

# OLE & STEEN

LAGKAGEHUSET

## 'Internationalization of a Danish Concept'



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## Executive Summary

The internationalization process of the Danish bakery-chain Lagkagehuset involves a variety of strategies. Significant is the creation of the 'O&S concept', which facilitates the interplay between global standardization and local responsiveness. By creating an internal network of local market experts, Lagkagehuset circumvents market entry barriers related to lack of market knowledge. Moreover, the company's Danish heritage can work as an advantage in the American market, and the visual nature of the stores and products can be leveraged via influencer marketing, which can help the company gain a foothold in the competitive NYC market space.

In recent years, Danish companies within the fast-casual dining industry have increasingly internationalized into the global market setting, and there seems to be a tendency for this to continue. The Danish bakery-chain Lagkagehuset, is currently in the midst of internationalizing their business. The initial expansion has occurred by entering the London market, and the company is currently in the process of expanding to NYC. We find it interesting how Danish food-companies, in the wake of the 'Nordic Wave', are increasingly seeking to internationalize.

The purpose of this study is to understand the strategic processes involved in the internationalization of these companies, and how the rise of 'Nordic cuisine' affects the competitiveness of these businesses in an international market context. This is accomplished by conducting a case study of Lagkagehuset. By answering a series of research questions regarding: *strategic approaches for international expansion, concept changes, Danish country of origin, sustainable competitive advantages, and the advantages of influencer marketing* in connection to the case of Lagkagehuset, this study reaches a comprehensive answer to the problem statement. The analysis is based on empirical data collected via semi-structured expert interviews, observations, and an online survey conducted amongst 231 Americans. The theoretical framework of the study consists of: Dunning's OLI Framework, Johanson & Vahlnes' Uppsala Model, Johanson & Mattsson's Network Model, Prahalad & Doz's I/R Framework, Country of Origin theory, Porter's Competitive Strategies, Peng's Resource Based View, and Brown & Hayes' theory on Influencer Marketing. The study predominantly works within the interpretive and social constructivist paradigm while data triangulation and triangulation of qualitative and quantitative method has been applied.

## Table of Contents

<b>ACKNOWLEDGEMENTS</b>	<b>1</b>
<b>EXECUTIVE SUMMARY</b>	<b>2</b>
<b>LIST OF FIGURES AND TABLES</b>	<b>5</b>
<b>CHAPTER 1 - INTRODUCTION</b>	<b>6</b>
1.1 INTRODUCTION TO PROBLEM STATEMENT	6
1.2 PROBLEM STATEMENT	8
1.3 RESEARCH DESIGN	8
1.4 DELIMITATIONS	10
<b>CHAPTER 2 - CASE DESCRIPTION</b>	<b>11</b>
<b>CHAPTER 3 - METHODOLOGICAL FRAMEWORK</b>	<b>13</b>
3.1 SCIENTIFIC THEORETICAL RESEARCH	13
3.1.1 SOCIAL CONSTRUCTIVISM & THE INTERPRETIVE PARADIGM	13
3.1.2 HERMENEUTICS	15
3.1.3 POSITIVISM	16
3.2 RESEARCH METHODS	17
3.2.1 QUALITATIVE RESEARCH METHOD	17
3.2.2 QUANTITATIVE RESEARCH METHOD	28
3.2.3 SECONDARY DATA	31
3.2.4 TRIANGULATION & CLARIFICATION	32
<b>CHAPTER 4 - THEORETICAL FRAMEWORK</b>	<b>34</b>
4.1. INTERNATIONALIZATION STRATEGIES	34
4.1.1 THE MULTINATIONAL ENTERPRISE & INTERNATIONALIZATION	35
4.1.2 MARKET ENTRY STRATEGIES	35
4.1.3 THE UPPSALA MODEL	38
4.1.4 THE NETWORK MODEL OF INTERNATIONALIZATION	40
4.1.5 THE OLI FRAMEWORK	43
4.2 INTEGRATION RESPONSIVENESS FRAMEWORK	45
4.3 COUNTRY OF ORIGIN	48
4.3.1 COUNTRY OF ORIGIN DEFINED	49
4.3.2 COUNTRY OF ORIGIN IMAGE	50
4.4 THEORY ON COMPETITIVE ADVANTAGE	51
4.4.1 COMPETITIVE STRATEGY - THE CORE CONCEPT	51
4.4.2 RESOURCE BASED VIEW	52
4.4.3 THE VRIN FRAMEWORK	53
4.5 THEORY ON INFLUENCER MARKETING	55
<b>CHAPTER 5 - ANALYSIS</b>	<b>58</b>
5.1 INTERNATIONALIZATION PROCESS & STRATEGY	58
5.1.1 ENTRY MODE STRATEGY	58



