- H. Product is undifferentiated
- I. Substitutes are available



### *3.1.2.3 Modification of Porter's Five Forces*

Throughout the years scholars have attempted to modify the Five Forces Model for further development and applicability. In 2002 Slater and Olson introduced a fresh look at industry and market analysis by understanding markets beyond the Five Forces Model. The modification stresses the importance of developments in industry dynamics, such as globalization, entrepreneurship, technological advantages and the Internet. It concentrates on the elements not presented in the Five Forces Model, as well as on new ways of thinking about the original forces. The new dynamics presented is market turbulence, market growth and explicitly the role of complements (Slater & Olson, 2002). According to Slater and Olson (2002) a market participant is a complement or if buyers value a company's product more favourably when they have access to the complements product than if they do not.

The significance of complements is also emphasised by Brandenburger and Nalebuff (1996), professors and specialists in the field of game theory. They developed a Co-Opetition Model, which describes a strategic framework that enables organizations to classify relevant players in their industry and beyond. There are four actors respectively, customers, suppliers, competitors and complementors. These interact on two dimensions, along the vertical dimension is the company's customers and suppliers. Here, resources such as labour and raw material flow from supplier to the company, and products and services flow from the company to its customers. In the horizontal dimension we have substitutes and complementors, which are players with whom the company interacts but does not transact (Brandenburger & Nalebuff, 1995). The model uses insights from game theory in order to understand and influence the behaviour of these actors. The model below illustrates Porter's Five Forces with complements as an additional force.

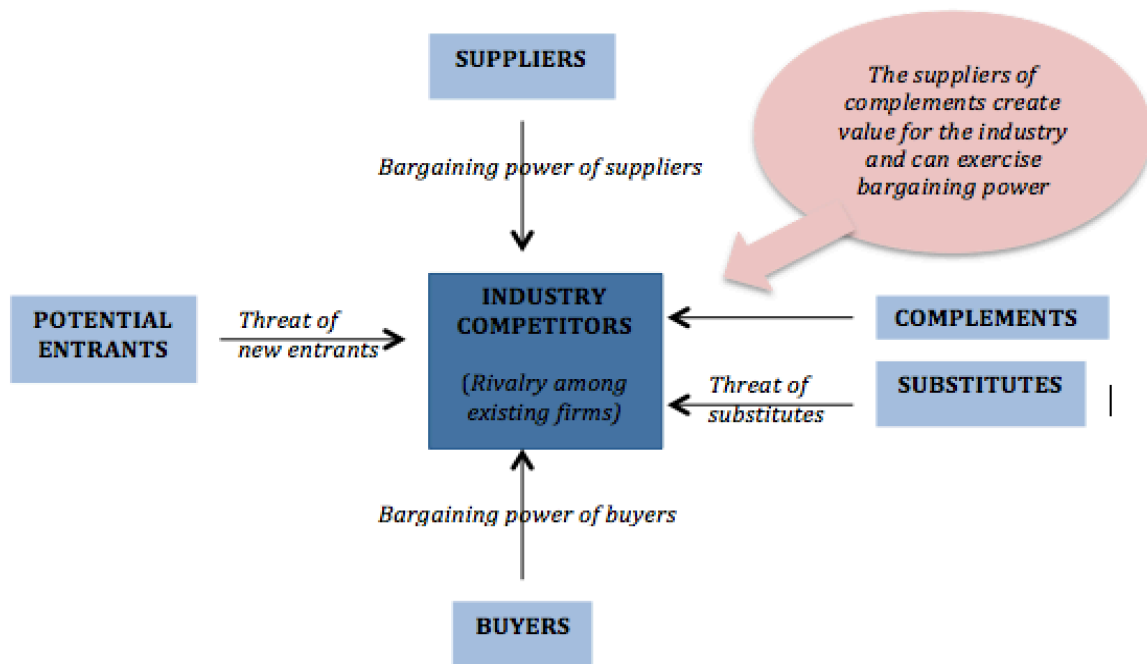


Figure 13: Modification of Porter`s Five Forces (Grant, 2010, p. 98)

The co-opetition model provides a framework to identify and explain the underlying mechanisms in a company`s environment and how these mechanisms can be changed to the company`s advantage. Its main academic contribution is the identification and justification of the role that complementors play. Substitute describes the market relationship without this prejudice. Complementors, which are often overlooked in a traditional strategic analysis, are the natural counterparts of substitutes. In light of this, business is more than competing for market share in the current market (Brandenburger & Nalebuff, 1995).

In terms of this research paper, it seems reasonable to practice both models, as all of these forces of competition are important to examine with respect to the research objectives. The reason as to why complements will be included is due to fact that suppliers of garage doors substantially supply complement products such as garage door openers among other things.

**Table 1: Short description, benefits and limitations for the selected analytical tools**

<b>INDUSTRY ANALYSIS</b>			
<b>Analytical tool</b>	<b>Description/Function</b>	<b>Benefits</b>	<b>Limitations</b>
<i>PESTEL – analysis</i>	A PESTEL-analysis examines a target market’s political, economic, social, technological, environmental, and legal dimensions in terms of both its current state and possible trends (Carpenter & Dunung, 2011).	<ul style="list-style-type: none"> <li>- Provides a simple and easy-to-use framework for the analysis and help to reduce the impact and effects of potential threats to the company.</li> <li>- Encourages the development of strategic thinking within the company.</li> <li>- Provides a mechanism that enables the company to identify and exploit new opportunities.</li> <li>- Enables to assess implications of entering new markets both nationally and globally.</li> </ul>	<ul style="list-style-type: none"> <li>- Information can be oversimplified with respect to decision-making.</li> <li>- The analysis has to be conducted regularly in order to be effective and often companies do not make this investment.</li> <li>- Businesses often restrict who is involved due to time and cost considerations, which limits the effectiveness as a key assessment may be missing.</li> <li>- Access to external information of quality is often restricted due to the cost and time required to collect it.</li> <li>- Assumptions taken from the data is most often subjective.</li> </ul>
<i>Porter`s Five Forces</i>	A framework which helps identify the sources of competition in an industry or sector. The forces that contribute to shape	<ul style="list-style-type: none"> <li>- Offers a systematic approach to analysing competition. At the same time it offers a highly simplified view of industry and competition, as well as</li> </ul>	<ul style="list-style-type: none"> <li>- Pace of change is now more rapid.</li> <li>- Market structures are seen as relatively static.</li> </ul>

	<p>competition are; new entrants, substitute products, degree of competition, supplier power and buyer power (Porter M., 1980).</p>	<p>determining the attractiveness of an industry (Grant, 2010).</p> <ul style="list-style-type: none"> <li>- It takes into account supply and demand, substitutes, the relationship between volume of production and cost of production, and market structures like monopoly, oligopoly or perfect competition (Porter M., 1980).</li> </ul>	<ul style="list-style-type: none"> <li>- The model provides only a snapshot of the environment.</li> <li>- Defining relevant industry can be challenging.</li> <li>- The model does not consider non-market forces.</li> <li>- It is most applicable for analysis of simple market structures.</li> <li>- It places too much weighting on the macro-environment and does not assess more specific areas of the business that also impact competitiveness and profitability.</li> <li>- It does not provide any actions to help deal with high or low force threats e.g. what should management do if there is a high threat of substitution.</li> </ul>
<p><i>Porter`s Five Forces –Modification</i></p>	<p>This modification analyse relationships of complementarity between products as a potential sixth force, and it recognize the prospective for the firm to make profit through managing</p>	<ul style="list-style-type: none"> <li>- The model can be used to determine the market`s overall attractiveness in relation to profitability.</li> <li>- If the complementary product is attractive within its industry this can have a positive effect on the</li> </ul>	<ul style="list-style-type: none"> <li>- There is no definite and specific sixth force in all sectors, as it is different for each sector.</li> <li>- The influence of the sixth force can also be captured in the other five</li> </ul>

	these relationships (Grant, 2010).	profitability of a given company.	forces and thus the necessity of having it in the framework is less compelling.
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### 3.1.3 Competitors and markets

Porters Five Forces can influence differently on diverse players, such as firms within the same industry that are positioned differently. Explanation for this could be that the firms face different kinds of customer- and supplier power. Additionally, an industry comprises a range of firms, each of which have divergent capabilities and competes on various bases. These differences between competitors are captured by the notion of strategic groups. Furthermore, customers might also differ considerably, thus understanding the customers is a vital section of a company's business plan (Aaker & McLoughlin, 2007). Thereby, all of these differences can be allocated into strategic groups, market segments and recognition of customer value and critical success factors (Johnson, Scholes, & Whittington, 2005).

However, firstly the firm need to identify the strategic customer, which is the individual(s) whom the strategy is primarily addressed for, as they have the most influence over which goods and services that are purchased (Johnson, Scholes, & Whittington, 2005). Moreover, if one is not clear on who the strategic customer is, one may end up analysing and targeting the wrong individuals. This does not necessarily mean that requirements of other customers are unimportant; they have to be met, although requirements of the strategic customer are of paramount importance.

#### *Strategic groups*

Grant (2010) defines strategic groups as firms within an industry, following the same or similar strategy along the strategic dimensions. Johnson et al. (2005) support this definition and supplements with the fact that these similar strategic characteristics of firms are different from those in other strategic groups in the same industry. Furthermore, it might be various characteristics that differentiate strategic groups, however they can be divided into two main categories; scope and resource commitment (Johnson, Scholes, & Whittington, 2005). The former: scope of an organisation's activity concerns level of product quality, product range, choice of distribution channels and geographical breadth. Whereas the latter: resource commitment, refers to brands, marketing spend and degree of vertical integration. Grant (2010) argues that by selecting the most essential strategic characteristics and locating each

firm in the industry along them, it is possible to identify groups of firms that have implemented more or less similar approaches to competing within the industry.

According to Johnson et al. (2005), strategic group analysis is useful in numerous ways. It helps indulgent who is the competitors of any given organisation, as well as it focuses on the foundation of competitive rivalry within each strategic group and how it differ from one group to another. Additionally, this analysis raises questions about mobility barriers, such as the likelihood for an organisation to move from one strategic group to another. Mobility between groups depends on the magnitude of entry barriers. Lastly, strategic group analysis can be valuable for identifying potential opportunities and threats to organisations, as well as identifying the strategic positioning of different firms (Grant, 2010).

### ***Market segments***

Roos et al. (2002) claim that a market segment is a group of customers within a market with specific characteristics, which are significant to develop a sustainable strategy. Furthermore, Roos et al. (2002) define a market as customers with diverse needs, as customers never occur to be homogeneous. Customers will continuously have different needs and requirements concerning products and price, which makes it reasonable to segment the market. According to Grant (2010), market segmentation is specifically vital if competition varies across different submarkets within an industry, such as some are more attractive than other. However, a firm can avoid some of the problems of an unattractive industry by prudent segment selection.

Moreover, the purpose of segmentation analysis is to identify attractive segments, select strategies for diverse segments, and determine how many segments to serve (Grant, 2010). Initially, one must decide which customers to serve and what to offer them, thus the segmentation variables relate to the features of customers and the product. The figure below illustrates the characteristics of buyers and products, which must be analysed in order to identify key segmentation variables.

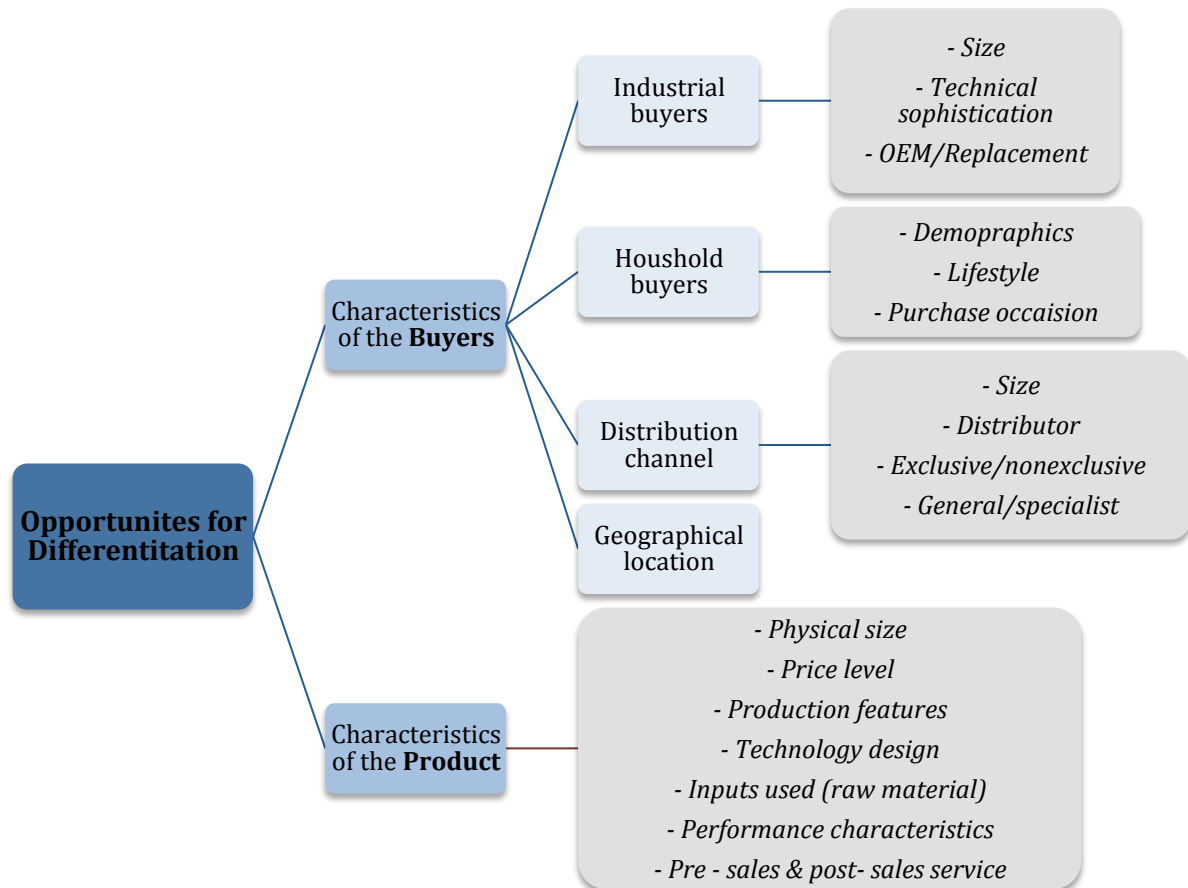


Figure 14: The basis for segmentation - the characteristics of buyers and products (Grant, 2010, p. 110)

Grant (2010) discusses further the fact that differences in competitive structure and in customer preferences between segments result in various success factors. One can identify key success factors for individual segments by analysing the buyer's purchase criteria and the base of competition within individual segments. Conclusively, a firm needs to determine whether it desires to be a segment specialist, or serve multiple segments. The advantages of serving several segments depend on two aspects: similarity of key success factors and the existence of shared costs. If key success factors are different across segments, a firm needs to deploy diverse strategies and may have difficulties in drawing upon the same abilities (Grant, 2010).

### ***Customer value – critical success factors***

An understanding of customer value is imperative in order to develop the appropriate strategy within an organisation (Johnson, Scholes, & Whittington, 2005). Needless to say, it is the customers who purchase products and services, thus form the basis for the firm's existence and possible returns to scale. Consequently, it is valuable to comprehend which features are

of particular importance to the customers. These are known as the critical success factors (Johnson, Scholes, & Whittington, 2005).

According to Grant (2010), a firm must meet two criteria's in order to survive and prosper in an industry. First, it must supply what customers desire to purchase, and secondly, it must survive competition. Thereby, the firm need to acknowledge the basis of customers preferences, such as who are the customers, what are their needs, and in what way they select between competing offerings. Once this is accomplished, one can identify the factors that confer success upon the individual firm. Furthermore, the second criteria entails that one must examine the nature of competition within the industry, thus examine how intense the competition is, as well as the key dimensions. The figure below, present a basic framework for identifying key success factors.

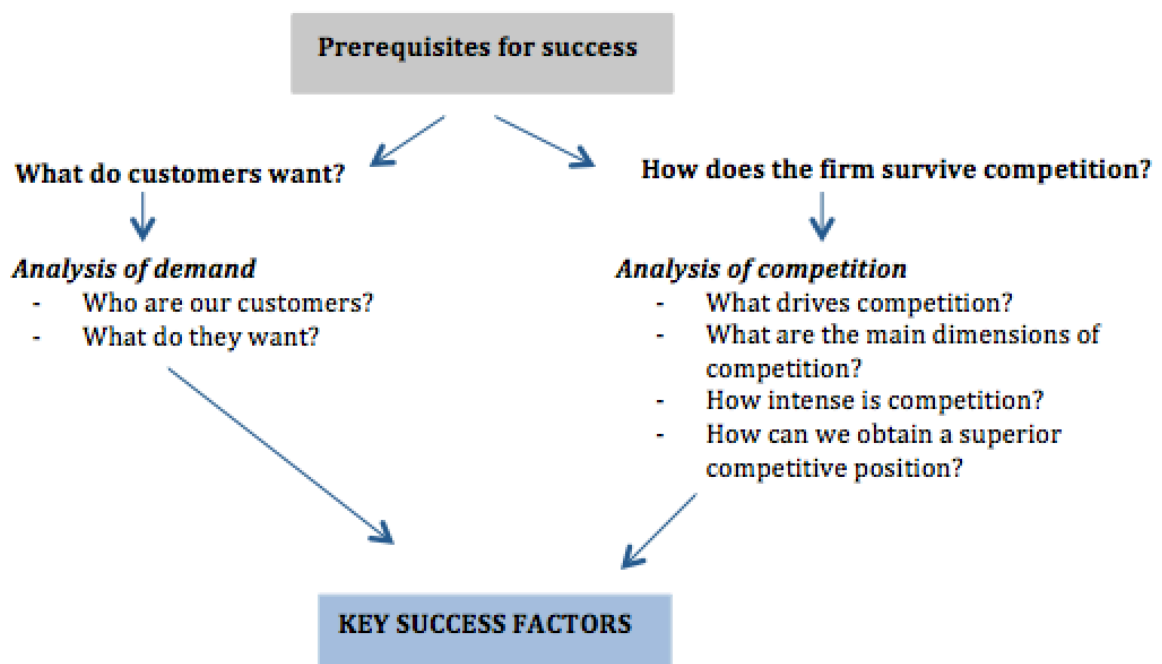


Figure 15: Identifying key success factors (Grant, 2010, p. 88)



Table 2: Short description, benefits and limitations for the selected analytical tools

<b>COMPETITOR ANALYSIS AND MARKET SEGMENT</b>			
<b>Analytical Tool</b>	<b>Description/ function</b>	<b>Benefits</b>	<b>Limitations</b>
<i>Strategic groups</i>	Strategic groups are organisations within an industry with similar strategic characteristics, following similar strategies or competing on similar bases (Johnson, Scholes, & Whittington, 2005).	<ul style="list-style-type: none"> <li>- Help to understand who is the most direct competitor of any given organisation (Johnson, Scholes, &amp; Whittington, 2005).</li> <li>- Analysing and identifying strategic opportunities to organisations (Johnson, Scholes, &amp; Whittington, 2005).</li> </ul>	<ul style="list-style-type: none"> <li>- Focus on industry and group structure rather than individual firms.</li> <li>- Too much focus on competitors in the given strategic group; can weaken the visibility of other threats.</li> </ul>
<i>Market segments</i>	Market segment refers to a group of customers who have similar needs that are different from customers needs in other parts of the market (Johnson, Scholes, & Whittington, 2005).	<ul style="list-style-type: none"> <li>- Market segmentation is often the key to develop a sustainable competitive advantage (Aaker &amp; McLoughlin, 2007).</li> <li>- The concept of market segment should remind managers of these important issues:                             <ol style="list-style-type: none"> <li>1. Customers needs may differ.</li> <li>2. Important to consider relative market share within a market segment.</li> <li>3. How market segments can be identified and serviced (Johnson, Scholes, &amp; Whittington, 2005).</li> </ol> </li> </ul>	<ul style="list-style-type: none"> <li>- Segments may not be large enough to be worth targeting.</li> <li>- Segments can change and if they do, the effort and resources used will be worthless.</li> <li>- Poor segmentation. It can be challenging to decide which variable is most vital.</li> <li>- Segmentation can be costly. Specifically if a firm attempts to serve several market segments.</li> </ul>
	An understanding of customer needs and how they differ	- Beneficial tool to understand the customer's needs,	- Customer's notion of value changes over time.

<p><i>Customer value – critical success factors</i></p>	<p>between segments is crucial in order to develop the appropriate strategic capability within an organisation (Johnson, Scholes, &amp; Whittington, 2005).</p> <p>Moreover, is valuable to understand which features are of particular importance to customers – these are known as the critical success factors (Johnson, Scholes, &amp; Whittington, 2005).</p>	<p>which may help promoting the company's product.</p>	<ul style="list-style-type: none"> <li>- Organisations may be uncertain about who the strategic customer is.</li> <li>- Value of the product is often conceived internally (e.g. by professionals), and not tested out with customers, which can result in a false view of what is truly valued by customers.</li> <li>- If one cannot find any customer value for the given market segment, this could limit the company's strategic capability for success.</li> </ul>
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### 3.2 Internal Analysis

An internal analysis can be divided into several categories alongside different analytical tools. However, since the case company is quite small in size and this thesis predominantly will hold an external focus, only the value chain and key strategic capabilities will be presented and further analysed. The value chain can be a useful tool for analysing which activities that create value for the customer, whilst by analysing a firm's key strategic capabilities one gets an overview of which resources that are valuable, and in which areas the firm is superior compared to its competitors (Johnson, Scholes, & Whittington, 2005).