5.1.2 CHOOSING MARKETS - METROPOLITAN STRATEGY	61
5.1.3 MARKET COMMITMENT PROCESS	63
5.1.4 GAINING MARKET KNOWLEDGE	67
5.2 CONCEPT CHANGES AS PART OF THE INTERNATIONALIZATION	70
5.2.1 CONCEPT CHANGES	70
5.2.2 O&S – LOCALLY RESPONSIVE OR GLOBALLY INTEGRATIVE	74
5.3 COUNTRY OF ORIGIN	81
5.3.1 DANISH OR SCANDINAVIAN?	81
5.3.2 NORDIC FOOD IMAGE IN NYC	84
5.3.3 ATTRIBUTES ASSOCIATED WITH DANISH COO	86
5.4 COMPETITIVE ADVANTAGE	90
5.4.1 THE COMPETITIVE STRATEGY OF O&S	90
5.5 MARKETING STRATEGY	96
5.5.1 CURRENT MARKETING STRATEGY	97
5.5.2 VISUAL CONCEPT AND MARKETING CHANNELS	98
5.5.3 LEVERAGING SOCIAL MEDIA CHANNELS THROUGH INFLUENCER MARKETING	99
<b>CHAPTER 6 - DISCUSSION</b>	<b>103</b>
6.1 SELECTION OF THEORIES	103
6.2 ANALYTICAL FINDINGS	104
6.3 VALIDITY & RELIABILITY OF METHOD	107
<b>CHAPTER 7 - CONCLUSION</b>	<b>110</b>
7.1 THE THESIS CONCLUSION	110
7.2 FURTHER IMPLICATIONS	113
<b>BIBLIOGRAPHY</b>	<b>114</b>
<b>APPENDICES</b>	<b>125</b>
APPENDIX 1 – TRANSCRIPTION JESPER DIXEN	125
APPENDIX 2 – TRANSCRIPTION ALASTAIR GORDON	125
APPENDIX 3 – TRANSCRIPTION GABRIEL SORGI	125
APPENDIX 4 – TRANSCRIPTION KASPER GARNELL	125
APPENDIX 5 – TRANSCRIPTION BEN HON	125
APPENDIX 6 – TRANSCRIPTION ALEXA MEHRABAN	125
APPENDIX 7 – TRANSCRIPTION MARISEL SALAZAR	125
APPENDIX 8 – DK OBSERVATIONS	125
APPENDIX 9 – UK OBSERVATIONS	125
APPENDIX 10 – ONLINE SURVEY	125
APPENDIX 11 – LOGOS DK & UK	125
APPENDIX 12 – WINE DISPLAY UK	125
APPENDIX 13 – OPEN-FACED SANDWICH “SMØRREBRØD” UK	125
APPENDIX 14 – STORE FRONTS UK & DK	125
APPENDIX 15 – OUTSIDE SEATING AREA UK	125
APPENDIX 16 – TABLE SETTING UK	125
APPENDIX 17 – TWO RESULTS FROM ONLINE SURVEY	125
APPENDIX 18 – ONE RESULT FROM ONLINE SURVEY	125

## List of Figures and Tables

FIGURE 1 – FIGURE OF TYPOLOGY OF OBSERVATIONS RESEARCHER ROLES (P. 21)

FIGURE 2 – FRAMEWORK OF INTERNATIONALIZATION THEORIES (P. 34)