#### 3.2.1 Identifying organisational capabilities

Organisational capability is defined as a firm's capacity to deploy resources for a desired end result, and the primary interest of these capabilities are those that can provide a basis for competitive advantage (Grant, 2010). To be able to identify a firm's capabilities, there needs to be some basis for classifying and disaggregating the firm's activities. The value chain can be a useful tool for analysing which activities that create value for the customer. By examining each activity in the value chain, it can help managers identify possible competitive advantage (Johnson, Scholes, & Whittington, 2005).

A value chain analysis is a diagnostic tool, which also acts as a catalyst for change. It involves analysing three elements: (1) the flow of material from input supply to final consumption, (2) to identify how well information flows from the final consumer to the producer and lastly (3) it looks at relationships at each link in the chain, whereas trust is the fundamental enabler. The outcome of a value chain analysis is the identification of improvement projects; things that can be done collectively to make the value chain fitter. The value chain separates the activities of the firm into a sequential chain. According to Porter's representation of the value chain, it distinguishes between primary activities, which are those involved with the transformation of inputs and interface with the customer, and support activities, which are activities that essentially support the primary functions. In the figure below all these activities are illustrated, alongside their purpose in the sequential chain.

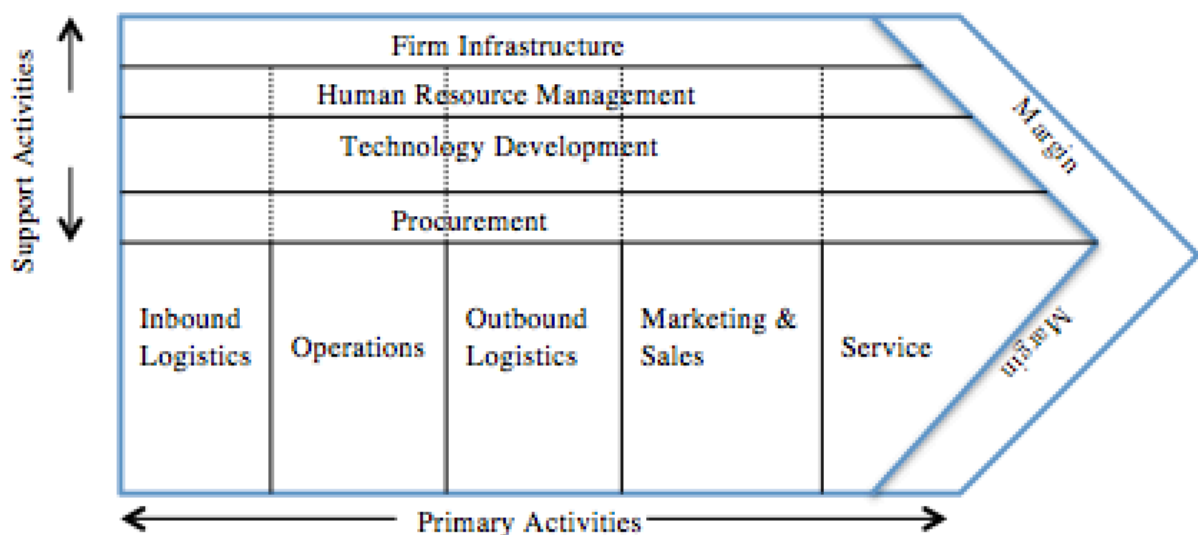


Figure 16: Porter's generic value chain (Johnson, Scholes, & Whittington, 2005, p. 137)

Value activities imply distinct activities and processes that a firm performs in order to make a product valuable to buyers. In contrast, margin signifies the difference between total value (price) and the total costs of performing the value activities. Through this, the firm is able to sustain and defend this competitive advantage and if the market values this advantage, then the firm is likely to earn high rates of return. Collectively, the value chain represents total value consisting of value activities and margin (Grant, 2010).

If organisations are to achieve competitive advantage by delivering value to customers, they need to understand how that value is created or lost. The value chain and value network concepts can be helpful in understanding how value is created or lost in terms of the activities undertaken by organisations. It is the activities within and around an organisation, which together create a product or service. It is the cost of these value activities and the value that they deliver that determines whether or not best value products or services are developed.

### **3.2.2 Identifying strategic capabilities and competitive advantage**

In this part, there will be an outline of how to identify the strategic capabilities of a firm, and correspondently, if these form a base for a competitive advantage. This provides an opportunity to map resources and competence, threshold capabilities, and last unique resources and core competences.

#### ***Resources and competences***

The resource-based view (RBV) identifies and addresses the firm's different capabilities and alongside how the firm evidently can achieve sustainable competitive advantage (Barney, 2001). This perspective assumes that firms are not identical and thereby possesses a unique set of resources and competences, which is needed in order to survive and prosper. According to Barney, a resource can be all of which is considered as a strength or a weakness of a given firm and additionally have the potential to generate competitive advantage and superior performance.

Resources can be defined as tangible and intangible resources, which firms practice to implement its strategies. Generally, firms' tangible resources can be allocated into three categories: physical- financial- and technological resources (Johnson, Scholes, & Whittington, 2005). Physical resources correspond to factors such as buildings, geographical location, equipment, or the firms' access to raw materials. How useful these resources are, will be determined by age, condition, capacity etc. Furthermore, there are financial resources, which refer to capital, cash, creditors and debtors. This resource value is reliant on the capability to create internal funds and increase external capital. Lastly, there are technological resources, which are related to the proficiencies that generate innovative products and services supported by copyrights, patents and trademarks.

Intangible resources are on the other hand harder to perceive, and more problematic to quantify. However, it is more likely that intangible resources develop a foundation to competitive advantage compared to tangible resources. This is mostly due to the fact that these resources are internally developed over a period of time and can therefore be harder to imitate. Intangible resources can typically be allocated into three categories as well: human-intellectual- and reputational resources. Human resources refer to knowledge and skills of employees and other individuals within a firm, whilst intellectual capital, includes brands, patents, customer databases and business system. Evidently, intellectual capital is most likely to be a vital asset for many firms. Lastly, reputational resources refer to a firm's ability to develop a reputation as a trustworthy provider of goods and services, as well as corporate social responsible firm.

Johnson et al. (2005) argues that all of these resources is of vital importance, however what a firm does, how they employ and how they organise these resources is at least as important as what resources the firms holds. The effectiveness of physical or financial resources, or the individuals within a firm, depends not only of their existence but also how they are managed, the collaboration among individuals, their flexibility, their innovative capability and their relationship with customers and suppliers.

### ***Threshold capabilities***

Threshold capabilities are according to Johnson et al. (2005), those capabilities a firm need in order to meet the necessary requirements to compete in a given market. These could be threshold resources or threshold competences. The former, threshold resources can be acquired to meet minimum customer requirements. Whereas the latter, threshold competences can be acquired to implement the resources allowing the customer requirements to be met.

According to Barney (1991), firms also hold capabilities, which are neither tangible nor intangible assets, but rather complex combinations of individuals, processes, assets and structures that firms exploits, in order to convert inputs into outputs. Although, the difference between tangible and intangible assets might be uncertain in some cases, it is typically a combination of both capabilities that generates sustainable competitive advantage.

Nevertheless, if all firms had an identical set of resources and capabilities, these firms would

evidently follow the same strategy, thus the foundation for competitive advantage would fade (Barney, 1991).

***Unique resources and core competences***

Resources alone might not yield competitive advantage or superior performance. It is the processes and activities on how and which resources that are implemented, that could generate competitive advantage. These are often denoted as a firm's unique resources or core competences, which competitors find challenging to obtain or copy (Johnson, Scholes, & Whittington, 2005). The distinction between competences and resources is significant, and evidently both are needed, in order to be capable of performing in terms of critical success factors, which is created from customer demands and needs in the industry. Resources could be obtained in the given market, whilst competences are developed internally through the usage of the obtained resources. Nevertheless, as resources can be viewed as an essential cause of value creation, both across and within the firm, the process of recognizing, building and implementing resources, which are valuable, are important aspects of a corporate and competitive strategy (Collis & Montgomery, 2005).

**Table 3: Short description, benefits and limitations for the selected analytical tools**

<b>INTERNAL ANALYSIS</b>			
<b>Analytical tool</b>	<b>Description/Function</b>	<b>Benefits</b>	<b>Limitations</b>
<i>Value chain Analysis</i>	<p>A value chain analysis separates the activities of the firm into a sequential chain.</p> <p>It distinguishes between primary activities and support activities. The primary activities are composed of inbound logistic, production, outbound logistics, marketing &amp; sales, and post-sale services, whilst the support activities include the firm's infrastructure, HRM, technology</p>	<ul style="list-style-type: none"> <li>- The main benefit from using this analysis, is that is quite flexible in regard to looking at once business, competitors and the respective places in the industry's value chain (Grant, 2010).</li> <li>- It can be used to diagnose and create competitive advantages on both cost and differentiation.</li> <li>- Helps to understand</li> </ul>	<ul style="list-style-type: none"> <li>- The format of the value chain is strongly oriented towards manufacturing businesses (Johnson, Scholes, &amp; Whittington, 2005).</li> <li>- The scale and scope of the value chain can be intimidating and time-consuming.</li> <li>- The idea of the value chain has been adopted by supply chain and therefore its strategic impact</li> </ul>

	development and procurement (Johnson, Scholes, & Whittington, 2005).	the organisation issues concerning making customer value, and focus the attention on the activities needed to deliver the value proposition (Johnson, Scholes, & Whittington, 2005).  - Comparing once business with competitors using the value chain can provide a greater understanding of once strength and weaknesses.	for understanding, analysing and creating competitive advantage has been reduced (Grant, 2010).  - Today's business systems are often not structures in a way that makes it easy to obtain information analysing the value chain.
<i>Strategic capabilities and competitive advantage</i>	Strategic capabilities are resources and competences of a firm, which is needed to survive and prosper (Johnson, Scholes, & Whittington, 2005).	- Help the firm to focus on what they do better than their competitors, and how to use their resources and capabilities to achieve competitive advantage.	- A firm might focus on the wrong areas, which can make it difficult to generate competitive advantage.

### 3.3 SWOT – analysis

SWOT-analysis is a framework that helps businesses to identify and evaluate strengths, weaknesses, opportunities and threats. The purpose of the analysis is to help businesses gain insight into the past and consider solutions to current or potential problems, both for existing businesses and for new ventures (Ommani, 2011). Moreover, businesses should find the most applicable match of internal resources, core competences and capabilities to develop competitive advantage, and hence find a position within the industry where the business best can protect itself against competitors. A more detailed description of the SWOT-analysis will be given underneath.

#### *A firm's strengths and weaknesses*

According to Løwendahl et al. (2011), firms' strengths are knowledge, skills, capabilities and competences, which enables them to develop and implement strategies. If a firm possesses unique competences, which they exploit in their chosen strategies, they can expect to attain a

competitive edge. On the other hand, firms' weaknesses imply skills, capabilities and competences, that have difficulties for developing and implementing strategies, which support the firms' vision. However, if a firm have certain weaknesses it can either change its vision or make investments to enhance its weaknesses.

### *A firm`s opportunities and threats*

Firms' opportunities are phenomena in an external market environment. By utilizing the opportunities, firms can engender beyond normal economic performance and improve its competitive advantage. Whereas, threats are phenomena from the firms' environment that can adversely affect its economic performance or realization of its goals (Wang, 2007).

Moreover, firms that are strong and robust can be exposed to a higher level of threats than weaker firms, as success raises envy and rivalry to take advantage of what the succeeded firm has managed.

According to Ommani (2011), SWOT summarises key issues and information from the environmental analysis and separate it into strengths and weaknesses, and opportunities and threats. This could be beneficial as a basis to generate strategic possibilities and assess future scenarios. Strengths and weaknesses are internal factors such as firms' resources, capabilities and core competences. Equally, opportunities and threats are external factors, which are reliant to the external environment (Wang, 2007). A firm should exploit its strengths and take advantage of the available opportunities, whilst minimizing the threats and avoiding its weaknesses (Ayub, Razzaq, Aslam, & Iftekhhar, 2013). By accomplishing this, it is more likely for firms to yield good strategies and improve its performance.



**Table 4: Description, benefits and limitations for the SWOT – analysis**

<b>SWOT-Analysis</b>			
<b>Analytical tool</b>	<b>Description/Function</b>	<b>Benefits</b>	<b>Limitations</b>
<i>SWOT – analysis</i>	Helps identify businesses strengths, weaknesses, opportunities and threats within the given environment.	<ul style="list-style-type: none"> <li>- SWOT- analysis has simplicity, and the analysis can be executed by anyone with knowledge about the business and the industry in which it operates.</li> <li>- Framework used to evaluate alternatives and complex decisions in businesses.</li> <li>- Classifying internal and external matters is a common starting point for strategic planning.</li> </ul>	<ul style="list-style-type: none"> <li>- The framework does simplify a complex environment into a reduced area, which consist of more manageable issues.</li> <li>- As the SWOT- analysis does not provide an adequate context for strategy optimization, the simplicity might lead to businesses using the framework incorrectly.</li> <li>- Reliability of the analysis may vary, due to different perspectives and perceptions, which can be influenced by culture.</li> <li>- Strengths, which are important for the firms, might not provide long-term competitive advantage.</li> </ul>

#### **4. METHODOLOGICAL FRAMEWORK**

*According to Jacobsen (2000) methodology is an approach to collect empirical data. In this study, collection of empirical data is significant and in combination with the selected theories forms the base for the analysis. In this chapter we are going to present the methodology used in this paper, thus explain selection of research method and quality of research.*

#### 4.1 Research Purpose

This study was created as an exploratory research. Saunders et al. (2009) argues that an exploratory study is a valuable mean of finding out “*what is happening; to obtain new insights; to ask questions and to assess phenomena in a new light*”. The information, which is necessary to answer the problem area, was gathered through literary research, databases and scientific journals in order to get a general understanding, as well as an overview of the area of study. Moreover, to get a greater understanding of the research area, diverse techniques such as informal dialogues through telephone and e-mail were made, as well as interviews face-to-face and via Skype. The interviews were conducted with individuals related to the business of focus, in addition to Car-Bo Garasjeeper’s two suppliers, which cooperatively have expertise in different areas of the industry. Initially the research area was comprehensive, however in order to emphasis on the main problem it was gradually narrowed. As the research proceeded new findings emerged, and more knowledge was obtained, which is in line with the exploratory research.

#### 4.2 Research Approach

When conducting research there are two approaches, which might be used – deductive or inductive. Deductive researches refer to develop a theory and build hypotheses for empirical testing, and lastly design a research strategy to test the hypothesis. Inductive researches refer to collecting data and facts, and thereby develop a theory as a result of the analysis (Saunders, Lewis, & Thornhill, 2009). Moreover, inductive research is often conducted without any theoretical starting point and it is not necessary to have any prior knowledge about general literature or framework (Johannessen, Kristoffersen, & Tufter, 2005). In this study we have applied an inductive-qualitative research approach, as the analysis is based on in-depth data in various forms in order to understand the problem area, as well as its more exploratory compared to the deductive research. This seems sensible given the fact that we are covering a sizeable industry with a variety of trends and developments. The data originate from literature and database searches, as well as interviews, which were non-standardized and non-numerical. As the results of the data were not quantified, the approach was classified as inductive-qualitative research.

### **4.3 Research Design**

Research design, or research strategy involves a description of how the analysis should be designed to solve the problem area (Jacobsen, 2000). One should apply specific theoretical or empirical orientation to the research process. Saunders et al. (2009) implies that the choice of research strategy will be guided by the research questions and objectives, the extent of existing knowledge, amount of resources available, as well as own philosophical foundation. Furthermore, there are several types of research strategies, such as experiment, survey, case study, action research, grounded theory, ethnography and archival research. The type of research strategy that ought to be pursued depends on the purpose or the aim of the research (Johannessen, Kristoffersen, & Tufter, 2005).

Given the problem area, it seemed appropriate to select a research strategy based on a single case study. According to Yin (2003), a case study is fundamentally about gathering as much information or data as possible of a certain limited phenomenon. The aim of this study is to gain an understanding as well as exploring the business environment and industry, which the case company Car-Bo Garasjeeper competes in. Additionally, to gain deeper insight to plan future scenarios, as well as provide grounds for strategic decision-making. The gathered empirical data for this study were based on multiple sources and documentary (Saunders, Lewis, & Thornhill, 2009). Thus, in line with the inductive research approach, a single case study was a suitable method when selecting a research strategy.

### **4.4 Data collection methods**

With regard to research data, there are two general approaches to gather and report information – the quantitative and qualitative approach. The two approaches contain different perspectives on how to register and analyse data. In short, qualitative approach refers to information and meanings expressed through words, while quantitative approach operates with information that is measurable in numbers. Furthermore, the data can be classified as primary data or secondary data. According to Johannessen et al. (2005) primary data refer to interviews, observations, surveys and experiments, while secondary data refer to using existing sources such as scientific journals, academic articles, textbooks, business reports and annual reports. In this study we are using both primary and secondary data, but mainly secondary. Hence, in order to get a greater understanding for the specific case study, primary data were collected through semi-structured interviews with various individuals related to

Car-Bo Garasjeporter both internally and externally. Secondary data was gathered by searching for existing information on the problem area in literature, academic articles, scientific journals and industry reports.

### ***Literature search***

Literature search regarding the problem area was primarily conducted. It was mostly done through databases from the university library such as ScienceDirect, Scopus and Emerald Insight, as well as through search engines such as Google Scholar, Statistics Norway (SSB) and Eurostat. Search engines like Google Scholar were used with caution regarding content and sources; hence any arising uncertainty lead to various sources being compared to confirm the content. Some examples of search/key words that were used: garage door industry, retail industry, production of “garage doors”, supply of “garage doors”, innovation, segmentation construction industry, construction industry Europe, construction trends, construction history, financial crisis Europe & Norway, housing market Europe & Norway, market share, non-residential buildings, residential buildings.

### ***Dialogues***

To get a general understanding of the case study informal and unstructured dialogues with individuals within Car-Bo Garasjeporter were conducted. This was done through conversations via telephone and e-mail. However, this type of data collection was not used extensively throughout the study due to the main focus on interviews in terms of primary data.

### ***Interviews***

The interviews were conducted with employees within Car-Bo Garasjeporter. We considered these employees to possess great knowledge and experience related to the research area. Furthermore, additional interviews with the firms’ suppliers – Ryterna and Raynor were needed to provide insights from an external viewpoint. The interviews made were semi-structured, thus an interview guide with questions was pre-planned. However, there is flexibility concerning the sequence of questions and one can explain and advance ideas during the interviews.

Both students carried out the interviews, alongside asked questions and impairment of notes in order to ensure a clear understanding of the questionnaires and secure that no information was overlooked. The interview with the owner and manager of Car-Bo were completed face-to-face and performed in their native language, Norwegian, whereas the interviews with Ryterna and Raynor were done via Skype and directed in English. The interview guides were somewhat equal and address the same areas of interest with more or less similar questions. For the interview guide/questionnaires, see appendix A.

#### 4.5 Sample selection

Due to limitations, such as time and the fact that this case study research does not have a sampling frame, the sample selected were based on a non-profitability sampling technique. *“Non-profitability sampling provides a range of alternative techniques to select samples based on the writers subjective judgement”* (Saunders, Lewis, & Thornhill, 2009, p. 233). Furthermore, Saunders et al. (2009) claim that in an exploratory study, a non-profitability sample may be the most practical choice, although it will not allow the extent of the problem to be determined. Nevertheless, to answer the research questions and to meet the respective objectives, it might be necessary to conduct an in-depth study, which focuses on a small case elected for a certain purpose. Saunders et al. (2009) also point out that the outcome of this will provide an information-rich case study, in which the research questions will be explored and theoretical insight will be attained. We argue that selecting a single case study will lead to an in-depth study, which will provide an overview of the industry of reference, thus enable us to perform an external and internal analysis based on the enquired information.

#### 4.6 Quality of Research

In the following sections, the credibility of the research study is discussed. The credibility is influenced by reliability and validity. Reliability refers to the extent to which the data collection techniques will generate consistent findings, whilst validity refers to whether the findings actually measure what the study refers to (Saunders, Lewis, & Thornhill, 2009).

##### ***Reliability***

According to Johannessen et al. (2005) reliability is crucial in quantitative research, but less applicable in qualitative research. This is because qualitative research often use unstructured data collection methods and focuses on understanding context, which makes it challenging.

Our research approach is exploratory and inductive in nature, and our research design is based on a case study, which indicates that this study has an overweight of qualitative data.

Generally, the reliability of information collected from academic articles and scientific journals can be considered strong. This is due to the fact that academic articles and scientific journals have been through an extensive review by experts within the field of interest. On the other hand, reliability of information collected from dialogues and interviews can be questioned, since it is difficult to be quite certain that one understands the respondent's point of view. Human interpretations of others will be interpreted different from one person to another, as it is a complex matter to understand what the respondent truly mean at any given time. As this study is a qualitative research, it is complemented through subjective conclusions, which are difficult to grade as high level of reliability. Nevertheless, to minimize the risk of incorrect results we have attempted to verify the data and critically review the results.