FIGURE 3 – THE UPPSALA INTERNATIONALIZATION MODEL (P. 39)

FIGURE 4 – THE NETWORK MODEL (P. 41)

FIGURE 5 – INTEGRATION/RESPONSIVENESS FRAMEWORK (P. 47)

FIGURE 6 – INFLUENCERS BYPASS “THE WALL OF INDIFFERENCE” (P. 57)

FIGURE 7 – CONCEPT OVERVIEW (P. 79)

FIGURE 8 – O&S I/R OVERVIEW (P. 80)

FIGURE 9 – AMERICAN OPINION OF PRODUCTS WITH SCANDINAVIAN COO (P. 84)

FIGURE 10 – AMERICAN ASSOCIATION TO SCANDINAVIAN COO, HIGH QUALITY (P. 87)

FIGURE 11 – AMERICAN ASSOCIATION TO SCANDINAVIAN COO, UP AND COMING/COOL (P. 89)

TABLE 1 – RESEARCH DESIGN OF THE THESIS (P. 9)



# Chapter 1

## Introduction



# CHAPTER 1 - INTRODUCTION

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*Chapter 1 introduces the reader to the thesis topic and its relevance. The chapter will present the problem statement of the thesis and introduce the five underlying research questions. Furthermore the chapter will discuss the delimitations of this master's thesis.*

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## 1.1 INTRODUCTION TO PROBLEM STATEMENT

When visiting the Danish capital Copenhagen it is hard not to notice the many Lagkagehuset bakeries scattered around the city. They occupy the central station, the inner city, the lake area, and continue all the way out to Amager Strandpark. The bakery-chain is at this point in time also very well represented in most areas of Denmark. In 2016, Lagkagehuset had grown so big in Denmark that the company decided to expand its operations to the international market. This was done by opening the first store in London in January 2017 (Kruse, 2017).

Lagkagehuset is not the only Scandinavian food-chain that has made the move to expand outside of Denmark in recent years. Mash, Sticks'n'Sushi, Meyer's, and Joe & The Juice are all Danish food-chain concept that are represented in the international market scene. This internationalization of Danish food-chains seems to be a continuing tendency, as other Danish food-chain concepts such as Gorms Pizza and GRØD, have also looked overseas for possible future market expansions (Olsen, 2018; Elstrup, 2018).

Having a profound interest in intercultural marketing, we find it interesting to research which processes a Danish food-chain is undergoing during an internationalization process. We find the area of research relevant, not only in terms of our professional interest, but also on behalf of other Danish companies who wish to pursue international expansion in the future. These could possibly benefit from the identification of strategies significant to the internationalization process of a Danish food-chain. Moreover, we are curious as to which affect the popularity of the Nordic cuisine, and the rise of the 'Nordic Wave' in general, has on Danish food-chains when they enter an international market context.

This thesis takes point of departure in the case of Lagkagehuset, as this is a Danish food-chain which is currently right in the midst of international market expansion. Lagkagehuset has already undergone the initial stages of their internationalization process by expanding to London and is now in the process of their second market expansion to NYC. This makes the



company an interesting case for investigation, in regards to the internationalization process of a Danish food-chain.

Therefore the purpose of this thesis is to determine the internationalization process of the Danish bakery-chain Lagkagehuset. This in regards to their initial expansion to London, and their upcoming expansion to NYC. As such the problem statement of this thesis is:

*Which strategic decisions have been significant in the internationalization process of 'Lagkagehuset - Ole og Steen'? How can the company work to get a foothold in the upcoming expansion to the NYC market?*

The empirical data used in order to answer the problem statement consists of: 3 semistructured interviews with employees from Lagkagehuset, 1 interview with a branch expert, and 3 interviews with NYC food influencers. A total of 7 observations in Lagkagehuset stores in Denmark and London respectively have been conducted, and lastly a online questionnaire with 231 American respondents. These specific examinations have been done in order to gain a comprehensive knowledge of the case in its entirety. Five additional research questions will be presented together with the research design as these will assist in answering the overall problem statement of the thesis.