### ***Validity***

The researcher can distinguish between validity in qualitative studies and validity in quantitative studies. Validity in qualitative studies concern interpretation of results, whilst validity in quantitative studies refers to whether the findings measure what one set out to measure (Thagaard, 2009; Ringdal, 2007). Moreover, there are three types of validity: construct, internal and external validity (Yin, 2003). Construct validity, is most commonly used in quantitative research. The second type, internal validity refers to the results obtained in the study, more precisely in which extent the results are true. The third type, external validity refers to the extent to which the results can be generalized beyond the study (Yin, 2003).

The fact that we have selected Car-Bo Garasjeporter as our case study suggests that we consider it a unique case worth examining. To strengthen the validity, it is important to be critical towards our own interpretations, and we have attempted to ensure this by being cautious when selecting data as well as continuously reviewing our interpretations. It is easier to discuss interpretations with one another, as we are two individuals writing the thesis. With regard to the interviews, the questions asked were based on the theoretical framework, and thereby assumed to be reliable for this purpose. The individuals that were interviewed were

chosen due to owning to their expertise, so the questionnaires could be trustfully and properly answered. Additionally, our supervisor has given us guidance and comments on the work continuously, which may have strengthened the validity.

#### 4.7 Research Process

The research model illustrates the case study, which is divided into different stages. The first stage of research presents a definition of the problem, which involves developing an understanding and a general overview of the research area. The second stage of the process started with limiting the study to a manageable area. As a result of delimitation, we downsized the industry aspect to merely concern manufacturing and supply of garage doors. In the third stage, the literature review started by searching for relevant scientific journals and textbooks. When knowledge and understanding was attained, the empirical study began. Furthermore, the empirical study was divided into three fragments: literature search, semi-structured interviews and dialogues. The final stage of this research process, is the analytical phase were the identified problem was assembled into common denominators and thereby mapped and generalized in order to establish a framework useable for the case company, as well as similar companies.

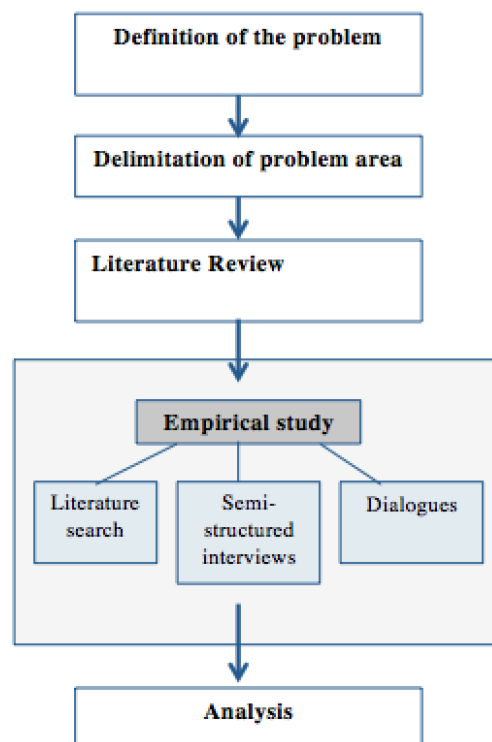


Figure 17: The research process

## 5. STRATEGIC ANALYSIS

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*In this chapter we will conduct a strategic analysis of Car-Bo Garasjeporter and the garage door industry. The strategic analysis is divided into three main parts: PESTEL- analysis, Porter's Five Forces analysis and an internal analysis. By moving from a broad and macro-environmental analysis towards a micro-economical view at a company level, we gradually narrow down the perspective in order to gain a complete picture of both the company and the industry it operates within. The chapter will be concluded in a SWOT-summary where the most significant material will be highlighted.*

### 5.1 Analysis of external factors

#### 5.1.1 PESTEL – Analysis

In order to analyse the external environment, also called the macro-environment, we are going to apply PESTEL as the strategic framework. In short, the macro-environment includes all the external factors that might influence an organization or an industry, but are out of its direct control. Analysing the macro-environment helps us to gain an understanding of which external factors and changes in the environment that directly or indirectly makes an impact on the case company`s ways of doing business; now and in the future.

The framework sorts the macro-environmental factors into six categories: Political, Economical, Social, Technological, Environmental and Legal. These categories provide the broad data from which key drivers of change might be identified (Johnson, Scholes, & Whittington, 2005). Further, it is important to keep in mind that factors may be interchangeable and influence each other in various ways. Due to the close interplay between the technological and environmental factors, we found it necessary to merge them in this analysis.

#### ***Political factors***

In this paragraph, we will discuss the most important impacts coming from the political environment and how they affect the construction industry, and thereby also the garage door industry. Furthermore we will look at how some new policies may change the industry in the future. Due to several amounts of policies affecting the industry, the focus will only be on the factors we reason will have the highest impact on the industry: these being trade policy with EEA and the Norwegian Transport plan.



### *Trade policy with EEA*

The economy in Norway is somewhat open, and like most other countries, the country's welfare and employment is depended upon trade with other countries (Regjeringen.no, 2013). In the garage door industry the majority of suppliers purchase their product internationally, in somewhat low-cost European countries and currently also in China. In light of this, trade policies both directed from the European Union and globally impact suppliers in the direction of import policies, tax regulations and so on. However, since Norway is a part of the European Free Trade Agreement (EEA) they are essentially obliged to introduce all existing and future EU directives into Norwegian law (The European Free Trade Association, 1994). A particular benefit from this membership, is the lack of import tax in which the importer has to pay the government when importing products, which are not evidently produced in host-country. In the garage door industry in Norway there are no operators that manufacture steel garage doors and by importing steel doors from within the European Union, in contrast to for instance the United States, cost can be reduced and thereby offer a less expensive product. The purpose of this is to make the European market as attractive as possible; nevertheless, it also increases the opportunity of several bad quality products throughout the EURO Arena including the Norwegian market.

### *The Norwegian Transport plan 2014 - 2023*

The Norwegian Transport Plan is reviewed and renewed every fourth year and sets the goals of the government's transport policies for the next ten years. The 2014-2023 Transport Plan was first introduced in 2012 and contains the direction of the transport policies with a guiding amount of financial resources dedicated to improve the infrastructure in Norway. The issue with the National Transport Plan is that funding is decided every year through the national budget, and with election every fourth year, there is a risk of alteration in the emphasis of public funding (Norwegian Ministry of Transport and Communications, 2012).

The Transport Plan is incredibly important and influential for the development of the construction industry in Norway, as it creates extra demand for construction because it initiates large investments in the Norwegian infrastructure. However, it also has an indirect impact on the garage door industry, whereas it will decrease mobility cost in the future. The current Transport Plan contains expansion of investments in all types of transportation, such as roads, trains, and air and water transportation. As the case company supplies products

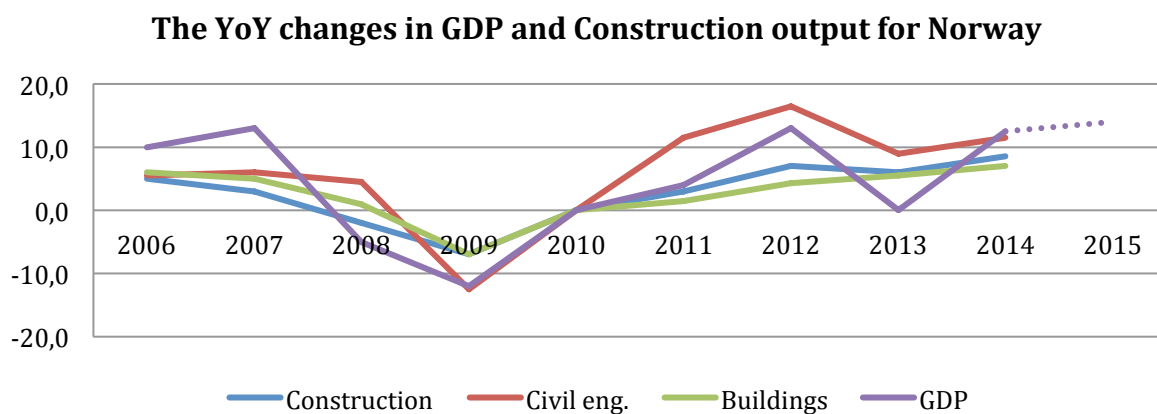
throughout Norway, this plan will contribute to lower overall delivery times, reduce transportation costs and possibly raise demand due to more accessible products and services.

***Economic factors***

In this section there will be a presentation of economic topics, which can have a large impact on the garage door industry, both presently and in the future. Since economic relation is an endless web of interactions across industries and national borders, two of the most important topics, in our opinion have been singled out, with regard to looking at economic impact on the industry. Firstly, the construction progressions in Norway will be elaborated, both at the current state and the expectations to the coming years. Secondly, we will take a closer look at the European construction industry and examine its impact on the Norwegian market.

***Construction progressions in Norway***

The garage door industry is, as mentioned in the introduction, highly correlated with the construction industry, which in turn is highly correlated with GDP and is in general a very cyclical industry. With an increased GDP over the last few years, this correlation has had a positive effect on the construction industry, as it is one of the first industries to follow the economic cycle. However, the construction industry was also one of the first industries that were affected when the financial crisis hit in 2008, as illustrated in the figure below.



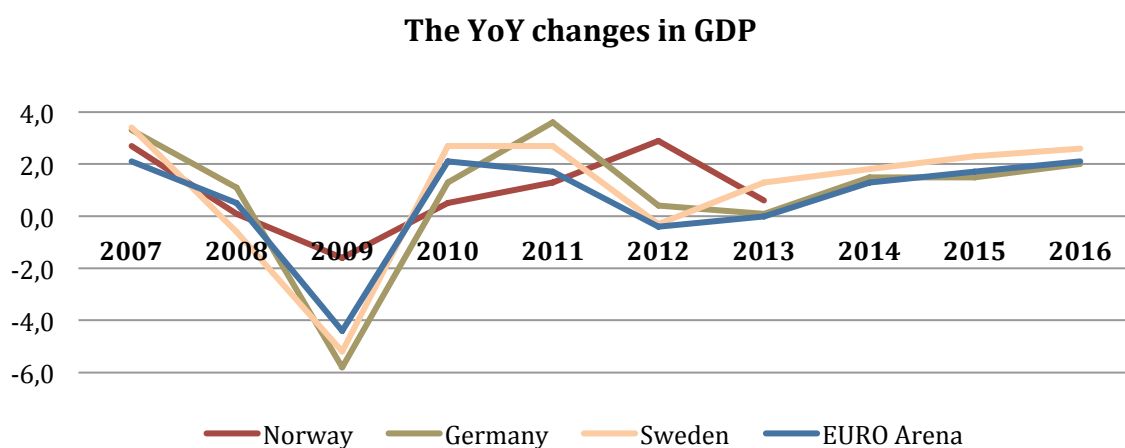
**Figure 18: The YoY changes in GDP and Construction output for Norway from 2006-2014 alongside predictions for 2015**

The figure above also illustrate, that while all construction segments were impacted by the financial crisis, civil engineering was influenced the most, being down more than 11% year-over-year (YoY) in 2009. Moreover, civil engineering was the slowest to recover with two years in a row of negative growth. With this being said the civil engineering industry have

bounced back and seen the highest growth rates the last three years. According to a survey conducted by Byggenæringen in the start of 2015, the Norwegian construction companies imply that they are better prepared for changes in the economy, whereas more than 35% of the participative companies argue that they are better equipped than the previous year (Byggenæringens Landsforening, 2015). In light of this, it seems that the Norwegian construction market is looking towards a brighter economic future. Euroconstruct, an association constructing research on the European construction industry, further supports these expectations, as they anticipate the improving economic conditions to have a likely domino effect over on the construction industry (Euroconstruct, 2014).

### *A new cycle for the European construction industry*

In the following section we will take a closer look at the economic environment in the European market. The reason for this is due to the impact in which the decline in Europe roughly has increased competition in the Norwegian market. Compared to the rest of Europe, the Norwegian market may have proven to become better after the financial crisis, given that the European market recovery performs as it is expected to do. The impact from the financial crisis was rough in Europe; southern Europe especially suffered the consequences of the crisis, with high unemployment and little or no willingness to invest. However, today the financial crisis and the following downturn seem to be untying its grip in the economy with good prospects of recovering growth rates in Europe. The effect on GDP from the financial crisis and the expected upturn can be seen on the figure below.

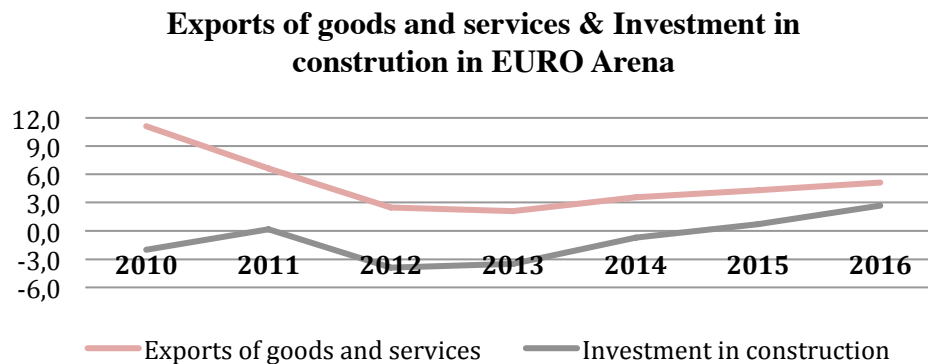


**Figure 19: The YoY changes in GDP for Norway, Germany, Sweden and the EURO Arena (European Commission, 2015)**

In light of the graphs demonstrated above, one can see that the EURO Arena, alongside Germany and Sweden were strongly impacted from the financial crisis. The reason for illustrating these countries specifically is due to their connection to the garage door industry. The garage door manufactures are mostly located in the EURO Arena, mainly in Germany and Sweden. These manufactures suffered severely from the financial crisis, causing decline in production and price of garage doors, giving Norwegian intermediaries in the industry stronger purchasing power. Respectively, this was the partially cause for several pop-up companies in the industry in Norway.

In relation to the future, the graph above tells us that the European economy is expected to continue its recovery. As displayed earlier, there is a correlation between GDP and the construction industries growth rates, and it is therefore fair to assume that the construction industry will grow in these countries as well. The emerging European growth on the construction market is further emphasized by KPMG's construction survey for 2015. It argues better prospects for the construction industry's future, although it might take two to five years before the final break through is felt by the entire market (KPMG, 2015). The latter is also supported by Euroconstruct, which state that the European construction market in 2014 has entered a new phase of growth, and that after seven years of deep crisis, during which the market has lost 21% in volume growth is expected to be moderate in 2014, but will consolidate in the near future with +2,1% in 2015 and +2,2 % in the following two-year period (Euroconstruct, 2014).

Lastly, a figure illustrating export of goods and services, as well as investment in construction in the EURO Arena is presented. These graphs indicate actual and predicted direction of both factors. This outline is of relevance, as it illustrates an increased investment to approximately 3 % in the construction industry, which thereby could subsequently increase demand in the garage door industry. However, the predicted direction of overall export of goods and services is estimated to be relative moderate, which could impact purchasing power for Norwegian intermediaries in the industry, which are dependent upon import of products from Europe.



**Figure 20: Exports of goods & services, as well as Investments in construction in the EURO Arena (European Commission, 2015)**

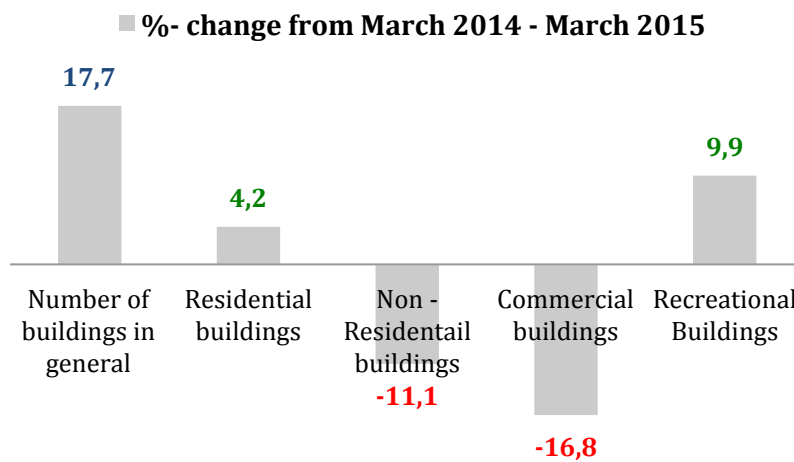
***Social factors***

In order to understand the macro-environment companies in the garage door industry operate within, it is important to look at social factors influencing the market. In this case the most noteworthy social factor is demographics, as it can provide an indication of future demand for the industry’s products and services.

There are several aspects that influence demographics in relation to demand for the industry’s products and services, such as changes in income pr. household, average number of people living in a household (MSI Marketing research UK, 2011). According to Statistics Norway, average household income increased with 1,9 % from 2012-2013, and from 2008-2013 total growth was 8,7 %. Generation Y composes as another factor, whereas younger people today, especially in Norway, have better economy and thereby purchase own households earlier than previous generations. This generation has a significant focus on color and design, as well as improving overall impression of once household, causing significant growth in remodeling of both household and garage.

Another important finding, when examining Norwegian demographics, is the population growth, which is expected to rise to 6 million inhabitants by 2029, evidently increasing demand for residential buildings exceptionally (Statistics Norway , 2015). In the figure below, the percentage change of new buildings is illustrated, indicating a somewhat high increase of a total of 17,7 % from March 2014 to March 2015. In this, one can view that residential buildings present a 4,2 % increase, whilst recreational buildings such as cabins

and garages have had a 9,9 % increase the past year. These increases help paint a picture of possible future demands for both the construction as well as the garage door industry.



**Figure 21: Percentage change in construction of buildings in Norway from March 2014 to March 2015 (Statistics Norway, 2015)**

In summary, the expected development of the Norwegian demographics is positive for construction demand, in addition to garage door demands, as all types of constructions are expected to have a sustainable growth in the years to come. Alongside this, generation Y has contributed to demand growth by remodelling their household and garage. However, for manufactures this developing trend can be challenging, as this generation might dominate the private market in the future.

### ***Technical and Environmental factors***

In this section we will review both the technical and environmental factors as well as their impact on the garage door industry. The reason for combining the analysis of these two factors is that the environmental factors such as climate and geography have a large impact on the technical factors. According to developments and trends, manufactures have a greater focus on producing more sustainable and “green” products, in order to best preserve the environment. In light of this, there are similarly several new technological transformations to be found in the garage door systems, which can contribute to provide the customer with deeper satisfaction and usage opportunities.

### ***More sustainable and “green products”***

Customers today look for new generation of green garage doors that are stronger, more secure, better insulated and require minimal maintenance. With the rising cost of heating,

homeowners are spending more time researching how they can provide total home efficiency. By incorporating insulated garage doors into their home, one can cut back on energy costs, especially if the garage is attached to the home (Cooney, 2014). This lays a pressure on manufactures to better provide sustainable and better products.

With regard to current technology, the garage door industry is slated to introduce new trends never before seen in the designs of the past. From the ever charge battery backup system that will make sure to enter once garage, even during power blackouts to wall consoles, that can be programmed to close after a ‘programmed’ amount of time, manufacturers are trying to outdo each other with more and more innovative features that offers safety and convenience. The industry is also considering the introduction of more high-tech add-ons such as ‘force control’ mechanism that automatically measures the weight of the garage door and applies just the right amount of pressure or force to open and close the garage door. There is also discussion of the ‘garage door monitor’ that will inform if one have left the garage door open (Lerner, 2013). Automation is an important part of modern lifestyle, and this should continue to be applied to the garage. For instance, it is possible to use smartphones and tablet apps to operate garage door openers. Different manufacturers have their own applications for various elements in the garage (Atlas Overhead Garage Doors, 2015).

#### *Far-reaching attention on entrapment protection requirements for automatic garage door openers*

In an effort to increase safety, especially towards children who become entrapped under garage doors with automatic openers, the U.S. Consumer Product Safety Commission issued in 1993 rules for automatic residential garage door openers. The rules, which were published in the Federal Register, include revised entrapment protection requirements for all automatic residential garage door openers manufactured on or after January 1, 1993 for sale in the United States. It states that powered doors can be either manually controlled or automatically operated by motion sensors. If automatic motion sensors are used as a means of activation, they must enable doors to open early enough and stay open long enough to permit safe entry and exit. The rules also include certification requirements and recordkeeping requirements for garage door opener manufacturers (United States - Consumer Product Safety Commission, 1993).

These rules and regulation are evidently also utilized in Europe, however, in recent years, the issue of safety, more specifically production of automatic garage doors, have been of stronger focus. According to manufactures, it has gone as far as severely impacting the quality of the products (European Committee for Standardization, 2006). The reason for this is based on the fact that a small number of manufactures have taken this specific focus a bit too far, making the customers question manufactures, which do not provide equally tailored products. The exact issue at hand is new tailoring of entrapment protection on automatic garage doors. Manufactures are pressured indirectly from their customers to alter production machineries and systems, resulting in substantial economic costs. From a manufactures perspective, this recent overall attention is causing decline in customer demand; hence decline in product price, resulting in more manufactures giving in to alter machineries and systems in order to survive in the market.

### ***Legal factors***

The attention in this section will be on the somewhat newly regulations and restrictions that have emerge in the construction industry, which is also of relevance in the garage door industry. The two laws that will be presented are the CE Marking and FDV – Documentation, which are both regulations that is essential, due to their impact on the industry in the future. The parts within these laws we found to have the most relevance will be presented.