The conclusion of the thesis, and hereby the answer to the problem statement, contains knowledge which is not only relevant to Lagkagehuset, but to a large extent could be of value to other Danish companies within this area of business, who are looking to pursue an international expansion.

## 1.2 PROBLEM STATEMENT

**The problem statement of the thesis is as follows:**

*Which strategic decisions have been significant in the internationalization process of the Danish Company 'Lagkagehuset - Ole & Steen'? How can the company work to get a foothold in the upcoming expansion to the NYC market?*

**To answer the problem statement the following research questions have been prepared:**

1. Which strategic approaches lies behind the internationalization of Lagkagehuset?
2. How and why have Lagkagehuset changed their concept to fit the international market?
3. Which attributes does the American consumer associate with the Danish background of Lagkagehuset?
4. What is Lagkagehuset's competitive advantage?
5. How can influencers work as an effective marketing tool for Lagkagehuset in NYC?

## 1.3 RESEARCH DESIGN

The research design of this thesis, is explained through a research framework. Within the research framework structure each of the five research question have been explained in terms of four categories. The first category, is the *research question* itself. Secondly, the *empirical data*, which has been collected in order to gain a thorough knowledge and understanding of the case, is presented. The third category, is the main *theories* used to supports the analysis of the research question. Finally, the *objectives* for each of the research questions are explained. The framework is presented on the following page.



<b>Question</b>	<b>Empirical Data</b>	<b>Theory</b>	<b>Objective</b>
<b>1) Which strategic approaches lies behind the internationalization of Lagkagehuset?</b>	<ul style="list-style-type: none"> <li>- Expert Interviews with Lagkagehuset: DK, UK, US</li> <li>- Influencer interviews</li> <li>- Expert interview with 'Joe &amp; The Juice' Partner</li> </ul>	<ul style="list-style-type: none"> <li>- Entry Strategies</li> <li>- Dunning's OLI Framework</li> <li>- Johanson &amp; Vahlne's Uppsala Model</li> <li>- Johanson &amp; Mattsson's Network Model</li> </ul>	Understand the process and reasoning behind the internationalizing strategy of Lagkagehuset.
<b>2) How and why have Lagkagehuset changed their concept to fit the international market?</b>	<ul style="list-style-type: none"> <li>-Observations, DK stores</li> <li>-Observations, UK stores</li> <li>- Expert interview with Lagkagehuset: DK, UK , US</li> </ul>	<ul style="list-style-type: none"> <li>-Prahalad &amp; Doz's Integration/Responsiveness Framework</li> </ul>	<p>What specific changes has been made to the concept?</p> <p>Is Lagkagehuset engaging in global integration or local responsiveness in terms of their internationalization approach?</p>
<b>3) Which attributes does the American consumer associate with the Danish background of Lagkagehuset?</b>	<ul style="list-style-type: none"> <li>- Online survey</li> <li>-Interview Influencers</li> <li>-Expert Interviews with Lagkagehuset: DK, UK, US</li> <li>- Expert interview with 'Joe &amp; The Juice' Partner</li> </ul>	<ul style="list-style-type: none"> <li>- Country of Origin Theory (COO)</li> </ul>	Understand the significance of COO for Lagkagehuset in the NYC market.
<b>4) What is Lagkagehuset's competitive advantage?</b>	<ul style="list-style-type: none"> <li>-Interview NYC Influencers</li> <li>-Expert Interviews with Lagkagehuset: DK, UK, US</li> </ul>	<ul style="list-style-type: none"> <li>- Porter's Competitive Advantage Strategies</li> <li>- Peng's Resource based view</li> <li>- VRIO Framework</li> </ul>	Understand the competitive advantage of Lagkagehuset in the NYC market.
<b>5) How can influencers work as an effective marketing tool for Lagkagehuset in NYC?</b>	<ul style="list-style-type: none"> <li>-Influencer interviews</li> <li>- Knowledge gained via the analysis</li> </ul>	<ul style="list-style-type: none"> <li>- Brown &amp; Hayes' Theory on Influencer Marketing</li> </ul>	Understand how Lagkagehuset's attributes can be can be leveraged when entering the NYC market.