### ***CE Marking***

In 2015, the European Commission embedded strict regulations with regard to CE Marking for manufactures. This states that manufacturer is solely responsible for own products and that they fulfil all the conditions for CE marking required by law. CE Marking is a necessity for a manufacture to sell the products within the European Economic Arena (which also include Norway), and can therefore be considered as a trade barrier for manufactures and suppliers. The essential elements are the compliance of the product with the harmonised safety standards, health, and environmental protection requirements. It is the manufacturer's responsibility to carry out the conformity assessment, to set up the technical file, to issue the EU declaration of conformity, and to affix the CE marking to a product. (European Commission, 2015). The requirement for CE Marking from both manufactures and suppliers is a significant factor in eliminating untrustworthy operators; in addition this requirement is an important reliability factor for intermediates, if they wish to change suppliers. Altogether,



this is a good step in the right direction towards a purer market.

*Administrative, Operational and Maintenance Documentation (FDV- document in Norway)*

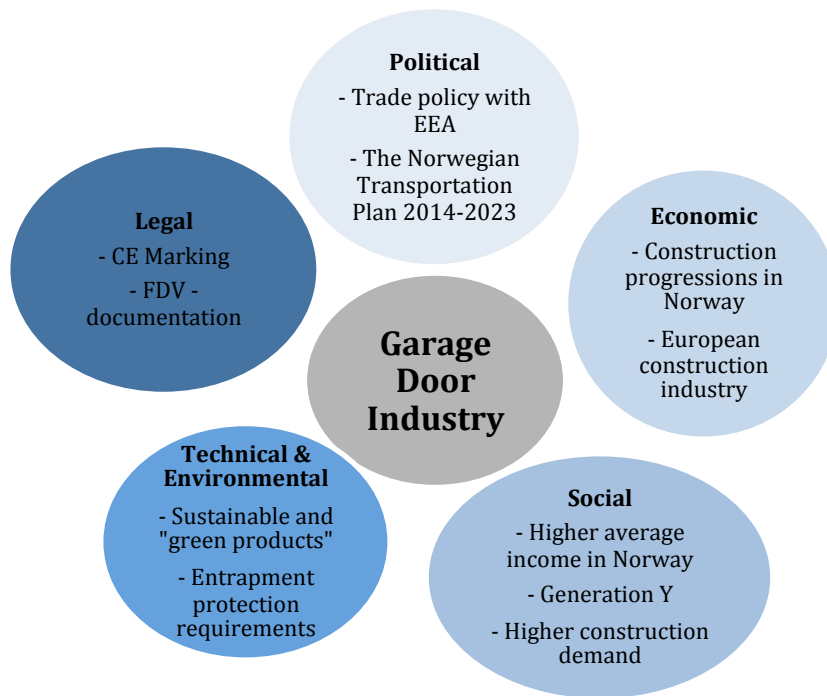
Another regulation, which have been more strictly controlled the past couple of years within the construction industry, especially in Norway, is the FDV – documentation of products.

This documentation is regulated by law to accompany all products being sold in the industry, and must describe how the materials used are to be maintained. A description of how the product is to be operated and maintained by the end-user after delivery, as well as a summary of service procedures, must also be included. In addition, this documentation must be delivered to the end-user when the installation has been completed (Lovdata, 2010).

Alongside the construction industry, this documentation is also regulated in the garage door industry, both nationally and internationally. Due to the fact that companies usually operate through several distribution channels, it is important that the end-user ultimately receive a documentation of how to preserve the product. For an intermediate, this documentation is also important, as it illustrates a reliable manufacture /supplier that take responsibility for their products.

*Conclusive remarks on the PESTEL analysis and outlook for the garage door industry*

The figure illustrated below summaries the findings from our PESTEL analysis, subsequently there will be a summary of the findings alongside a small discussion of consequences these might carry for the garage door industry in the future.



**Figure 22: The conclusion from the PESTEL - Analysis**

In light of the strong correlation between the construction industry and the garage door industry, the magnitude of environmental factors will correspondingly impact both industries. Some factors may have more severe direct impact on the construction industry, and influence the garage door industry indirect, whilst other factors directly influence the garage door industry. The essence of the political environment is mostly directed towards the construction industry, however, the Norwegian Transportation Plan could contribute to impact the garage door industry in a positive way if completed, though significant cost savings and better delivery time for products and services.

The emerging recovery of both the Norwegian and European economy, points toward a brighter future for the garage door industry. This is the case both when isolating the Norwegian market and for Europe as a whole, which we believe will further enhance the positive effect for companies on the Norwegian market. The forecast of Norwegian demographics provides further reasoning for a positive outlook for the Norwegian garage door industry. With a higher average income in Norway, there is also higher demand for remodelling of houses, and this is especially seen in generation Y till this day. As a result of predicted high population growth in the near future, alongside it will also follow increase in demand for residential buildings, which have had a solid increase in 2015 already, based on data from Statistics Norway (Statistics Norway, 2015).

It is important to be environmentally conscious, and this is especially important for manufactures to take into consideration, as they produce products, which can cause pollution and damage in the environment if not distributed and eliminated in a sensible manner. In relation to global warming and environmental destruction, manufactures generally in the market strive to produce “green” and sustainable products by use of better technology and research. However, this is not always easy to supply once customers, as it may involve large economical costs, which may be difficult for some to acquire due to residual effects from the financial crisis. An example of this is the alternations necessary in production with regard to the entrapment protection system. Nonetheless, as this does not directly impact the safety of the customers, and therefore not all manufactures have implemented these changes in the manufacturing process.

In an effort to eliminate inferior suppliers and retailers of garage doors, there has been a sharper focus on rules and regulations. The two of most significance, is the CE Marking and the FDV – documentation, in which manufactures and suppliers are obligated to stand behind its products and verify its quality to the end-user. Overall, this effort can contribute to create a purer market, with less pop-up companies and provide the end-users with quality products and services. Conclusively, all these environmental factors seem to create a positive prospect for the future of the garage door industry. Some of these will especially impact and direct the manufactures in a costly direction, nevertheless, these are important to implement in order to survive and be competitive in the market.

### **5.1.2 Porters Five Forces Analysis**

According to this model operators can evaluate available opportunities, the threats from present competitors and potential competitors, the availability of substitute and complement products in the industry as well as the bargaining power of the customers and suppliers (Hitt, Ireland, & Hoskisson, 2009).

Porter’s Five Forces investigate the intensity of industry competition. It is important to acknowledge that one competitive force often impacts others, and that all forces need to be considered when performing an industry analysis. For instance, if new entry arises due to low entry barriers, this will increase competition in the industry and thereby drive down profitability. If buyers are powerful, they may take advantage of the increased choice

resulting from new entry to further bargaining down prices, increasing the intensity of competition and making it more difficult to make a decent profit in the industry. Thus, it is critical to understand how one force might impact upon another.

### ***Threat of new entrants***

The garage door industry seem to be an attractive market, in which there is estimated to exist roughly 20-30 players solely in the Norwegian market today (Proff - the business finder , 2015). In Norway there was sold approximately 27 000 garage doors in 2014, and according to industry trends, the amount will continue to grow in the coming years. Based on this, it is therefore reason to believe that operators in the market will continue to grow, with the aspiration to capture market share. In light of possible increased intensity of competition in the market, it is important that new entrants take several factors into consideration before entering the market. Is there a possibility that the intense competition will make it feasible for new entrants to both enter and conceivably succeed in such a market, if the industry trends prove to be correct?

In the garage door industry there is not many dominant operators, nevertheless, the once that do exist, control a large scale of the European market. Due to this, smaller suppliers of garage doors, face operating challenges in this industry, as the dominant players have large economy of scale. These deter entry by forcing the aspirant either to come in on a large scale or to accept a cost disadvantage. In addition to corporate size these dominant players also ensure economies of scale through distribution and finance, as they manufacture and distribute own products. Operators of garage doors, supply somewhat equal types of products, making it difficult to offer superior value to customers through the products exclusively. In this industry, product differentiation would solely be achieved by adding additional service or eligible a unique position. In the nature of garage doors, this could imply factors such as offering complement products and tailored solution to customers, which could attract customers in favour of other suppliers. However, generally, product differentiation in this industry will not provide a sustainable competitive advantage, and therefore neither function as an entry barrier for new operators.

New entrants may have difficulty competing with established manufacturers, which have achieved a reputation for quality and brand name recognition. In the garage door industry, major players such as Hörmann, Novofem and Crawford (Assa Abloy) have build a good

reputation and proved upon quality, which help create customer loyalty. Brand identification creates a barrier by forcing entrants to spend heavily to overcome customer loyalty. This factor has therefore a strong barrier that takes away profit from smaller operators, due to general customer preferences for consuming goods at large and more visible players rather than local suppliers, to some extent. In its local market, Car-Bo Garasjeporter have a well-established brand reputation and alongside, a large loyal customer base, which have been built over time.

The need to invest large financial resources in order to compete creates a barrier to entry. Capital is necessary not only to cover facilities but also for customer credit, inventories, and to be able to cover potential start-up losses. An operator planning to enter the garage door industry is not particularly constrained by the capital investment required to open a facility, as the entry costs of a garage door manufacturing facility are relatively cheaper than others, due to a low level of machinery investment. This cost will also differ broadly, depending on the decision to manufacture products in-house or attain products by outsourcing this division. Generally, operators in this industry mostly take use of the latter, and acquire their products from outside suppliers, such as the case company. Therefore, it is first and foremost the large operators who manufacture and supply products altogether, and new entrants that wish to compete on their level, will have to endure large capital requirements in order to be sustainable in the industry. For these reasons, capital requirement is recognized as a medium entry barrier in the garage door industry.

With numerous suppliers and few substitute products, it is apparent that the customers in this industry have a solid purchasing power. If a customer is dissatisfied with a garage door or the specific supplier, it is easy to locate a new supplier that can provide the same product, as garage doors are rather homogenous products. However, when a garage door first is assembled and installed, it requires time, financial costs and hassle in order to remove the product, which might influence the customers' decision to switch supplier. Besides these factors there is nothing that excludes the customer from switching suppliers, indicating that this is a relative moderate entry barrier in the market.

In light of the advancements in e-commerce and distribution channels, it is quite easy to attain products from around the world and this is also evident in this industry. Since few produce and supply own products due to the extensive related financial costs, the suppliers in

the market strongly compete on product prices in order to gain market share. Therefore, products are distributed from low-cost countries, such as Eastern- Europe and China. Consequently the market does not lack access to distribution channels. In addition, the increase usage of e-commerce as a distribution channel for products has made access to the industry a lot easier.

In 2015, the European Union embedded strict regulations with regard to CE Marking, where manufacturer confirms responsibility that the products fulfils all the conditions for the CE marking required by law, and that the product can be sold within the European Economic Arena. The essential element is the compliance of the product with the harmonised safety standards (European Commission, 2015). This regulation will over time help remove supply and sale of low quality products, alongside notorious suppliers in the market, opening the market for only reliable players. With a stronger governmental influence in the industry, this has contributed to generate a stronger barrier of entry in today's market.

Altogether, the barriers to entry for new operators are relatively moderate. With the lack of proven quality from smaller-scale operators and lack of market dominance, it may encourage new garage door suppliers to enter this industry by creating an easier avenue to attract and maintain a market share. Barrier generally operates on the principle of asymmetry, where different companies have different assets, capabilities, access and so on. It is important that Car-Bo Garasjeporter continues to strive towards building their brand and reputation, and strives to offer their customers products through several channels (Grant, 2010). In order to ensure its survival, it is therefore critical that the case company continues to strive to make their mark in the industry, both national and to some extent, international. In addition, it is important to explore possible future strategies, such as fusion or consolidation.

### ***Suppliers bargaining power***

The garage door industry consists of a large amount of suppliers, which manufacture garage doors of different quality and price. Moreover, the bargaining power of suppliers is relatively low, due to numerous suppliers the firms have to choose among. To increase the bargaining power of suppliers one must provide a product or service, which is vital for the business with suitable quality and price. Looking at the switching cost involved in changing supplier, it is not associated with high costs, as the process of changing does not require sizeable

investments in technology. However, these types of firms have typically long-term contracts over several years with its suppliers, which might to a certain degree affect switching cost.

Car-Bo Garasjeporter is using two main suppliers, which are Ryterna in Lithuania and Raynor in Canada. Ryterna have more customized design doors at lower cost, whilst Raynor have more standardized doors, which are more expensive. Using few suppliers can involve a greater risk, for instance when a strategic collaboration is entered with a supplier, the dependency on this supplier increases, hence the bargaining power of the supplier.

Furthermore, looking at substitutes within the industry, it does not exist explicit alternatives for garage doors. Additionally, the products are greatly standardized and it is quite easy to manufacture and design these types of products in today's market.

Suppliers can vertically integrate forward, as they develop and produce the equipment and technology used by the firms, which might pose a threat. Nonetheless, there is a greater probability that firms within the industry integrate backwards and manufactures products in-house. To sum up the suppliers bargaining power, one can assume stronger negotiation position for the suppliers, as the construction industry is more dynamic and the economy is stronger. In light of this the suppliers bargaining power is expected to be low to medium.

### ***Substitutes***

Substitutes are products or services that fulfil customers' needs in a new or diverse way. Customers consider a substitute as a replacement for the industry's own products and services. Consequently, substitutes can reduce demand and put pressure on industry margins. The main purpose of a garage is to satisfy the customers' need for parking and protecting the car. However, renting a parking space, renting a garage or paying for zone parking might also satisfy the need to some extent. These three examples can work as substitutes for a garage, as all of them are parking solutions, although the performance and quality of these solutions cannot be said to be superior compared to owning a private garage. In relation to garage doors, gates can be considered a substitute. Gates add security to ones property, and one can choose between manual and automatic gates, in the same manner as a garage door. Gates as a substitute product is fairly equal to the industry product quality, as well as the performance.

The price of a substitute and the performance ratio determines whether a substitute is a threat for the industry product. Hence, none of the alternatives available in today's market will completely replace garages and garage doors in all its multiple usages. Furthermore, switching cost in relation to substitutes is low, as it does not require substantial time and investment for customers to change from industry product to substitutes. Thus, the threat of substitutes can be considered being rather low, although it might become a greater threat in the future.

Nonetheless, an analysis of substitutes should include products, which are not competitive today, but may become so in the future. Looking ahead changes in the distribution market, legislative changes or new trends can change the situation, and the substitutes mentioned above might fully develop to be viable substitutes.

### ***Buyers bargaining power***

A buyers bargaining power reflects the customer's desire to influence the industry by pushing prices. They attempt to do so by setting competitors against each other and negotiate a better price and higher quality, which affects the industry's profitability. Moreover, customers have greater bargaining power if they have good alternatives for each supplier in the industry, while each supplier has little ability to switch customers.

Car-Bo Garasjeporter acts an intermediary between its suppliers and customers, and supplies products both to private, industrial and indirect industrial customers. Demand for these products is influenced by several factors, such as availability of substitutes, economic growth and general activity in the construction market. Due to different players within the industry providing similar products, customers have various options, and thus get a greater bargaining power.

In the garage door industry, it exists minimal switching cost, giving more bargaining power to the customers. However, there are few truly good substitutes. Looking at the importance of the product and service for the customers, they have different preferences. Some might value the quality of the product, others the price, or the product range the firm can offer regardless of price. Service can also be a factor that the customer values, such as inspection prior to installation or removal of existing garage door, alterations and maintenance or it can be about



loyalty to a certain firm within in the industry. Private customers typically do not purchase the industry's product more than a few times during a lifetime, and compared to industrial customers they purchase insignificant volumes. Both industrial and indirect industrial customers purchase more frequently and in more substantial volumes.

If customers can genuinely threaten to vertically integrate backwards, thus produce the products themselves: they can achieve greater bargaining power. However, the threat for customers integrating backwards is suggested to be low, due to fragmentation of customers and lack of financial resources and competence within the area, which are costly to acquire. Nevertheless, it could be a possibility for industrial customers to execute this strategy, but as the construction industry is more integrated in niche companies, this is not currently a vital threat. In light of the factors discussed above, one can conclude that customers in the industry are left with medium bargaining power, as the customers have several choices. Subsequently, as there are many similar products within the industry, it is essential for firms to retain current customers as well as obtaining new customers.

### ***Rivalry among existing competitors***

Competition intensity is often determined by the structure of an industry. The garage door industry in Europe is characterized by a variety of players, such as few dominant firms that both act as producers and suppliers, as well as a large number of smaller firms acting as intermediaries. The industry is considered to be attractive and has a large number of players, and in addition the players have minor differences: all factors that implies a competitive industry. Looking at Car-Bo Garasjeporter, which is a fairly small firm in a large market, they have managed to increase their market share and their focus is mainly on supplying products of good quality at a higher price.

The Norwegian market alone consists of roughly 20-30 players, so it is safe to say that the European market as a whole has numerous players, which vary in size and market share. It has not been possible to obtain information with regards to how many players that exists in Europe. However, according to dialogue with firms in this industry, it is estimated to operate approximately 50-70 suppliers altogether in Europe. Rivalry would increase by the number of players, and numerous players can make it difficult for customers to orient themselves in the

market due to a wide range of diverse offers. Still, customers have the ability to set different suppliers against each other, and negotiate a better price.

Rivalry among competitors will also increase with the product homogeneity. If the products are perceived as homogeneous, customers might choose products based on price. The garage door industry offers products, which are relatively homogenous. However, some firms attempt to differentiate their products. The firms that are able to do so might have a competitive advantage and be able to set a higher price than “perfect” competition would imply. A firm can differentiate by adding complements, have outstanding service with maintenance and repairs, good logistics, selection of products both standardized and customized, competent personnel, and of course availability and location. The major players within the industry, Hörmann, Novoferm and Crawford (Assa Abloy) might not be the cheapest players in the market, although the perceived quality they offer on products and services is relatively high. If the products and services within the industry were extremely homogeneous, would firms offering the cheapest products and solutions have taken over the majority of the market? This is not the case, thus rivalry in the industry are reduced due to some degree of differentiation.

When starting a business today, the need for capital investment is relatively low, which makes the barrier to step out of the market minor. Some of the assets, which might be essential to procure, are generally office spaces, furnishing, supplies, warehouse space and product exhibition. These assets have fairly high resale value, and would not be difficult to sell or apply for new undertakings. Yet, investments in marketing and branding would be considered sunk cost. The value of these investments can only be capitalized if the firm that exit the market, sell its name to a new firm that wishes to continue operating under the same name and brand. Nonetheless, we estimate this to be highly unlikely.

The demand for garage doors mostly varies alongside construction and remodelling of houses. With the financial global crisis, the demand for garage doors took a sharp drop, especially in the industrial section of the market, due to the domino effect from the construction industry. For the garage door industry this resulted in several bankruptcies, especially in the European market. Still, the Norwegian market was not affected as strongly, whereas a small amount went bankrupt whilst a larger portion consolidated. The outcome of

the global financial crises, for the industry was that the market was curtailed, and when the industry again became stable, a large number of new small operators entered the market and overwhelmed the customers with options. This resulted in intense competition, with declined profits for the established operators as the incubators competed with particularly lower product prices.

The construction industry is expected to recover in the next five years by increased demand for housing and commercial construction, thus accelerating competition. Additionally, new competition from emerging markets and services intensifies the competition. Furthermore, the market is fairly fragmented, despite some major players, and one could expect that consolidations would take place in the future. All of the factors above imply that there is intense rivalry within the industry.

### ***Power of complements***

Complementors are operators that sell products, which add value to the products of companies in an industry because, when used together, the use of the combined products better satisfies customer demand (Grant, 2010). In regard to the garage door industry, complementors can be the operators that produce door openers, in order to run the garage doors automatically. This is essential, as most customers would not purchase one without the other; making garage door openers the ideal complement product to a garage door. This is also evident, as the greater the supply of high-quality door openers, the greater the value is for garage doors customers, which following imply greater demand for garage doors and finally, greater the profitability for the garage door industry.

As previously stated, garage doors are somewhat homogenous products, and therefore a large number of suppliers offer complement products in order to increase customer value and demand. For instance, Car-Bo Garasjeporter offers complement products such as automatic door opener, garage door equipment, doors equal to garage door, windows, decorations, locks and even grinds, which are considered a substitute product. Other operators offer complements such as gate openers, gate hardware, door closers, parking place savers and so on (The Hörmann Group, 2014).

In this industry there is a rising number of complementors, which is increasing the number of attractive complementary products, where demand and profit increase which in turn can broaden opportunities for creating value. However, the market for garage door openers, which is almost a necessity to garage doors today, operate with a lot of power, in which they are able to extract profits out of the garage door industry, due to the fact that customers ordinarily demand both products to be purchased jointly from one supplier. This is currently a challenging factor for the industry, as complement industries have expanded their product range to also supply garage doors to some extent. An example of this is Fasade Produkter AS, which main focus area is supply of marquis, however due to seasonality, this led to altering their business strategy. They purchase garage doors from low-cost countries such as China, providing inferior quality to the customers compared to niche companies. Complementors this strong can be a competitive threat and can influence the competitive structure of the industry. It is for this reason complementors are often considered the sixth force of Porter's industry analysis framework (Grant, 2010).

***Review of findings from Porter's five forces***

The table below summaries the findings from Porter's Five Forces, as well as our reasoning and conclusion of the competitive environment in the market.

**Table 5: The findings from our Porter's Five Forces analysis**

<b>Force</b>	<b>Currently</b>	<b>Future</b>
Threat of new entrants	Low	Low/Medium
Threat of substitute products and services	Low	Low
Threat of complement products and services	Medium	Medium/High
Suppliers bargaining power	Low/Medium	Medium
Customers bargaining power	Medium	Medium
Rivalry among competitors	High	High/Medium
<b>Overall competitive environment</b>	<b>Medium</b>	<b>Medium/High</b>

Generally, the threat of new entrants is classified as low, but we expect the threat to increase due to numerous rules and regulations that have been implemented in the industry. In addition, there is a higher number of companies consolidating, making market share more

difficult to come across and respectively to compete for. Furthermore, the threat of substitute products and services is relatively low for the garage door industry, predominantly due to the lack of available sufficient substitute products in the market.

Suppliers bargaining power is predicted to stay rather unchanged, perhaps it would trend towards a slightly better position in the future depending on the firms' proficiency and techniques. Firms with special abilities would have a strong position in the market, compared to firms providing more simple products and services, which will have a weaker position when negotiating unless, demand for products and services increases. Additionally, customers bargaining power has been moderate, and is expected to continue on this level in the future, due to predicted recovery in construction activity. Lastly, rivalry among competitors is classified as high at the moment, although it is expected to decrease in the future due to possible consolidations of firms, as well as stricter rules and regulations concerning both manufactures and suppliers regarding the features of the products offered.

Overall, we define the current competitive environment to be medium, but if the rivalry among competitors continues to increase and the threat of complement products and services continues in this direction, it could lead to a more intense competitive environment. In the long run, demand is almost exclusively dependent upon the stabilization of the economy, evidently the rise of the economy and in turn the construction industry will control the outcome of the garage door industry.

### **5.1.3 Competitors & Markets**

#### ***Strategic Groups***

There is intense rivalry within the garage door industry, and this intensity will be analysed more in depth throughout this chapter. Car-Bo Garasjeporter faces competition from diverse sources from both national and international operators. Still, it should be mentioned that the largest operators in Europe, Hörmann, Novoferm and Crawford (Assa Abloy) act as indirect competitors for Car-Bo Garasjeporter. These three dominates and controls the global market and have a strong presence within Europe. However, looking at direct competitors on a national level, LOBAS and GAPO are the most prominent competitors equivalent to Car-Bo Garasjeporter.

Operators follow their own strategy in order to be competitive. Nonetheless, it is possible to recognize groups of firms following more or less equal or similar strategies. The firms mentioned above have diverse structures and can be separated into strategic groups based on price, location with local offices and national branches, geographical scope, product range and complexity such as full or simple service, and main distribution channel such as Internet or offices.

Hörmann is privately owned and a well financed global firm. Their headquarters is in Germany and as a company it is characterized with a robust dealer network. Additionally, they possess some of the industry's most innovative products, designs and new concepts. Novoferm in Germany and Crawford (Assa Abloy) in Finland/Sweden are also multinational firms, with strong financial assets, great marketing and R&D programs. Although they are different in many ways, they also have similarities. Furthermore, Car-Bo Garasjeporter and LOBAS have similarities, both import and supplies to their respective end users, whereas GAPO develop and produces in-house, excluding steel garage doors, which they currently import. All of these firms have local offices and supply their products nationally through dealers. However, they differ in price and quality of the products offered. LOBAS and Car-Bo Garasjeporter offer good quality at a higher price, whilst GAPO offers products with lower quality at a lower cost.

In *figure 23*, the abovementioned firms are clustered by two criterions – geographical scope and product range. It can be useful to identify where the particular firms operates, whether it is on a local, regional, national or global level, as well as the product diversity each firm holds, such as range of products and services offered. Moreover, its helpful to discover whether operators compete on these dimensions and what inferences it has for Car-Bo Garasjeporter in terms of product portfolio and strategy. If firms provide a broad range of products and services to their customers, such as maintenance and repairs, both standardized and customized products, warranties, security and complements, they score high on the product range axes, otherwise they score low on this dimension.

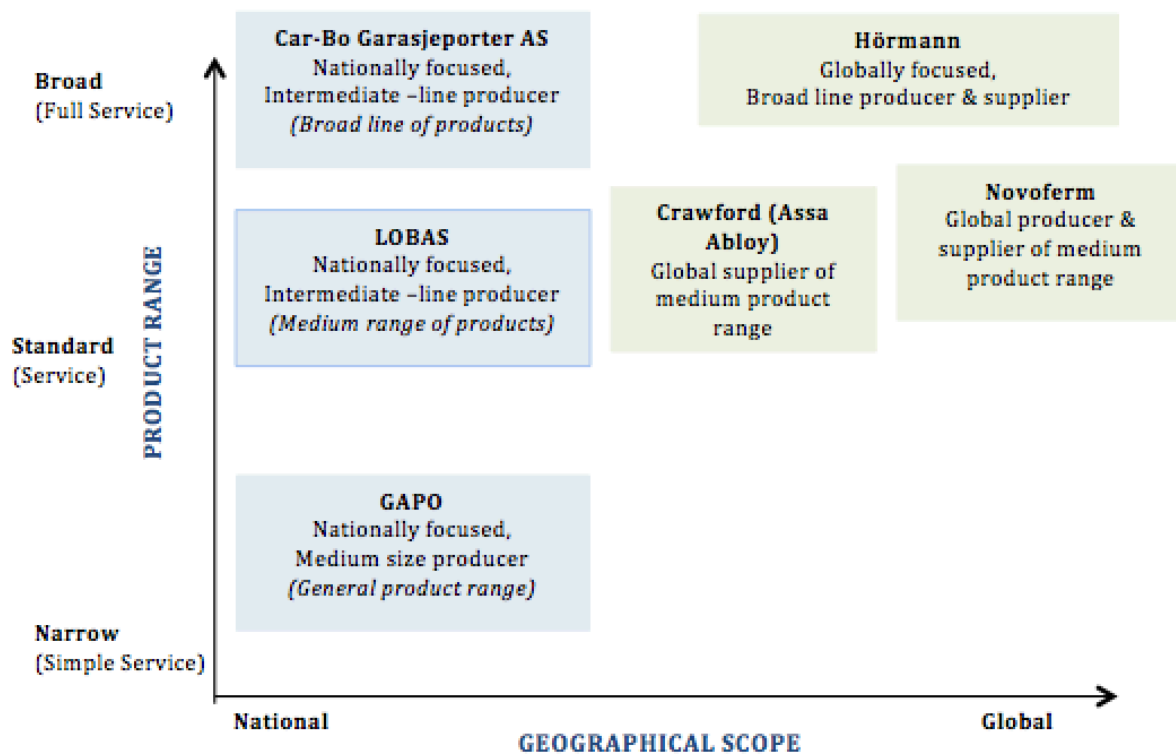


Figure 23: Car-Bo Garasjeporter`s direct and indirect competitors positioned in strategic groups

As illustrated in the figure, direct competitors for Car-Bo Garasjeporter are those operating in the same segment, such as LOBAS and GAPO. Furthermore, the market is divided roughly, and it is seen that these firms pursue a main strategy: the largest operators offer a full range of products and services and differentiate themselves on customised and extended service. The strategic group approach indicates that geographical scope is not a strategic dimension and thereby not a critical success factor, neither is the range of product portfolio, yet both are significant. This suggests that there are other essential variables, which influence customer attractiveness. Throughout this analysis, it provides a clearer picture of the competitive landscape within the industry. However, the approach has simplicity, and does not express much about the strategy each firm apply or how they truly differ from one another.

**Market segments**

In order to identify which market segment Car-Bo Garasjeporter is targeting, variables comprising both customers and products are illustrated below. The information is gathered through interviews with individuals related to the business in focus.

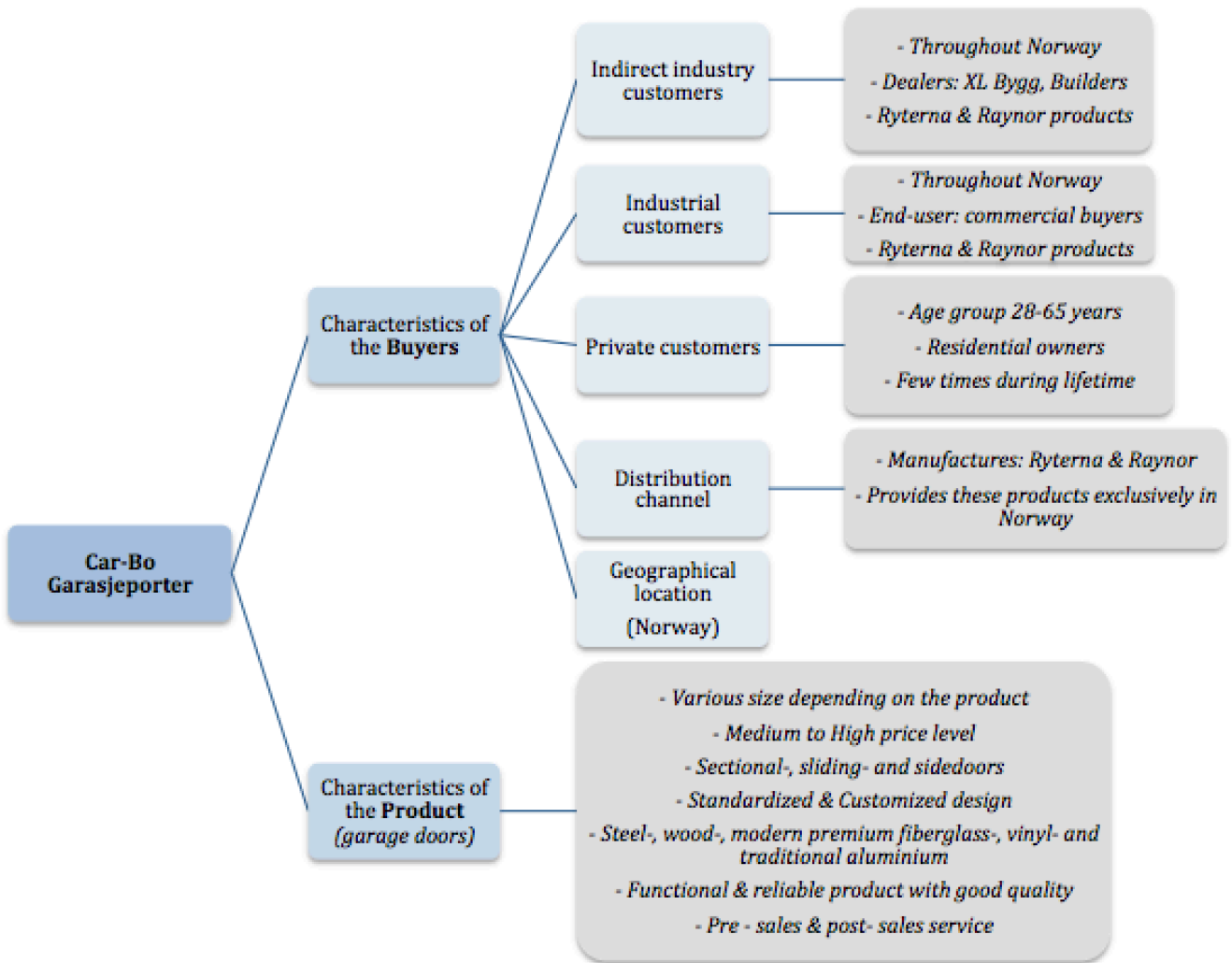


Figure 24: Market segmentation of Car-Bo Garasjeporter

Car-Bo Garasjeporter serves three segments, which are private, industrial and indirect industry. The segment indirect industry implies that this group supply to intermediaries who in turn supply to end users, e.g. builders, entrepreneurs and outlets such as XL Bygg. It is the private segment Car-Bo Garasjeporter makes the most profits from. This is predominantly due to the customer base, which has increased by the younger generation managing to enter the market. This target group are interested in unique colours, design or good options as well as rising trends, which leads to replacing garage doors on a more frequent basis than before. Conversely, industrial buyers are more driven by how the doors are being used and how often.

The typical private buyers are in between the age group of 28-65 years, and the majority of these are more focused on good quality and design rather than the price of the products. Moreover, in today's market buyers have a greater ability to educate themselves and achieve



knowledge through the product information available via Internet. This leads to private buyers having suitable prior knowledge and are well prepared, allowing buyers to compare both selection and price, as garage doors are expensive products. With industrial buyers it is somewhat different, due to entrepreneurs building both industrial facilities and apartments, and then the architect often determines design and facades. Additionally, these buyers have purchased several doors prior, thus they have some experience.

Consumer behaviour has changed in the recent years, and a greater proportion of the population is using the Internet in order to search for products to purchase or sell. Looking ahead, Internet as a distribution channel could be the future, and some firms are already using it diligently. Essential criteria to accomplish this are simplicity, favourable terms and warranties allowing any buyer with or without knowledge to benefit from this approach. Although, we also believe that customers want to have the ability to physically enter the stores, due to the knowledge and experience the seller holds, as well as the service and support they receive when selecting the proper product or complications arise.

#### ***Customer value – critical success factors***

Car-Bo Garasjeporter has been given the impression that the majority of their customers value products of good quality and design, and that price is less important. For this reason product knowledge is considered a critical success factor. Furthermore, it is essential to carry forward knowledge with both employees and customers, to help one another develop new capabilities, ideas and information. Overall customers are looking for a unique appearance, and each region is somewhat different, which makes it important to follow the market and get an insight on trends and opportunities.

Physical distribution channel in form of offices is also a central consideration, as this type provides a physical presence, which ensures the personal closeness to the firms' customers. This distribution channel serves both private and industrial customers. Most of Car-Bo Garasjeporter products are sold through this channel, and for this reason the relationship with the customers is of decisive importance. This grounds the second critical success factor – customer relationship. Good relations with once customers are gained through punctuality, excellent service, convenience of product procurement and personal interaction. Car-Bo Garasjeporter is great at nurturing the existing relationship with its customers by listening and

understanding what the customers prefer and search for, as well as tailor-make garage doors with pictures to its customers to display a view of the final product.

The fact that Car-Bo Garasjeporter can point to positive experiences throughout the years in business, lead affirmatively to the assumption that this is a solid firm. Here we identify the third success factor – reputation and solidity. Increasing focus on reputation can be viewed in context with the globalisation process, which has contributed to grow larger markets and more similar products. Hence, it has become essential for all firms to convey identity, culture and values, allowing firms to stand out as unique. Once again this could illustrate that reputation is closely linked to the concepts of recognition and trust, something many customers associate the name Car-Bo Garasjeporter with, as the majority of their customers are loyal and appreciate the value they continue to receive.

## **5.2 Analysis of internal factors**

The focus has now been shifted from the external environment to the attention of the firm's internal environment. There are several features in the internal environment that should be addressed, however, as this is a strategic analysis, the key areas of interest is what the firm can do. This implies looking at the resources of the firm and the way resources combine to create organizational capabilities. The purpose of this is to capture the potential for resources and capabilities to establish sustainable competitive advantage. When addressing these factors it will evidently be possible to see how the firm can deploy its strengths to maximum advantage, as well as how to minimize its vulnerability to its weaknesses. Altogether, a systematic appraisal of a company's resources and capabilities provides the basis for formulating or reformulating the business strategy (Grant, 2010).

### **5.2.1 Value Chain**

The distinct biggest challenge facing businesses today is complexity such as climate change, global warming and the global financial crisis. However, the rate of change in the world as well as the rate of change in the industry organisations operate within, are greater than their ability to adapt to it. In light of this, many organisations bury their heads in the sand, instead of recognizing these changes, seeking help, communicating, asking questions and understanding what it is that ultimately drives customer behaviour, and more fundamentally, what it is that drives consumer behaviour. Collectively, this ad up to the value chain, which

includes a series of organisations that take a product and puts it through series of activities in order to deliver a final product to the consumer.

A value chain analysis makes managers focus on the internal activities of the firm and how they contribute to overall strategic success of a company. Since the generic value chain is evidently applicable for traditional manufacturing businesses, the relevance of the activities might change in relation to different businesses and structures (Feller, Shunk, & Callarman, 2006). Car-Bo Garasjeporter is predominantly an intermediate, and does therefore not employ all of the general primary activities, which manufacturers do. As a result of globalisation and the increase of niche companies, it is not uncommon for a company to outsource parts of their value chain to companies more qualified within that specific activity. In this case, activities underlying production of products are not relevant elements for Car-Bo Garasjeporter's value chain, and it for this reason not discussed in forthcoming analysis. In addition, as a result of only importing products for resale, the inbound and outbound logistics activities will be discussed jointly, as they collectively illustrates the company's distribution network.

The analysis will start by examining Car-Bo Garasjeporter's support activities, which include the firms infrastructure, Human Resource Management, technology development and procurement. Subsequently, the primary activities will be addressed and discussed, whereas in this case our emphasis will mainly focus on the distribution network, marketing and sales and service. The following figure illustrates this.

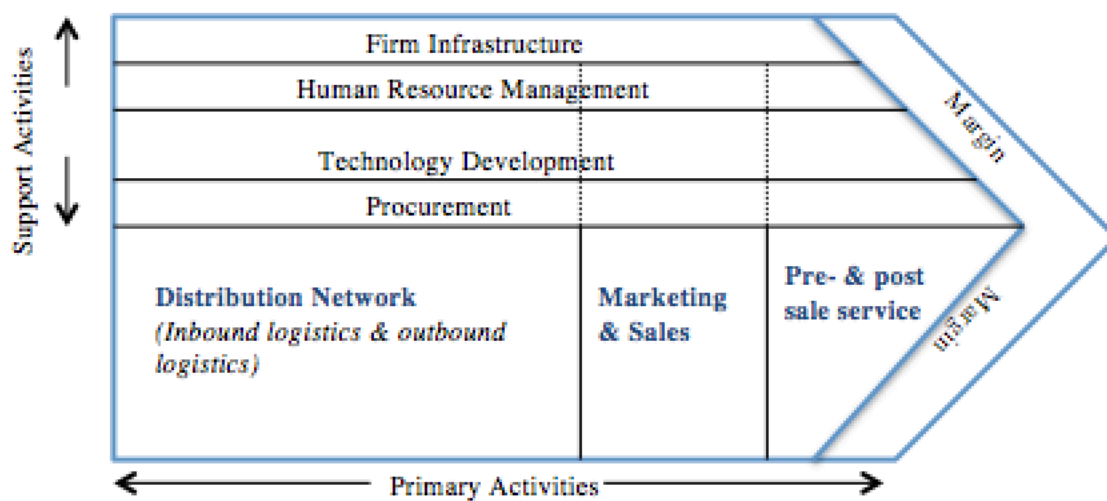


Figure 25: Car-Bo Garasjeporter's value chain

### *Support activities*

Car-Bo Garasjeporter's organisational structure is, as previously mentioned in chapter two, rather simply organized. It consists of two divisions, one in Bergen and one in Oslo, where the latter on paper is a subsidiary, but both are supported by financial, IT, HR, legal, communication and marketing collectively. Without this supporting activity it would be impossible for a company in general to perform its primary activities, and for this reason a firm's infrastructure is evidently both necessary and valuable. As a small company with few employees it is important when hiring new employees that they fit into the organisational culture. For a small-sized company it is not common to have a separate human resource division, and it is therefore usual to have a flat-organisational structure in order for everyone to feel appreciated and understood. This is also the case for Car-Bo Garasjeporter, where recruiting, managing and training is primarily conducted by the owner, but also cooperatively throughout the organisation. There is however, to some extent difference with regard to recruiting, managing and training, which is also rather normal, as different employment require different educational background and expertise. Since the company have employees in different areas, such as finance, marketing, sales as well as technicians and installers, these require different recruiting, managing and training.

Car-Bo Garasjeporter do not have any key technologies, which are of relevance to the primary activities, as they do not produce the products or operate any process, which require a specific technology. In the same way, as there is no production activity, it does not go through the process of acquiring input such as raw materials. The company does however purchase finalized products for resale, which makes the selection of supplier an important activity, in light of creating the most value for the customer. When selecting the correct suppliers, there are several important factors to consider, such as finding the right supplier with the desired quality and quantity, at the right time and negotiating the best prices. Car-Bo Garasjeporter have over several years taken use of the same suppliers, Ryterna and Raynor. As a result of a long-term collaboration with these suppliers, the company have established a relationship based on trust, interdependencies and commitment. This has evidently been of important value for the company, as it has provided them with the supplier's products exclusively in Norway. In addition, both suppliers are manufacturers of well-known brands in the industry with good quality, making this collaboration add more valuable for both the company and customer. Conclusively, this relationship also helps to improve the

effectiveness of the distribution, as it contributes to deliver the products as effectively as possible to the customer. If you have suppliers that enable you to do things more sufficiently and enable you to move things more quickly it can in turn add value and possibly differentiate. In addition, value chain relationships are strong due to the fact that organisations are all being pulled by the consumer, they respond more readily to the consumer and therefore have a greater chance of survival. In light of this, trust and information flows more freely (Russo, Omar, & Confente, 2013).

### ***Primary activities***

The value chain model identifies five primary activities concerning competing in an industry, and each of these activities is important, but different activities can be fundamental for competitive advantage in different industries. For operators in the garage door industry, these mostly being intermediates, we argue that the distribution network (inbound logistics & outbound logistics), marketing and sales, and service is the most important part and the part of the value chain in which a company can differentiate themselves from its competitors.