*Table 1: Research design of the thesis (own construction)*

## 1.4 DELIMITATIONS

This thesis will focus on the internationalization of the Danish bakery-chain Lagkagehuset, in their expansion into the markets of London and NYC. The thesis primarily works from a macro perspective, in identifying the significant strategic choices that Lagkagehuset has made in regards to their internationalization process. However, the thesis will work its way down to a more detailed micro perspective when addressing the different strategies and areas of research in the analysis.

The thesis will not be concerned with aspects such as the acquisition of human resources and the legal situation in the markets of expansion. These areas are definitely important to consider for companies that wants to pursue internationalization, however these areas have been omitted due to the limited scope of this thesis. This means that we have also delimited taking a detailed financial perspective on the case, as this is beyond our professional competencies, even though this of course is of great importance. Other areas which could be perceived relevant in an internationalization context such as: competitor analysis, market analysis, and brand analysis, have also been omitted as they too, did not fit within the scope of the thesis. The thesis will to some degree be concerned with consumer culture, but this is only in connection to how Americans perceive Denmark, as this is knowledge which is relevant for the purpose of this thesis.

Leaving out the above mentioned aspects, has allowed our research to be more detailed and thorough, concerning the specific areas of the internationalization process of Lagkagehuset which we have chosen to focus on. We believe that this will be reflected in the quality of research and finally the answer to the answering of the problem statement.

# Chapter 2

## Case Description



## CHAPTER 2 - CASE DESCRIPTION

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*The aim of Chapter 2 is to provide background information about the case at hand, namely Lagkagehuset – Ole & Steen. The following provides information about the company's history, the internationalization process they have went through so far, and the upcoming expansion to NYC.*

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‘Lagkagehuset – Ole & Steen’, which in daily terms is referred to simply as Lagkagehuset, is a Danish bakery-chain. Within the past decade the company has expanded rapidly in the domestic Danish market where the bakery-chain has become wildly popular. At this point in time Lagkagehuset is in the process of continuing their expansion by internationalizing the company. This far Lagkagehuset has successfully entered the UK market, being the first market expansion of the internationalization. The company is currently in the process of expanding to the US, more specifically New York City, where the hope is to open their first store during the fall of 2018 (Appendix 3).

Lagkagehuset is known as a bakery that sells premium quality breads and pastries, which are made by hand using time-honored recipes and always from the very best ingredients. The baked goods are made with a “*passion for uncompromising quality, innovation and taste*” (Ole & Steen, 2018).

The story of Lagkagehuset begins in 2008, when the two bakers Ole Kristoffersen & Steen Skallebæk decides to join forces and create the Danish bakery ‘Lagkagehuset – Ole & Steen’. Previous to Lagkagehuset – Ole and Steen’s existence the two founders both owned and operated their own independent bakeries for a 15-year period. Ole Kristoffersen operated a bakery in Copenhagen called ‘Lagkagehuset’ while Steen made his success with his own bakery in Haderslev. While they did not work together at the time Ole and Steen shared a common ground, as they were both extremely focused on maintaining high quality and freshness in every single product they produced (Lagkagehuset, 2018).

In 2008 Ole Kristoffersen and Steen Skallebæk joined forces and opened up their first store, located in Christianshavn, Copenhagen, under the name ‘Lagkagehuset – Ole & Steen’ (Lagkagehuset, 2018). Since then the company has experienced an exponential growth and



today the bakery-chain counts 78 stores in Denmark with new stores continuously being added to the portfolio. In 2017 alone, Lagkagehuset - Ole & Steen (from now on referred to as Lagkagehuset) opened 15 new stores. In January 2017, Lagkagehuset opened up its first store outside of Denmark. This store was located in the heart of London at the exclusive address 56 Haymarket at St. James Market, which is a high-end food market in the central city of London (Kruse, 2017). However, the company did not open the new store under the name Lagkagehuset. As explained by Jesper Dixen - Head of Business Development at Lagkagehuset, the name 'Lagkagehuset' is quite the mouthful for most non-Scandinavians to pronounce (Appendix 1). For that reason the company chose to emphasize the secondary part of the company's Danish name, namely Ole & Steen, which is much easier for non-Scandinavians to pronounce. The name then became 'Ole & Steen – Lagkagehuset' with 'Lagkagehuset' taking a secondary part of the name and logo, as opposed to the Danish version which is the exact opposite. In London, the company is in daily terms referred to as 'Ole & Steen'.