Seeing as Car-Bo Garasjeporter have three different customer segments, and two of these only being end-users, it implies that the process of delivering the products are different. During this value chain analysis, these two are called customers and consumers, where customer function as the indirect industrial customer segment, these being XL Bygg, entrepreneurs and builders, and consumers reflecting both the industrial and private segment, seeing as these are both end-users. In light of this, these have different perception of value, and therefore need so be treated differently. For instance dealers such as XL Bygg, entrepreneurs and builders value consistency, integrity, and quality and on time delivery, whilst end-users first and foremost value variability and choice. Alongside this, activities with regard to collect, store and distribute the product vary, as well as the transportation of these. There is however, a difference in the distribution from the two suppliers of garage doors, Raynor and Ryterna, and this is due to the geographical difference between these two. As previously mentioned, Raynor is stationed in Canada, whilst Ryterna is stationed in Lithuania. Respectively, distribution of products varies, and equally does the products when it comes to storing. However, seeing as end-users first and foremost value variability and choice, the company`s use of two diverse suppliers specifically provides them with a quite wide product range and therefore in itself stipulates value added. When it comes to the

dealers, the use of suppliers in such geographical different places is more challenging, specifically in light of on time delivery. Nevertheless, according to the company, this has not yet been an issue, as the company generally store standard products.

In order to provide a better picture of Car-Bo Garasjeporter`s distribution network, seeing as these differ in relation to the three customers segment it operates within, an illustration of this is provided in the two figures below.

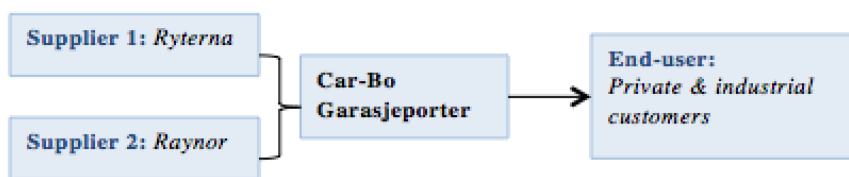


Figure 26: Distribution from supplier to end-user

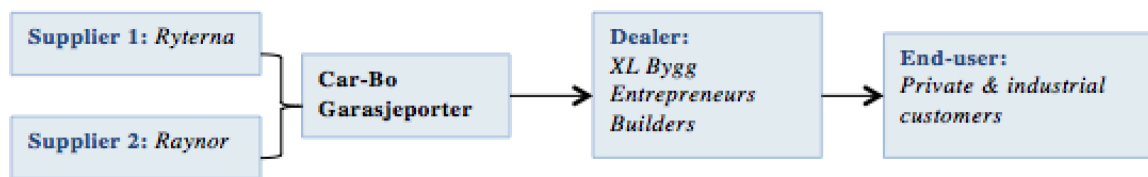


Figure 27: Distribution from supplier to end-user through dealer

Car-Bo Garasjeporter currently supply products throughout Norway, however, the company has its largest market in the western part of Norway. This evidently, indicates that marketing and sales are of larger focus in this area, as oppose to others. In regard to marketing, the company take use of several marketing channels such as social media, newspapers and through sponsoring of several local sports and sporting clubs. Corporate social responsibly is important for the company, and this have since the establishment of the company been a fundamental part of their business. Indirectly, giving back to the community is a form of marketing, whereas costumers become more familiar with the company, as well as associate it positively. Word of mouth is another common marketing channel, and as a result of satisfied customers and a large network, the company have build a solid reputation in the industry. In regard to sales, both of the company`s facilities in Bergen and Oslo have a large showroom of their products; currently this showroom is estimated to be the largest in Norway. This showroom helps attract and provide value for the customers, as the majority prefers to visualise and touch the product.

Pre-and post-sale service is the activities in which the company offer superior value for their customers. This stems from the time and effort, and thereby the costs, for providing the customer with everything from assisting and performing measurements of the garage, inform and help with proper product selection, procurement, installing and maintenance of the product. These activities is however of most value for the private customer, as these posses less knowledge and experience regarding the product and therefore value assistance from sales personnel with the correct knowledge and expertise. Complementary to this, these activities are associated with the most economic cost for the company, as it take a lot of time and effort in assisting the customer throughout the entire decision making process. In regard to the industrial end-user, these activities are also valuable, however it does not create the same degree of value, as these customers normally are more knowledgeable about the products and its requirements. Value for these customers' lies therefore in the selection, procurement, installation and maintenance part of the product and service provided.

Overall, it has been shown that the most important parts of Car-Bo Garasjeporter`s value chain found in the primary activities lies in the distribution network, marketing and sales and services. However, an equally important part is the procurement, whereas this supporting activity includes the significance of selecting the right suppliers as well as the importance of buyer-supplier relationship. Nevertheless, there is always room for improvement in each activity, which could lead to better value creation for the customers. For instance in procurement of goods, when putting the value of the company`s buyer-supplier relationship against the value subtraction of geographical distances, does it ultimately provide better value for the customer, or is it time for new suppliers? Is there room for improvement in the logistic efficiency of the products? Equally to the above question, one strategy for improve efficiency in product distribution is relocation of companies, or selection of suppliers. Conclusively, there is always room for improvement; however, the ultimate question is what improvements will help increase value for the customers. The majority of the customer segments are not fundamentally driven by price, and yet the common perception for companies is to cut costs. In contrast, one should rather increase costs and be much smarter at targeting the customer segments in light of providing them with products and services that meet their needs.

## 5.2.2 Strategic capabilities

By analysing a firm's strategic capabilities one get an overview of the firms' resources and expertise, which distinguish them from other firms.

### *Threshold capabilities*

Car-Bo Garasjeporter has the necessities needed in order to do business, such as offices both in Bergen and Oslo, technicians, vehicles, in addition to warehouses where the products are being stored. In addition to physical resources, the firm possesses financial resources, thus access to capital to make investments is crucial. The firm is owned by one individual, which indicates that capital as well as liability lies solely on one person. Furthermore, Car-Bo Garasjeporter has threshold resources through contracts with its suppliers, which they depend on, in order to import products. All the abovementioned resources are not particularly unique, and are possible for other firms to imitate.

Alongside visible resources, the firm has threshold competences through their employees, which conducts diverse tasks and have various responsibilities depending on their position in the firm. The knowledge and abilities the employees hold is a significant part of a firm's competence. Likewise, the product knowledge and financial comprehension the owner possesses is crucial to run and conduct the business. Nevertheless, these competences do not specifically differentiate the firm from its competitors.

### *Unique resources and core competences*

First of all, Car-Bo Garasjeporter has a large network, which has been established as a result of many years in the industry. One can argue whether this is a unique resource as it is time consuming and challenging for others to develop. Nonetheless, it is still possible for others to copy. Additionally, the firm has a contract with their suppliers, which state that they exclusively supply their products to Car-Bo Garasjeporter. These suppliers have a good reputation and produces products, which are well known and appreciated by the customers. It may be difficult for others to acquire contracts with well-known suppliers, however, since this can occur, this resource may not be completely unique. Furthermore, the location of the firm is important, as Bergen act as a hub. This makes it easier to deliver products across the country by the coastal road. In addition the majority of cargo vessels also have their shipping



base in Bergen, making import of products from overseas easier and less time consuming, due to the fact that these vessels first disembark in Bergen.

Car-Bo Garasjeporter has its core competence in the form of exceptionally good knowledge and experience regarding products, suppliers and the market they operate in, as they have managed to survive and prosper since 1969. This results in 46 years of close relationship with their customers, which in turn has generated unique expertise. Many customers can associate the firm with sincerity and trust.

In light of this, we can conclude that it is the combination of unique resources in terms of large networks and relationships to both customers and suppliers, as well as core competences in terms of knowledge and experience, which is distinctive for Car-Bo Garasjeporter. Nevertheless, it is arguable whether the network they have developed and the knowledge they have acquired is unique enough to say that it is distinctive. Moreover, without possessing unique resources or core competences, a firm have nothing to show for in comparison to their competitors. Bottom line, to achieve competitive advantage, a firm need to attain resources or expertise beyond threshold capabilities, and continually be one step ahead of competition in order to survive in the long term.

### **5.3 Concluding remarks on the strategic analysis (SWOT – analysis)**

In this chapter we have conducted a strategic analysis on the garage door industry and Car-Bo Garasjeporter. This section will summarize the main findings from the strategic analysis, and classify the strengths, weaknesses, opportunities and threats. The figure below illustrates the findings, and these are presented in bullet form in a SWOT – model. Following the model, we will elaborate on each point, in order to provide a clear definition of Car-Bo Garasjeporter`s external opportunities and threats, and internal strength and weaknesses.

**Table 6: SWOT - analysis of Car-Bo Garasjeporter**

<i>Strengths</i>	<i>Weaknesses</i>
Competence, knowledge and experience Location & Network Well – known supplying brands Strong brand name Efficient sales and distribution channels	No set strategy Difficult to differentiate from other firms Lack of rare resources No clear competitive advantage Import products → dependent upon suppliers Small sized firm
<i>Opportunities</i>	<i>Threats</i>
Economic recovery Transport Plan 2014-2023 Decline in inferior suppliers → stricter rules & regulations Generation Y → Change in consumer behaviour Higher demand for customized products More sustainable & “green” products	Consolidation of firms Foreign competitors High competitiveness among competitors Change in consumer behaviour

### *Opportunities*

The emerging recovery of both the Norwegian and European economy points toward a brighter future for the garage door industry. This is the case both when isolating the Norwegian market and for Europe as a whole, which we believe will further enhance the positive effect for operators in the Norwegian market. The economic recovery can help create increase in demand for the industry’s products and services, which is an overall significant opportunity for all players in general. Another opportunity that can be of significance for the garage door industry is the Norwegian Transport Plan for 2014-2023. With the strong correlation between the construction and garage door industry, this project can help minimize distances and thereby possibly decrease mobility cost in the future. For Car-Bo Garasjeporter, which supplies products throughout Norway, this plan can contribute to lower overall delivery times, reduce transportation costs and raise demand due to more accessible products and services.

As a result of stricter rules and regulations, particularly concerning requirements regarding CE marking and FDV documentation from manufactures and suppliers, this provides an opportunity to eliminate inferior operators in the market. These requirements clearly provide a security for the customers when selecting a supplier of garage doors, as well as the products that are offered. This effort can contribute to create a purer market, with less pop-up companies and provide the end-users with quality products and services. For Car-Bo

Garasjeporter, this enforcement is an additional acknowledgement to their customers that their products are solid, of good quality and from a serious manufacturer.

Currently, Norway consists of approximately 5 million inhabitants, and by 2029 this number is estimated to increase into roughly 6 million. This implies that there would need to be an increase in demand for construction of buildings such as residents, schools, hospitals and etc. Alongside, these accommodations, there is also a need for garage doors, which evidently makes this population growth an opportunity for future increase in demand for the garage door industry. In addition, as a result of increased average income pr. household and better economy in general, remodelling in order to satisfy household needs and design has prospered progressively. The housing market has younger buyers than previously, and this has led to an increased focus on appearance and design, resulting in a change in consumer behaviour in the industry. For the industry this implies that customers demand more tailored and stylish products, which provides an opportunity for the operators to possibly differentiate from other operators by adding this into their product range.

It is important to be environmentally conscious, and this is especially critical for manufactures, as they produce products, which can cause pollution and damage to the environment if not distributed and removed in a sensible manner. It is therefore critical to strive to produce “green” and sustainable products. As customers ultimately desire sustainable and maintenance free products, producing more environmentally and user-friendly products is a suitable opportunity for operators in the industry. Nevertheless, this is a particularly factors which all operators should strive towards, but as of todays market it this have been difficult to produce, and evidently there is a market for this to blossom.

### ***Threats***

The largest threat for Car-Bo Garasjeporter is the increase of consolidation of firms in the industry. As a result of the financial crisis in 2008, several companies in the industry had to consolidate in order to survive in the market. This evidently made the consolidated companies financially stronger and provided them with the opportunity to capture larger market share due to larger visibility in the market. There is also a somewhat high competitiveness among the existing competitors in the market, which in general is considered a threat in the industry.

Alongside consolidation and competitiveness, is the threat of foreign competitors, as these have infiltrated the Norwegian market on a stronger level than before. A specific example of both consolidation and threat of foreign competitors, is Crawford (Assa Abloy), which currently operate under its originate brand name, but have the financial strength and support from the parent company. Crawford have been present in the Norwegian market for several decades, and have therefore established a well-known brand name with a large customer base, this alone is a threat for Car-Bo Garasjeporter, as they have been competitors for a long time. Nevertheless, the consolidation with Assa Abloy has to some extent directed the focus towards the European market, which is where Assa Abloy currently obtains the most market share.

Changes in consumer behaviour, and the strong emerge of generation Y; have proven to be both an opportunity and threat in the industry. It composes an opportunity due to the possibility of a broader and more differentiated product range for suppliers, whilst it composes as a threat, due to the stronger influence this implies for the buyers purchasing power. However, this factor seem to be a stronger opportunity than threat in the market, as currently not all companies offer customized and stylish products as a part of their product range, giving companies the opportunity to differentiate themselves on some level.

### ***Strengths***

Although Car-Bo Garasjeporter is in a challenging situation in regard to strong competitiveness, they still show internal strengths that are important factors when competing in the industry. First of all, Car-Bo Garasjeporter has a broad national competitive scope, as they conduct business throughout Norway, and offer products and services to all three customer segments. With facilities in both Bergen and Oslo, the company have managed to expand their viability in the market and towards the consumers. In addition, with over 46 years of competence, knowledge and experience, Car-Bo Garasjeporter has established a strong brand name in the market, as well as established a large network in the industry. All of these factors above are especially considered as internal strengths for Car-Bo Garasjeporter, as these have enabled a small company to survive and prosper in a competitive industry, relative to other companies.

Alongside offering a wide range of products and services, Car-Bo Garasjeporter have contracts with their suppliers, which states that the company will offer their products exclusively in the Norwegian market. As these suppliers are well known in the market for good quality products, these contracts have generated a great internal strength for Car-Bo Garasjeporter. Since all products are purchased from external manufactures, this have made the company`s distribution channel more solid, whereas product delivery times have shorten and focus are more directed towards the customers. Due to good contracting relationship with suppliers, the company have shaped a tailored system, which only could have been possible as a result of long-term collaboration with the suppliers. For Car-Bo Garasjeporter, this is an internal strength, which have played a large part for their survival and prosper in the market.

### ***Weaknesses***

What we define as the largest weakness for Car-Bo Garasjeporter is the fact that they have a hard time differentiating themselves from competitors. To be able to compete in the industry, companies have to offer a broad range of services and products, but this also makes it hard to stand out. Looking at its closest peers, both GAPO and LOBAS deliver the same products and services to the same scope of customers substantially. Generally, this industry makes it difficult to strive towards being either a cost leader or a differentiator; the industry is therefore full of mixed combinations. Due to fairly standardized products, differentiation needs to be in relation to complement products and services, which currently is highly rising in the industry and in turn is increasing the competitiveness.

Further, Car-Bo Garasjeporter does not have many rare resources that can give them a competitive advantage. They are rare in terms of their competence, knowledge and experience, but this resource has been acquired through time, and therefore also possible for other company`s to acquire. From the two points above, another weakness arises. It is hard to argue that Car-Bo Garasjeporter has any clear sustainable competitive advantage. As they offer several equal products and services in contrast to their competitors, Car-Bo Garasjeporter in our opinion does not currently possess any sustainable competitive advantage.

Another factor, which can constitute as a set weakness for Car-Bo Garasjeporter, is the dependencies on its suppliers. As the company only import their products, and do not

manufacture any in-house, the company is completely dependent upon a good relationship with its suppliers. In addition, as a small sized firm with no set strategy, this can also compose as a weakness, due to no specific direction or development for the future and the point of company vulnerability. However, Car-Bo Garasjeporter have over the past years indirectly worked in a strategically manner, in regard to consolidation with another firm, in addition to the expansion of their business to the market in Oslo – previous strategic choices that all have been proved to be successful.

Further, as Car-Bo Garasjeporter`s strategic position is presented; there will be a presentation of several strategic options, which the company can pursue in the future. Additionally, at the end of this thesis, there will be a presentation of our recommendation of how Car-Bo Garasjeporter best can exploit its strengths and opportunities. Moreover we will also elaborate how to minimize or avoid the impact from weaknesses and threats.

## **6. STRATEGIC OPTIONS (ALTERNATIVES)**

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*Through the strategic analysis and the SWOT – analysis, the company`s strategic position have been identified and based on this, several strategic options have been established that can be applicable for the company. There are both benefits and limitations regarding all the strategic options, our purpose is to identify and explain these, and conclusively recommend one strategic option.*

### **6.1 Strategic option 1: Keep to the originated business plan**

One alternative could be that Car-Bo Garasjeporter sticks to its original business plan, and act as an intermediary between its suppliers, dealers and end user for both private and industrial customers. The new facility in Vestby, Oslo is leading to faster turnaround for its customers, a larger warehouse and the location is good in relation to the industry in this region.

Moreover, sticking to the original business plan can benefit the company in such a manner that they can focus and try to reach a nationwide dealer network, hence create a stronger position in the market and become more competitive. However, this facility and showroom is just completed, thus it is difficult to say whether it will turn out successfully and as planned. Additionally, it is located within an industrial area, which may be challenging due to the presence of several other competitors.

## 6.2 Strategic option 2: Expand for the purpose of increase in market share

Another alternative could be to expand for the purpose of increasing market share. Car-Bo Garasjeporter is a rather small company, and thereby vulnerable to changes in the competitive environment. By expanding, they may get a sturdier position and in addition, there are several options on how to proceed when it comes to expanding once business. Respectively, there will be presented three options which all relates to expansion:

### *a) Increase number of facilities throughout Norway*

If they are to expand in order to increase number of facilities throughout Norway, the firm should focus on the northern part of Norway as they somewhat strongly cover the market on the east and west coast already. Currently, a large proportion of their products are sold up north due to favourable contracts. On the other hand, challenges regarding this option are whether they expand fast enough or if some competitors manage to forestall.

### *b) Procure other companies or consolidate with other niche companies*

If they decide to procure other companies or consolidate with other niche companies the most important prerequisite is the access to sufficient capital. Advantages of this option include the firm's ability to purchase products in larger quantities, hence gain economies of scale. However, it is not always an advantage to purchase in large quantities, due to dependencies on storage capacity, and more products in stock. This leads to risk in terms of no guarantee that the products being sold. Respectively, it may be essential for Car-Bo Garasjeporter to be deliberate about having different strategies on the different subsidiaries compared to the main business.

### *c) Expansion to Denmark*

Expansion to Denmark is an opportunity for Car-Bo Garasjeporter; consequently as this market do not currently entail suppliers of steel garage doors. For this reason there is an opportunity for the company to enhance their market share through providing this specific product to the Danish market. In addition to this, the company also have a solid relationship and network in this market, which evidently could help the success of this potential expansion. On the other hand, expansion to a different country can be challenging, seeing as there could be different business cultures, government interventions and language barriers. However, seeing as Denmark is a Scandinavian country, the business structure, language and

government is fairly equal to Norway. Another factor that will be evident regarding this expansion is the intensification of competitors, this now concerning both the Norwegian market as well as the European market to some extent.

### **6.3 Strategic option 3: Change width of suppliers**

The firm can focus on a broader range of suppliers, hence be able to expand its product range and reach out to additional dealers. Moreover, this will help minimizing the risk for Car-Bo Garasjeporter if some of the main suppliers pull out. However, the company have long-term contracts with their suppliers, which is somewhat reassuring if such a thing were to emerge. In the market were the company operates, suppliers have relatively small power and thereby it is possible for the firm to find other suppliers who are willing to enter a contractual relationship with them. Expanding their product range and reaching out to additional dealers can be beneficial for Car-Bo Garasjeporter, however if the product range becomes too broad it may promote a drawback as they no longer stand out from others in the market. In general, it is essential to find a balance regarding how many suppliers to pursue, as multiple suppliers require extra monitoring compared to few suppliers, which in turn can make the firm more vulnerable.

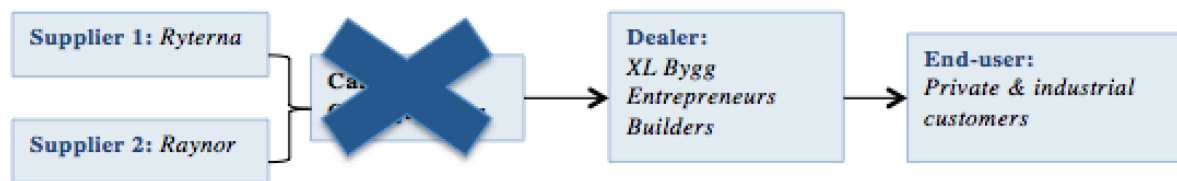
### **6.4 Strategic option 4: Elimination of level in distribution network**

The strategic decision of purchasing products from external suppliers have contributed to help Car-Bo Garasjeporter provide better value for their customers as a result of a narrower value chain. Nevertheless, the value chain, more specifically the distribution of products, still has potential for improvement, and there are two identified options which can alter and possibly better the value provided for the company`s customers. These two options are:

#### ***a) Eliminate Car-Bo Garasjeporter as an intermediate between supplier and dealers***

This option exclusively concern indirect industrial customers, whereas Car-Bo Garasjeporter today only function as intermediate in regard to ordering and storing the products ordered by the end-user. As Car-Bo Garasjeporter have no direct contact with the end-user, and do not supply any services directly, the customers do not specifically benefit from this logistics. An apparent change can therefore be to alter the value chain, and let the dealers purchase directly from Car-Bo Garasjeporter`s suppliers, and similarly receive the products directly. This option is illustrated in the figure below.





**Figure 28: Eliminate Car-Bo Garasjeporter as in intermediate between suppliers and dealers (XL Bygg, entrepreneurs and builders)**

For Car-Bo Garasjeporter, this option can result in both time and economic improvements. However, it is probably less attractive for the dealers, as they would have to alter their involvement in the purchasing process and be responsible for any incorrect orders and temporary storage of products.

***b) To eliminate private customer segment in order to get a narrower customer focus***

The other option is to alter the value chain in order to supply a narrower customer segment by removing the private customer. This however, would be considered an extreme suggestion, as this customer segment currently represents the most profits for the company. If this were to be conducted the company could endure sizeable savings, as a smaller staff of employees would be needed. In addition, installers and technicians would not be necessary. Technically, there would not be any need for facilities seeing as the customers in this case would only be industrial and indirect industrial customers, who would not acquire large showrooms.

**6.5 Strategic option 5: Internet sales – in addition**

As the majority of today’s buyers are using the Internet when they search for products to purchase and sell, a strategic option could be Internet as a distribution channel. This method implies that Car-Bo Garasjeporter begin selling its products and services via Internet. Whilst the consumer behaviour has changed in the recent years, and a greater proportion of the population is using the Internet on a daily basis, this option should be well thought out. In order to succeed with this option, the firm must develop a web site where customers – private, industrial and indirect industrial customers can apply when they purchase products. The web site should be user-friendly, allowing customers with limited knowledge and experience to benefit from this method. By using the Internet as a distribution channel, products and services become more available for the customers. Nonetheless, the challenge with this process would be to amend the contract and agreements with its suppliers and sell

directly to end user through Internet. Additionally, this approach will most likely not result in competitive advantage, as this option is not that unique. Furthermore, it may be an idea to provide products and services through multiple channels, thus using Internet sales expresses that the firm is complying with trends and wishes to be accessible for its customers.

## 7. CONCLUSION AND RECOMMENDATION

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*In this final chapter we are going to gather the most important findings from our strategic analysis, and based on these findings, we will present the answers to the research questions (RQ) in chapter one. The purpose of the external analysis is to capture Car-Bo Garasjeporter`s strategic position in the industry, and further comply a number of strategic options for the company to consider regarding future operations. The findings, alongside the answers to the research questions will contribute to shape and support the recommended strategic option for Car-Bo Garasjeporter. This recommended strategy capture what we believe is essential in order for the company to optimise their business and be competitive in the garage door industry.*

### 7.1 Conclusion

The main purpose of this thesis was to conduct a dynamic industrial analysis of the garage door industry in order to identify market opportunities for Car-Bo Garasjeporter. Through the research and analysis of the results, it is possible to draw some conclusions regarding the industry and the competition in the market.

***RQ1: What are the forces that shape competition in the garage door industry? What is the general success factors in the industry?***

In today`s competitive and fast changing world, an increasing number of companies look for ways to grow and develop in order to remain competitive. A central way to do this is by introducing new products, but as garage doors are fairly homogenous and with few available substitute products, companies have to think outside the box in order to be compatible in the market. With a small number of manufactures producing garage doors, it is high competitiveness for acquiring good quality products to supply to once customers. For this reason it is essential for suppliers to develop good relationships and trust with its manufactures, as changing manufactures can be a time- and cost consuming task.

Demand for garage doors is closely tied to residential construction activity, both new construction and remodelling. The profitability of individual companies depends on efficient manufacturing and effective marketing. Large companies have advantages in purchasing power, manufacturing volume, and methods of distribution, whilst small companies can compete by offering custom design and other value-added customer services to local or regional markets.

As a result of strong rivalry and battle for market share, operators have in recent years directed their focus to broaden the range of complement products and services. This seems to be the best option for companies within this industry to differentiate themselves from one another, and provide their customers with better value than competitors. The fierce rivalry coming from complement industries, have also contributed to increase competition to another level. Alongside, suppliers of garage doors today there are various actors occupying in different niches also entering the garage door market. This is especially noticeable in Norway, where companies such as Fasade Produser AS and LOBAS, which have entered this industry and is today quite dominant in the market. If this overlap of industries continues to this degree, it will weaken the power of companies in the market. For Car-Bo Garasjeporter this overlap could impact both in a positive and negative manner, positive due to demotion of competitiveness for individual companies, and negatively due to the larger amount of competitors it opens the market up to.

In relation to a broader competitive environment, this also implies that customers will exploit a stronger bargaining power in the future. In turn, this will initially create more intensity in the industry, as more companies will fight for the customers. Conclusively, companies would have to decrease prices and flowingly decrease product quality. Nevertheless, the situation is not hopeless. The industry growth still exists, despite it being on a mature level with a slow growth level. Due to sturdier barriers to entry the market, this could in turn lower the competitive landscape of new entrants, which could help curb competition in the future.

## **7.2 Recommendations**

In light of the five main strategic options presented in chapter 6, there are several possibilities for Car- Bo Garasjeporter to exploit market opportunities and position themselves

accordingly. Some of these options are somewhat extreme, and include major alternations internally within the company; however, these can also turn out to be quite successful strategies in the future. Regardless, all of these strategic options are feasible and reflect areas in which Car-Bo Garasjeporter have acknowledged, making them all quite possible to pursue.

***RQ2: What are the strategic options for Car-Bo Garasjeporter, in order to enhance its position in the industry?***

In order to answer the second research question, we have decided to present a strategic option where the company best can adapt to the current situation, alongside a strategic option related to the competitive landscape in the future. The two strategic options that are recommended for Car-Bo Garasjeporter are: strategic option 1: *Keep to the originated business plan* and strategic option 2b: *Procure other companies or consolidate with other niche companies*. Both of these will be discussed further.

***Strategic option 1: Keep to the originated business plan***

This strategic option indicates that Car-Bo Garasjeporter sticks to its original business plan and act as an intermediary between its suppliers, dealers and end user for both private and industrial customers. With recently completed facilities in Vestby, Oslo this expansion have not yet been allocated and its possible success or failure is therefore still not identified. For this reason, it would be foolish to alter the current strategy and direct its focus elsewhere. The prospects, however, for this strategic option, could be quite successful for Car-Bo Garasjeporter, as this helps improve their visibility and presence at the eastern part of Norway. As the company already have developed a good presence in western part of Norway and a good distance north, this expansion can contribute to increase market share and dominance. By providing faster turnaround times to its customers, a larger warehouse and facilities in a great location could contribute to increase customer value.

However, this does not imply that this option is the best in relation to the current market situation. For this reason, we have also decided to provide the strategic option, which we recommend would be best suited for the possible future developments in the industry.

***Strategic option 2b: Procure other companies or consolidate with other niche companies***

In light of the current competitive landscape and prospering developments for the industry, consolidation and procurement of firms is going to be more apparent. For this reason, this strategic option would be the obvious choice, in regard to planning the future for Car-Bo Garasjeporter. It is evident that, the stronger the firm, the better the chances for survival is, and for a small company such as Car-Bo Garasjeporter it is not certain that they will make it in the future. With overlap of industries, differentiation difficulties and with no specific competitive advantage the company would have to act drastic in order to survive. In the strategic analysis, consolidation was identified as the industry`s strongest threat, and evidently the key solution for eliminating this threat would be for the company to possibly consolidate. However, as this threat seems to be as strong and unfolding as it is, the best option would be to follow other operators in the industry and hope for the best. With regard to the future prospects of the industry, our recommendation would be for Car-Bo Garasjeporter to consolidate with other operators within the industry; conversely, this can also include complement industries, which could contribute to strengthen and broaden the product spectre as well as the competitive position.

## Appendix A - Questionnaire

### A.1 Framework of questions to *external individuals*

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*Following questions were used as guidelines during the external interviews.*

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1. Shortly present the company, your position and experience.
2. Who are your typical customers?
  - a. What do the customers prioritise when buying products?
  - b. Would you consider your customers loyal?
  - c. Is the customers' price-sensitive?
  - d. Is the customers well educated regarding the products?
3. Describe the supplier and distribution network.
  - a. What position does your company have in the chain? (e.g. manufacturer, retailer, distributor)
  - b. Do you have a long-term relationship with your suppliers?
  - c. Do you believe the products could be consumed less expensive with other suppliers?
  - d. Do you purchase large volume of products and store?
4. Would you say that it is easy to enter and start a company within your industry?
  - a. Is it easy to access input/products for resale?
  - b. Would you say that garage doors are differentiated products?
5. Would you say there exist complements goods for garage doors?
  - a. Do you offer any complement goods for garage doors?
  - b. Would you say other suppliers of garage doors offer complement goods?
6. Who do you consider as the company's strongest competitors?
  - a. Who do consider as the market leader within your industry and why?
  - b. Would you say that the competition within the industry is intense?
7. How would you say the industry has progressed the last five years?
  - a. How did the financial crisis impact your company?
  - b. What do you consider as the key factors for success in your industry?
8. How do you see the industry in the near future?
  - a. What is your view on future trends?
  - b. Any technological changes?
  - c. Do you see any future trends in relation to buying behaviour?

## A.2 Framework of questions to *internal* individuals

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*The following questions were used as guidelines during the internal interviews.*

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1. Shortly present yourself regarding position, working tasks and experience.
2. What is the company`s background? Vision, goal and strategy?
3. What types of product to you offer?
  - a. A broad or narrow range of products?
  - b. What is your view on substitute products and complement products? Do you offer complement products?
4. How is your relation with customers/distributors?
  - a. Who is the strategic customer?
  - b. How do they purchase?
  - c. What are their standard criteria`s when purchasing your products? Demands and needs?
  - d. What does you do in order to create value for the customers?
  - e. What do you do in order to make sure to retain the customers? Presale and post sale services? Warranties?
5. Do you segment the customers or the offers in any specific way? (i.e. different level of product/ price range, differences in surplus value)
  - a. Why, why not?
  - b. Describe you value chain.
6. Describe the distribution network.
  - a. Which channels are the most common, and why?
7. What do consider Car-Bo Garasjeporter`s strengths and weaknesses?
8. Would you say that Car-Bo Garasjeporter have any competitive advantage in the industry?
  - a. Any unique resources?
  - b. Core competence?
9. Who are your largest competitors?
  - a. How do you view Car-Bo Garasjeporter in terms of availability, quality of products, price levels, relation etc. compared to your competitors?
10. How do you view your products in terms of quality, price, service etc. in comparison with your competitors?
11. What is your view regarding future trends?
  - a. Do you see any future threats?
  - b. Do you see any future technological changes?
  - c. Do you see any future trends regarding buying behaviour?

## Appendix B – Interviews

### B.1 Skype interview with Raynor & Ryterna – April 2015

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*Interviews with Car-Bo Garasjeporter`s two main suppliers were carried out to provide insights from an external point of view, hence in order to get a better understanding of their operations and how they view the industry. The questionnaires from Appendix A, A1 made up the basis for the interviews, however questions were added during the conversation to obtain a broader understanding.*

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#### *The typical customer*

Raynor likes to see each contractor, each company, and each residential owner as a buyer. Furthermore they state that new residential owners are more price-sensitive compared to other buyers and they wish to separate themselves from their neighbours through a unique design or colour related to the products they purchase. On the other hand, industrial buyers are more driven by the use of the door or how often it is being used. Additionally, the company believe that the customers are more educated than ever before, due to the Internet. However, Raynor's customers in Canada are extremely loyal and appreciate the value they continue to receive year after year, whereas their customers in Europe is not that loyal. According to Ryterna, the typical buyer for garage doors is the private segment. Compared to Raynor, they have a different perception regarding the buyers' knowledge about products and services and claims they have little previous knowledge. Regardless of this, Ryterna's customers in terms of dealers are very loyal.

#### *Suppliers and distribution network*

Raynor`s suppliers are confidential, however their steel supplier, which they have used for over 50 years they have a really close and excellent relationship to. With regard to products being consumed less expensive with other suppliers, Raynor do not believe they could be, due to their two manufacturer locations in USA and Canada, each of them have different suppliers that Raynor can check pricing against to ensure that they are competitive in the market. Eventually, changing suppliers is never an easy decision and saving a few percentages may cost the company more in the long run, not only in dollars but also in reputation, something that Raynor believe is priceless. Lastly, they purchase their products in large volumes. Ryterna's suppliers are Arcelor (steel), BASF (chemistry) and Sommer



(operators). Ryterna believes that products could be consumed less expensive with other suppliers, and likewise as Raynor they purchase large volumes of products.

### *Barriers of entry to industry*

According to Raynor entering and starting a company within the industry is simpler on a regional basis with limited product offerings, thus it really depend on the region and in more developed regions it may be harder to enter the market. Another challenge could be attracting new distributors, which can be problematic if a company do not have something unique to offer. Moreover, Raynor do not consider garage doors as differentiated products as many distributors and end-user look at these products as commodity. Differentiating ones products takes an understanding of the market and a lot of money spent on marketing and it really comes down to what segment one goes after, hence it is not only the products that is vital it is also how the company portrays itself to the market. However, Ryterna states that it is fairly easy to enter the market if one in addition to products sells services, such as installation and repairs. Both companies argues that it is rather easy to access products for resale as there is many companies, which specializes on this segment of the market.

### *Complement products and services*

Q5 - Both Raynor and Ryterna assert that there exist complement goods for garage doors, such as screen bug doors, garage door openers, windows, locks and side doors. Additionally one has garage accessories like shelving, decorations and special pads for garage floors that are multi coloured. Furthermore, both companies offer complement goods, as operators, accessories and up grades to door systems. Lastly, the majority of suppliers offer similar items as Raynor and Ryterna.

### *Leading competitors*

Raynor considers Hörmann, Novoferm and Assa Abloy as the company's strongest competitors, whilst Ryterna consider Hörmann and Teckentrup. Both Raynor and Ryterna consider Hörmann as market leader within the industry, due to they having the largest market share. Additionally, they have a strong EU presence, a strong brand name and arguably the best marketing programs in the industry. A strong professional dealer network also represents the company, and they are strong in the R&D area, which lead to innovative products, designs and new concepts. Ultimately, they offer a wide range of products and touches on

several price level segments from entry level to premium priced garage doors as well as speciality products. With regard to intensity of competitors, both answer high intensity due to a number of reasons. Customers have a greater opportunity to educate themselves via Internet, to compare prices, designs and options, which in turn drive dealers to do the same in order to stay ahead of competition and meet customer demands. Another reason is the financial crisis that have led to overcapacity and thereby driven prices and margins down to a level that must be historically low. Finally, more development in East Block countries where laws and regulations may not be the same as in more developed countries, resulting in low-priced products, which makes it difficult to compete against if one looks strictly at price.

#### *Industry progression the last five years*

The industry in Europe has most certainly eroded, whilst it has improved globally according to Raynor. As most other manufactures one simply needs to do the best in order to be as efficient as possible to maintain market share and remain profitable. Furthermore, Raynor states that the impacts of the financial crises have made a stronger company in the long run as well as a more focused company. Ryterna had some decreases in 2009-2010, although in 2011 they went virtually back to the same position as before the financial crises. If we look at key success factors in the industry, Raynor consider knowing your own corporate culture, listen to the customers, identify your strengths but more importantly identify your weaknesses, whereas Ryterna consider individuals within the firm, product range, logistics and competence.

#### *Views on future trends*

Both Raynor and Ryterna debates that coming trends involves more consolidations- smaller companies that could be acquired by larger companies. Furthermore, Raynor believe on a stronger industry over time, alongside more energy efficient products as well as continuation of electronic controls that will offer greater options that tie into phones, computers, security systems etc. Overall, customers are looking for a unique facade and each region is somewhat different, which makes a real challenge for a manufacturer who wants to compete internationally, as what may be new in one market could be old in another and vice versa.

## **B.2 Interview with Rolf Knutsen, Owner and Manager of Car-Bo Garasjeporter – March 2015**

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*In order to obtain the relevant information for the internal analysis an interview with owner and manager of Car-Bo Garasjeporter was carried out. The questionnaire from Appendix A, A2 made up the basis for the interviews, however questions were added during the conversation to obtain a broader understanding. In the text below a summary of the interview is presented.*

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### *Brief presentation of Car-Bo Garasjeporter*

Car-Bo Garasjeporter is a Norwegian family owned business, which was founded in 1969. The company is a supplier of garage doors and supplies its products to private-, industrial- and indirect customers throughout Norway. The company is owned and managed by Rolf Knutsen, which have been a part of the company since 1982. Currently the company consists of 13 employees divided between offices in Bergen and Oslo. During a time period of 46 years, Car-Bo Garasjeporter has grown into being a one of the leading companies within this industry in Norway.

The company do not have any set strategy, due to company size, however it has managed to developed a large network throughout Norway, and to a great extent also internationally with suppliers and manufactures on a global level. With extensive experience, knowledge and expertise in its industry, the company have managed to expand and develop itself to a national basis, with potential prosper of going international to compete in the European market. However, this is not an alternative at this stage, but alongside the amount of consolidation and the intense competition for market share this could occur in the future.

### *Products offered*

The company offers a broad range of products to its customers, everything from standard doors to design and customized doors, depending on customer preference. These products are also divided in relation to the three customers segments, private, industry and indirect industrial customers. Private customers acquire garage doors for their private residential buildings, cottage, boathouse etc. Industrial customers, acquire garage doors for the purpose of commercial buildings, whilst indirect customers represent dealers, entrepreneurs and builders which in turn supply the company`s products to both private and industrial

customers. In light of a product offering, the company provide the customers with a “showroom” where the majority of products offered are visualised, in both facilitates in Bergen and Oslo.

### *Substitute and complement products*

In addition to garage doors, the company also supply their customers with some substitute and complement products in order to offer better customer value through broader product offerings. As substitute products, the company can supply gates, which can be both standardized and customized to counterpart the resident, and/or commercial buildings. The offer of complement products is however much larger, where the company offers automatic door openers (suppliers: Marantec & Berner), entry doors and side doors equal to garage door, these can be both standard and customized. In regard to the industry it is more common to offer a broader product spectre today, and this has especially increased within complement products and services. The main reason for this is due to the fact that garage doors are fairly homogenous products, and are therefore difficult to differentiate in order to stand out in the market. It is also difficult to take use of cost-leader as a generic strategy in this market place, as again the products are rather equal, and thereby require more or less the same types of materials and machines when manufacturing, making it difficult to resale on a cheaper level than competitors. As a result of this, more and more competitors have chosen to “differentiate” themselves by offering more complement products to their customers, and therefore generate better value through a broader total range of products and services.

### *Customers*

Car-Bo Garasjeporter serves three segments, which are private, industrial and indirect industry. The segment indirect industry implies that this group supply to intermediaries who in turn supply to end users, e.g. builders, entrepreneurs and dealers such as XL Bygg. It is the private segment, which Car-Bo Garasjeporter profits the most from. This is predominantly due to the customer base, which has increased by the younger generation managing to enter the market. This target group are interested in unique colours, design or good options as well as rising trends, something that leads to replacing garage doors more frequently than before. Conversely, industrial buyers are more driven by how the doors are being used and how often.

The typical private buyers are in the age group of 28-65 years, and the majority of these are more focused on good quality and design than the price of the products. Moreover, in today's market buyers have a greater ability to educate themselves and achieve knowledge through the product information available via Internet. This leads to private buyers having suitable prior knowledge and are well prepared, allowing buyers to compare both selection and price, as garage doors are expensive products. With industrial buyers it is somewhat different, due to entrepreneurs building both industrial facilities and apartments, and then the architect often determines design and facades. Additionally, these buyers have purchased several doors prior, thus they have some experience.

### *Suppliers and distribution network*

The company have two main suppliers of garage doors, which are Ryterna in Lithuania and Raynor in Canada. Ryterna offer more customized design doors at medium to lower cost, whilst Raynor offer more standardized doors, which are more expensive. As a result of cooperation of multiple years, they have developed a mutually good relationship, based on loyalty and trust. However, distribution of products is quite different between these two suppliers. Predominately, this is due to the geographical distance, but evidently also the manufactured product. Raynor manufacture standard garage doors, which Car-Bo Garasjeporter have to purchase by the "bulk", as these are shipped through vessels across the Atlantic Ocean. Whilst, Ryterna manufactures design and customized products that are purchased based on specific customer order, and thereby in a lower volume. This implies that the company's storage predominantly contain products from Raynor, which in turn impact the reselling price of these products. Since Raynor is stationed in Canada and Ryterna is stationed in Lithuania, the transportation costs is also different, which is another factor that impacts the product prices in light of resale. Car-Bo Garasjeporter do not produce their own products, and the main reason for this is due to low capacity and specialisation in this area. In addition this would subtract time and effort in providing the customers with good pre- and post sale service, which is where most of the customer value currently is extracted.

### *Leading competitors*

The company faces competition from diverse sources, such as from both national and global operators. In regard to the leading competitor in the industry, Hörmann (Germany) represents the largest with the most market share. Other important leading competitors would be

Novoferm and Crawford (Assa Abloy), however all of these act as indirect competitors in relation to Car-Bo Garasjeporter, which currently only operates in the Norwegian market. These three dominates and controls the global market and have a strong presence within Europe. If we would present the competitors, only operating in the Norwegian market, those of most importance would be GAPO and LOBAS, which both operate within Car-Bo Garasjeporter`s specific landscape.

Other competitive operators in the market are “pop-up” companies that only import a low quantity of products and pushes prices down to a minimal level and damage the market. In addition, competitors are located in the construction market, where some operators purchase large volumes of standard products and resale some of these to a lower price level. Furthermore, there has also been a larger increase of overlapping in the industry, whereas companies have merged into the garage door industry. A specific example of this is Fasade Produkter AS, which mainly supplies marquise, but the last couple of years have broaden their product spectre to include garage doors. Altogether, this have altered the industry and increased the amount of competitors to another level.

#### *Industry and views on future trends*

The garage door industry is a small industry with susceptible to price pressure. As the products are quite homogenous, and it is difficult to differentiate, it all comes down to price and delivery times. However, the industry is evidently in an altering face, and the last years the focus have been of more design and functionality rather than price, which for Car-Bo Garasjeporter can help growth and development as well as indicate a brighter future.