Lagkagehuset is currently operating 8 stores in the UK under the name Ole & Steen, which are all located in London. Opening the stores in London is the first phase of the international roll out of the company (Nordic Capital, 2018). The ownership of Lagkagehuset has changed over time, which has possibly influenced the relatively rapid growth of the company. In June 2017, the capital fond 'Nordic Capital' bought the company from the capital fond 'FNS' who at the time owned 70% of the company. 'Nordic Capital' also acquired the majority of the remaining stocks off the two founders Ole Kristoffersen and Steen Skallebæk (Ritzau, 2017). The acquisition was made with the intent to further support the company in the international roll out (Nordic Capital, 2018). Only four months after 'Nordic Capital' bought Lagkagehuset, they sold 20% of the stakes to the American capital fond 'L Catterron'. The reason for this was that the American capital fond is perceived as being able to support the strategic development in terms of increased international expansion of Lagkagehuset. (Ritzau Finans, 2017).

For now Lagkagehuset is operating 78 stores in Denmark and 8 stores in London. However, before the end of 2018, the company should be up and running with its first store in the United States of America - more specifically in New York City.

# Chapter Methodological Framework 3



## CHAPTER 3 METHODOLOGICAL FRAMEWORK

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*Chapter 3 accounts for the scientific and methodological approaches applied in the research, and will hereby formulate the foundation for this thesis. The reason behind choosing the specific scientific paradigms and research methods will be explained. Moreover, the different types of data collected will be explained and accounted for.*

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### 3.1 SCIENTIFIC THEORETICAL RESEARCH

Scientific theoretical research, relates to the development of knowledge and the nature of that knowledge. The theory of science adopted when doing research contains important assumptions about the way in which the researcher views the world, and these assumptions will inevitably underpin the research strategy and methods chosen as part of the strategy (Saunders, Lewis, & Thornhill, 2009, p. 108). For this reason, it is important to be explicit about the scientific theoretical approach of this paper, since this will have an impact on the research design and the final conclusion made.

#### 3.1.1 Social Constructivism & The Interpretive Paradigm

A paradigm is a set of fundamental principles that navigate or lead an area of research. A paradigm can be described as a set of glasses through which we see the world. So while the paradigm is decisive in how we perceive the world, choosing a paradigm also becomes significant for the final research results obtained within the area of research (Nygaard, 2012).

This thesis builds on the interpretive paradigm as we work from the assumption that reality is shaped by our acknowledgement of it (Fuglsang & Olsen, 2004, p. 39). We accede to the believe that reality is subjective and nuanced, because it is shaped by the perceptions of the participants, as well as the values and aims of the researcher (Blumberg, Cooper, & Schindler, 2011). We hereby adhere to the social constructivist position, which fundamental starting point is that reality is a social constructed phenomenon (Nygaard, 2012).

Our research is built on the assumption that a company's choice of internationalization strategy is context dependent, and interconnected with the consumer culture and trends in the respective geographical areas of expansion. We understand *context* as the reality that

Lagkagehuset needs to work within. The context is the reality as it is perceived by the consumers in the respective areas of expansion. This means that reality is found amongst, and is thereby created by, the consumers and participants in the geographical area of business. Hence, reality is a socially constructed phenomenon and it is this socially constructed reality that we believe affects the choices made in regards to the internationalization strategy of Lagkagehuset.