## **Appendix C - Reflection of the Garage door industry in Europe**

### **C.1 The Garage Door Industry in 2013 & 2014 – a look back**

In 2013 the Garage Door Industry took quite a hit in the midst of the recent recession along with the housing and non-residential construction markets, which suffered major losses during the economic slump. The decline in garage door sales was mostly due to the contraction of housing markets in Germany, neighbouring western European countries and southern Europe. In addition to lower sales, income was also affected by increases in labour costs and other cost items. However, despite the generally stagnant state of European markets, demand for industrial doors and non-residential hinged doors remained comparatively strong. High unemployment rates and uncertainties about the future lead to an overall reluctant consumption in a lot of countries. This general condition is also influencing the construction industry negatively and is the challenge everybody is faced with (Sanwa Holdings Corporation , 2013).

Nevertheless, since the recession is over and the economy starts to improve, the demand is expected to increase. But with the continued growth of technology and the explosion of data happening at a fast pace one can't help but ask where the Garage Door Industry is headed (Sanwa Holdings Corporation , 2013). In 2014 the European markets have shown signs of stabilizing in the last 12 months. Although some countries are still suffering, overall there are signs of recovery. A full-scale recovery is not expected to emerge before the year ending March 2015 (Sanwa Holdings Corporation, 2014).

### **C.2 Trends and developments in the Garage Door Industry**

The garage doors today are quite similar to the garage doors from forty plus years ago. However, the doors are more efficient, and the materials used in them are of a higher quality, which is good news for homeowners. Nevertheless, the customers want to have garage doors that require minimal maintenance and that are able to reduce energy expenditure (Atlas Overhead Garage Doors, 2015).

Alongside the construction industry, the Garage Door Industry also reveals forthcoming trends and prospects and those of most significance are presented below.

### *Going High Tech*

Continuing along with today's technology, the garage door industry is slated to introduce new trends never before seen in the designs of the past. From the ever charge battery backup system that will make sure one get in to once garage even during power blackouts to wall consoles that can be programmed to close after a 'programmed' amount of time, manufacturers are trying to outdo each other with more and more innovative features that offers safety and convenience. The industry is also discussing the introduction of more high tech add-ons such as 'force control' mechanism that automatically measures the weight of the garage door and applies just the right amount of pressure or force to get it up and down. There is also discussion of the 'garage door monitor' that will inform if one have left the garage door open (Lerner, 2013).

Automation is an important part of modern lifestyle, and this should continue to be applied to the garage. For instance, it is possible to use smartphones and tablet apps to operate garage door openers. Different manufacturers have their own applications for various elements in the garage (Atlas Overhead Garage Doors, 2015).

### *Garages are strongly being displaced by household clutter*

Surveys and ethnographic studies signify that approximately 75 % use the garage as the main entry point into their home. Moreover, the garage was fundamental used for vehicles, however today the vehicles are more strongly being displaced by household clutter, indicating that the garage function as another room of the house (Hunter, 2007).

### *A focus on "green" and sustainable products*

Customers today look for new generation of green garage doors that are stronger, more secure, better insulated and require minimal maintenance. With the rising cost of heating, homeowners are spending more time researching how they can provide total home efficiency. By incorporating insulated garage doors into their home, one can cut back on energy costs, especially if the garage is attached to the home or has a finished living space (Cooney, 2014).

### *Changing channels*

The Internet is going to be a place where building professionals increasingly turn for



information about materials, products, and business practices. The more information consumers have, the more professionals are going to have to be aware and responsive (Thayer & Thayer, 2005).

## **Appendix D - Reflection of the Construction Industry & the Retail Industry in Europe**

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*In this section we are going to present the obtained information with respect to the above mentioned industries, which have collectively been used as background knowledge for the strategic analysis. Firstly, relevant and significant material from the construction industry will be presented, as this is the main industry for the garage door industry and therefore can uncover noteworthy data for further studies. Secondly, to support obtained material, some information with regard to the retail industry will be displayed, as this industry can function as an analogue industry to the garage door industry. By using an analogue industry where there exist several collective characteristics to support the obtained material, this can provide a wider spectrum of reflection in the analysis.*

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### **D.1 An overview of the construction industry in Europe**

In this chapter the construction industry in Europe will be presented, as well as some information about trends and developments, and how the global financial crisis has affected the industry.

The construction industry is characterized by complex activities comprehended in time-constrained projects. Such high complexity and differentiation of activities in the industry, as well as the technology involved may lead to outsourcing practices (Ronchi, 2006).

Construction firms can take on building projects both from private or public customers, and either produce in-house, hire sub-contractors or consolidate with other firms. The industry in general usually divides into three segments – construction of buildings, civil engineering and specialised construction. Construction of buildings regards houses, stores, offices etc., for private, public and commercial customers. Furthermore, civil engineering refers to infrastructure, such as roads and highways, airports, bridges, railways etc. This segment is mainly for public customers. Lastly, specialised construction represents electricity, painting, work related to gas or water pipes and other constructions finalisations. With regard to further studies, it is the first underlying segment that will be of focus, as the garage door industry is found here.

The construction industry is an important industry in Europe as it provides the infrastructure and buildings required by all sectors in the economy. The European construction market is

reaching a more secure ground, and is expected an average growth of 1.8 % a year, in real terms from 2014 to 2016. It is mostly new residential buildings, which contributes to the upturn (UEPG, 2014). Moreover, the European countries' collective GDP grew by 0.2 % in 2013, but growth is predicted to increase to approximately 2 % a year in 2014 to 2016 (UEPG, 2014).

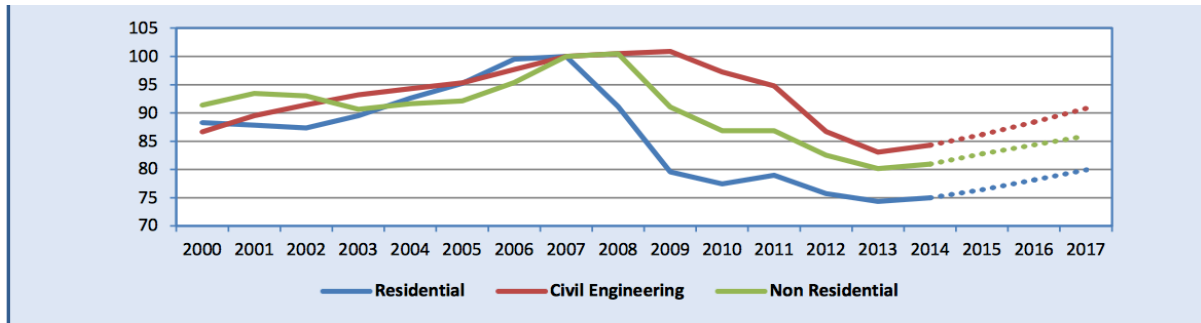


Figure 29: Development of the construction output by market segments (Euroconstruct, 2014)

From the graph above, civil engineering recover stronger compared to the building segments, but all three segments are predicted to increase in the next three years. The graph below illustrates that the construction industry is highly correlated with the general economy, thus the European countries GDP is expected to increase in the years to come, so is the construction industry.

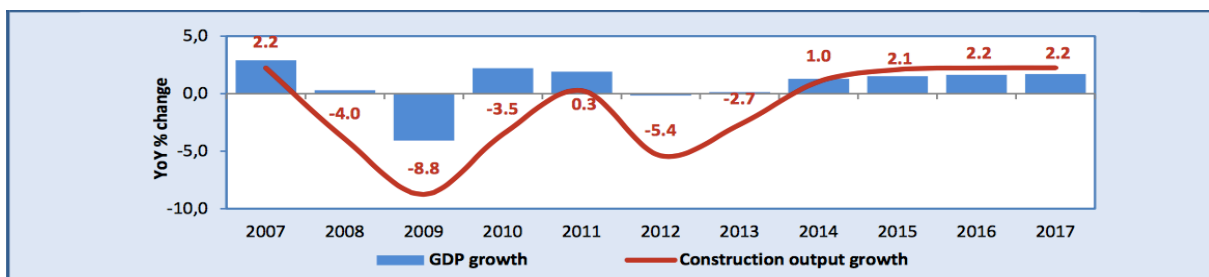


Figure 30: GDP and construction output in the European construction market - the outlook (Euroconstruct, 2014)

The construction industry is also affected by seasonality. This is not unexpected as weather affects construction. From the graph below, one can see how seasonality affects construction buildings in Norway. In the winter season construction may be difficult and in some cases impossible, especially in the northern part of the country. Moreover, the graph illustrates that after a tough period, following the financial crisis in 2008, one can see a slow but gradually upward turnover.

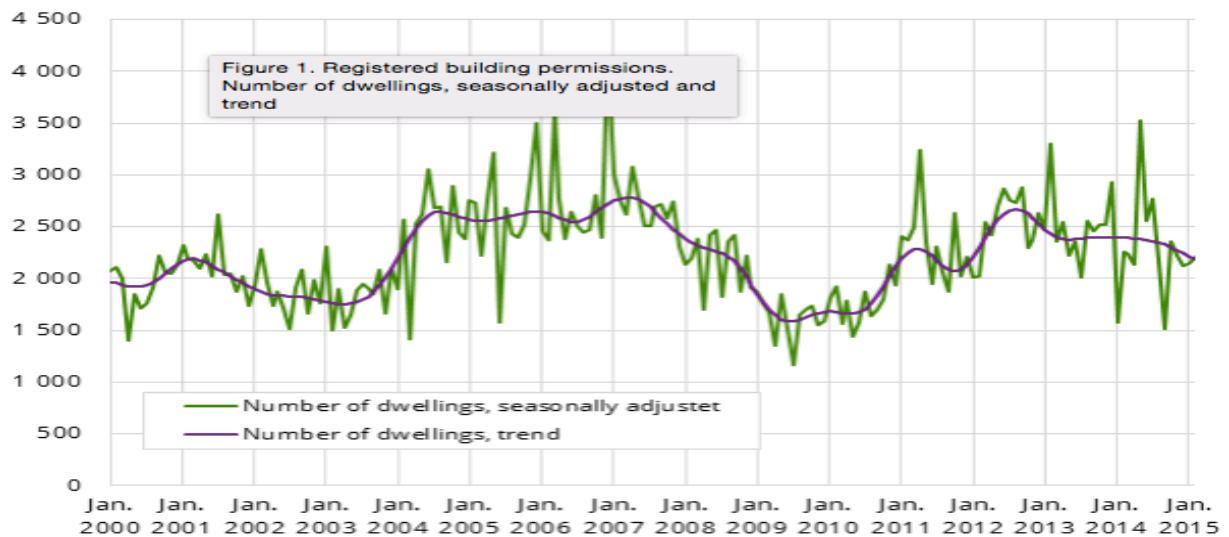


Figure 31: Registered building permissions in Norway (Statistics Norway, 2015)

The outlook for the construction industry is that non-residential buildings accounts for 25% of the total European stock, and contain a more complex and heterogeneous sector compared to the residential sector. Within non-residential building stock, wholesale and retail comprises the largest share while office buildings are the second largest category. Some of the factors, which add complexity of the sector, are variations in usage pattern (e.g. warehouse vs. schools), construction techniques and energy intensity ((BPIE), 2011).

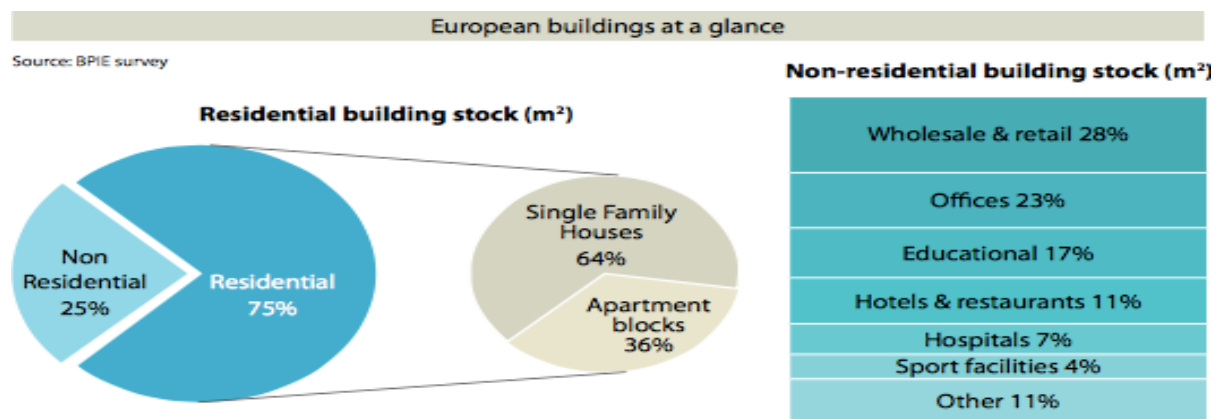


Figure 32: European buildings at a glance ((BPIE), 2011)

According to Euroconstruct new residential buildings are expected to increase by approximately 3.2 % a year in 2014 to 2016, and residential renovation and maintenance by only 1.2 % a year, pulling down average growth in residential buildings to 2 % a year in real terms. On the other hand, non-residential buildings are expected to increase by approximately 1.5 % a year in 2014 to 2016 in real terms (UEPG, 2014). Needless to say, there will be large

differences across the European countries. Ireland and Poland may see an average growth of 9 and 6 % respectively in 2014 to 2016. Other countries among the fast growing construction market are Norway, Denmark, UK and Hungary with average growth rates of 3-4 % a year (Euroconstruct, 2014).

### *The Global Financial Crisis*

The beginning of the global financial crisis in 2008 had a significant impact on the construction industry (Stawinska, 2010). In the years prior to the financial crisis, the construction industry across Europe was experiencing positive growth and steadiness, however the crisis led to immediate drops in the industry (ECORYS). Drops in production orders followed by drops in gross wages, salaries and in number of people employed. The setback in 2008, which entailed negative changes on the industry only appeared to slowly turn in 2010/2011 (ECORYS). Nevertheless, this was not as evident across all the European countries, as the impact of the crisis was less substantial in Norway, compared to other European countries (Economist, 2013). Construction demand in Norway experienced a lower fall and a faster recovery than most other countries. There were several reasons for this, but partially due to the fact that Norway did not have deficit problems and could avoid cutting back on public expenditures. Another explanation was the public surplus by the energy sector and the considerable oil and gas reserves. In addition, the availability of adequate funding for the private sector, and the most visible outcome of the crisis was the fact that interest rates remained low; holding all things equal this had a positive effect upon activity (Midthjell, 2010). Moreover, a well-organized central bargaining system in the private sector has retained salary levels under control.

### *Construction trends*

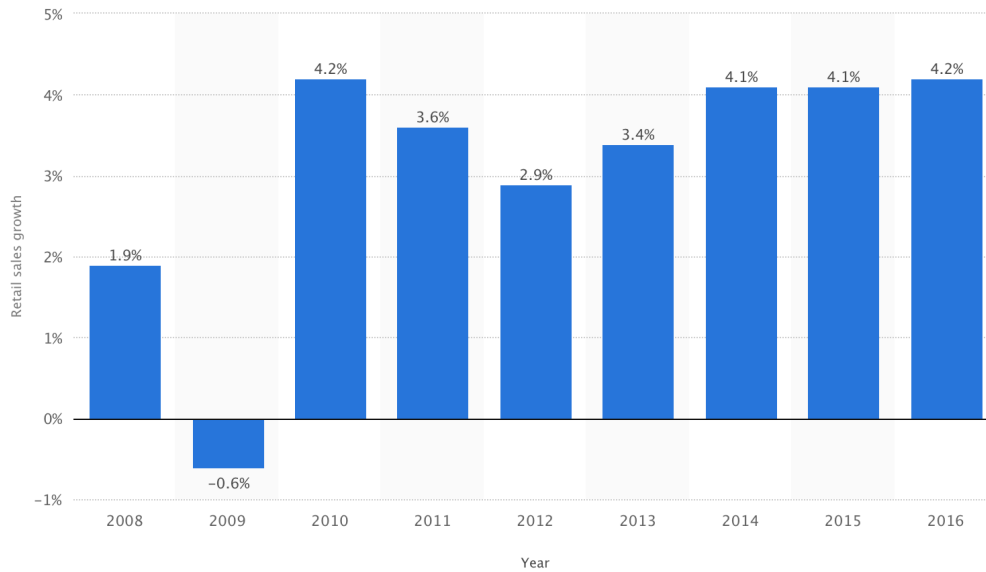
The increased use of the latest IT technologies is the most substantial aspect associated with the construction industry. With rapid advancement in technology, there is a large possibility to increase efficiency level of engineering and designing of the industry. Construction trends indicate that utilization of technology information has helped the industry save funding. Alongside all other industries, construction confronts both challenges and opportunities. Hence it is important to understand and adapt to the rising trends, as all construction segments are impacted by these trends in some capacity. By understanding the trends altering the industry, a firm can adopt strategically and position their firm to prosper within the

industry. Some of the construction trends are consolidation, specialization and high-tech homes. Consolidation is an easy way to enter new markets, and increased acquisition of smaller firms has left a handful of players in the industry. Consolidation benefits the procuring firms by expanding their range of services and capabilities in new areas. Specialization refers to contracts and subcontracts that are more likely to be awarded to firms with expertise in a particular speciality due to cost and scale of many construction projects, which are rising. A majority of new contracts comes from existing customers who hire them to do similar projects to those they have finalized in the past. Lastly, high-tech homes, which represents technology innovation in terms of building several new houses with advanced data and other communication abilities installed (D&B company, 2014)

## **D.2 Reflection of analogue industry – the Retail Industry**

Within the retail industry there are numerous categories, covering everything from Internet catalogue sales, to auto dealers, to convenience stores, to vending machines, to clothing. Retail sales tend to be driven by personal income, consumer confidence and interest rates, as retail sales trends tend to resemble that of the economy at large. Particularly, retail sales related to homes, home improvement services and furniture need a rebound in the real estate market in order to turn around (Franchise Help , 2015).

According to Statista, a statistical portal that aggregates statistics and data from market researchers, the retail industry is forecasted to grow, although any upturn is expected to be modest (The Statistics Portal, 2015). Alongside the majority of industries, the global financial crisis also impacted the retail industry, which is illustrated in the figure below.



**Figure 33: Forecast for global retail sales growth from 2008 – 2016 (The Statistics Portal, 2015)**

Moreover, data that is of excessive interest for conduction the forthcoming analysis is first and foremost information regarding the worldwide expansion of E-commerce. The worldwide expansion of the Internet has considerably contributed to the transformation of trade and store transactions. E-commerce, or electronic commerce, largely means buying and/or selling products through the Internet and is commonly associated with online shopping (The Statistics Portal , 2015). Retailers continue to adjust their strategies as online buying and other shifts in consumer habits alter the industry landscape. The expansion of E-commerce is an aspect that most businesses and industries need to take into high consideration as customers today purchase more than ever via the Internet. Therefore, in order to be competitive it is important to develop strategies alongside this expansion.

## Appendix E - Financial performance of Car-Bo Garasjeporter, GAPO & LOBAS

### E.1 Financial Data from Car-Bo Garasjeporter AS

Total Sales from 2008 - 2014					
Year	Private Customers	Industrial Customers	Indirect Industrial Customers	Complement products	Total
2008	14 783	5 883	4 341	2 624	27 647
2009	12 675	5 035	3 979	2 417	24 132
2010	13 264	4 227	4 703	2 613	24 834
2011	13 815	3 232	4 157	2 776	24 001
2012	15 154	4 485	4 524	2 966	27 123
2013	14 707	3 806	3 899	3 303	25 732
2014	14 090	2 154	4 275	3 056	23 558

Sales from 2008 - 2014 - OSLO (Vestby)					
Year	Private Customers	Industrial Customers	Indirect Industrial Customers	Complement products	Total
2008	1 295	314	437	517	2 572
2009	1 571	374	494	508	2 952
2010	1 758	137	511	386	2 797
2011	1 925	246	620	544	3 341
2012	2 118	286	616	525	3 556
2013	2 689	1 008	750	712	5 169
2014	2 496	268	652	662	4 087

Sales from 2008 - 2014 - BERGEN					
Year	Private Customers	Industrial Customers	Indirect Industrial Customers	Complement products	Total
2008	13 488	5 569	3 904	2 107	25 075
2009	11 104	4 661	3 485	1 909	21 180
2010	11 506	4 090	4 192	2 227	22 037
2011	11 890	2 986	3 537	2 232	20 660
2012	13 036	4 199	3 908	2 441	23 567
2013	12 018	2 798	3 149	2 591	20 563
2014	11 594	1 886	3 623	2 394	19 471

Figure 34: Sales Report from Car-Bo Garasjeporter 2008-2014 (numbers are in million NOK)

### E.2 Financial Data from GAPO AS

#### Sales from 2009 - 2013 for GAPO AS

2009	2010	2011	2012	2013
28386	25484	26732	25816	25714

Figure 35: Sales Report from GAPO 2009-2013 (numbers are in million NOK) (Digitale Medier 1881, 2015)



### E.3 Financial Data from LOBAS AS

Sales from 2009-2013 for LOBAS AS					
	2009	2010	2011	2012	2013
<b>LOBAS AS</b>					
<i>LOBAS (garage ca. 30%)</i>	85225,7	95389	103147,1	105091	106626,1
	121 751 000	136 270 000	147 353 000	150 130 000	152 323 000

Figure 36: Sales from 2009-2013 for LOBAS (numbers are in million NOK) (Digitale Medier 1881, 2015)

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