In this thesis, we seek to explore the subjective meaning held by the consumers in NYC regarding their perception of Denmark. This is done in order to evaluate whether Lagkagehuset's Scandinavian heritage can work as either an advantage or disadvantage in the NYC market. Taking a social constructivist position, we believe that reality is socially constructed, therefore we work from the conviction that the market conditions in NYC is constructed by the consumers present in this market.

Social constructivism is in strong opposition to positivism; where positivists are looking for the truth about reality, constructivists do not believe that such a truth is to be found anywhere, because reality is a construction made by people (Nygaard, 2012, p. 36). Consequently, we base our research on the experience and perception of our informants. We do this knowing that these considerations and reflections are founded in the informants' subjective interpretation of reality.

According to Blumberg et al. (2011), one of the basic principles of interpretivism is that research is driven by interest. This thesis is inevitably driven by our academic interest within the field. However, working from this paradigmatic standpoint also has consequences in terms of the focus area of the research. This is especially evident in the observations made in Lagkagehuset's stores in Copenhagen and London. In these observations we have made a rough delimitation as of what to focus on during the observations. As researchers, we have made the choices of delimitations in this thesis, and therefore made a conscious decision on what specific areas we want to research. These choices, which have been made out of our subjective valuation, will ultimately influence the final results and conclusion. Thereby, the approach to the problem statement is based on our own understandings and interpretations, which affects the results of analysis and research design as a whole. This interpretive stance supports our hermeneutic stance as a basis for the analysis.

### 3.1.2 Hermeneutics

The fundamental principle of hermeneutics, is that it is crucial to interpret in order to understand (Boolsen, 2017). Interpretation is in this way a common denominator for social constructivism and hermeneutics, as both see the need for interpretation in knowledge creation. Hermeneutics emphasize the need for understanding reality with the eyes of the social actor. Knowledge is hereby perceived as a subjective reality. A dominant concept within hermeneutics is the concept of pre-understanding, which refers to the prejudice, assumptions, and acceptance of the world or a given phenomena, that all people inevitably carry (Nygaard, 2012). This concept, connects with the social constructivist stance of the thesis, as we cannot take an objective position in relation to science, as we believe to be part of it ourselves.

From these reflections, our research and results will be affected by our pre-understanding of the thesis topics. The pre-understanding concerning the research of this thesis, is found in our theoretical knowledge and experience within the area. This is reflected in our choices regarding the theoretical and methodological foundation of this thesis. Furthermore, before starting our research, we had a pre-understanding concerning Lagkagehuset, from which the research has taken point of departure. Moreover, we recognize that our informants also carry a pre-understanding of the reality, which we wish to understand through them. This means that our comprehension and interpretation of the reality as perceived by our informants, will be affected by their existing comprehension and interpretation, hence their pre-understanding of this reality. Analyzing the empirical data collected through interviews with our informants, can therefore be argued as being interpretation of interpretation, which Boolsen (2017) describes as ‘double hermeneutics’ (Boolsen, 2017, p. 39).

Hermeneutics is also present in the method of analysis in this thesis. Our analysis is made on the principles of the hermeneutic circle, which signify that it is necessary to comprehend and interpret the individual elements in order to reach a consecutive realization (Boolsen, 2017). In other words, the hermeneutic circle point to the interplay between the parts and the whole. A person’s understanding of a phenomena as a whole, is established by reference to the individual parts, and a person’s understanding of each individual part by reference to the whole (Ingemann, Kjeldsen, Nørup & Rasmussen, 2018). This way of doing analysis is evident as we, in terms of our research and analysis done on the parts, create an

understanding of the whole. This understanding of the whole would not be meaningful without the parts. Bringing in various parts related to the subject of research, serves to increase our understanding and comprehension of the whole. This approach, ultimately leads us to a conclusion in which we can bring a well argued estimate as to how Lagkagehuset as a Danish company can get a foothold on the NYC market.

### 3.1.3 Positivism

Positivism relates to the philosophical stance of the natural scientists and entails working with an observable social reality to produce law-like generalizations, in which it promises unambiguous and accurate knowledge. Positivism emphasizes a strict scientific empiricist method, which is designed to yield pure data and facts that are uninfluenced by human interpretation (Saunders et al., 2009, p. 135-136). Positivism hereby deviates from social constructivism and hermeneutics, as it has an objective epistemology and relies on the belief that reality exists independently of our perception and interpretation of it (Nygaard, 2012). The emphasis in relation to research methods is put on quantifiable observations which allows for statistical analysis, hence quantitative method. Moreover the positivist researcher will try to remain neutral and detached from the research in order to avoid influencing the findings (Saunders et al., 2009, p. 137).

In this thesis positivism is present in our use of quantitative method. The positivist stance is by no means predominant in the thesis. However, it is represented in the form of the quantification of data collected through an online survey. The aim of the survey is to draw quantifiable and somewhat generalizable data. We are aware, that the relatively limited amount of responses does not qualify as to generalize an entire population. Yet, we will argue that it still qualifies as to show possible tendencies in the market. These tendencies will be used in comparison to, and context with, similar data collected through interviews and secondary data. This way, the quantitative data collected through the online survey, will serve as to either support or detract from the findings of the interviews and secondary data.

## 3.2 RESEARCH METHODS

In the following, the various component constituting the overall research method for this thesis will be accounted for, and each of the methods used for data collection will be thoroughly explained.

This thesis operates from an inductive approach. This is due to the fact that it seeks to draw somewhat generalizable inferences out of accumulated empirical research (Bryman, 2012). Taking an inductive approach, we use observations to build an abstraction or to describe a picture of the phenomenon that is being studied (Lodico, Spaulding, & Voegtler, 2010). This thesis works from an inductive approach as it seeks to explain and understand the internationalization process of Lagkagehuset, based on the empirical data collected for this purpose.

### 3.2.1 Qualitative Research Method

There are two primary strategies within research method: these being *qualitative* and *quantitative* research strategy. The qualitative research approach generally has an inductive, constructivist and interpretive approach (Bryman, 2012), which sympathizes with the paradigmatic stance taken in this thesis.

Taking point of departure in the social constructivist and hermeneutic paradigm, this thesis will primarily employ qualitative method. Quantitative method will also be used in relation to the online survey conducted, which will be accounted for later. However, the qualitative approach is predominant in the thesis.

The qualitative approach is explained as a strategy that “*usually emphasizes words rather than quantification in the collection and analysis of data*” (Bryman, 2012, p. 380). This involves data collection methods such as e.g. observations, interviews, ethnography, conversation, newspaper articles, visual impressions, data from social media, etc. (Boolsen, 2017). The qualitative collection of primary data for this thesis involves: observations and interviews. One of the important aims in using the qualitative research method is to understand, or make sense of, social phenomena (Thagaard, 2004). For that reason, interpretation has a significant role within qualitative research. This thesis, seeks to understand the internationalization process of Lagkagehuset, and moreover to understand the



market in NYC through its consumers. Employing the qualitative research approach, allows for a thorough understanding of these phenomena. Though quantitative data is employed as well, a solely quantitative research approach would not have served to provide the in-depth understanding, which is needed in order to answer the problem statement sufficiently. For this reason, the qualitative approach has been chosen as the central research method for this thesis.

### *3.2.1.1 Case Study*

This thesis takes point of departure in Lagkagehuset, and the internationalization process which the company is currently undergoing. Therefore, the study design of this thesis has largely been constructed as a single case study. The case of Lagkagehuset is used in order to obtain a better understanding of the internationalization process as a concept, and to get insight into the current market situation in the NYC market. Using Lagkagehuset as a case, allows us to get closer to reality than theory on its own would have allowed (Andersen, 2005). The case study method is widely used when researching social subsystems, including organizations and institutions (Andersen, 2005). A case study is an empirical study, that clarifies a contemporary phenomenon within the frames of the life world, and where multiple sources of information can be applied in order to examine this phenomenon (Andersen, 2005). This is also the case of this thesis, where multiple types of data collection and information has been collected, in order to examine the internationalization process of Lagkagehuset, and the current market situation in NYC. Flyvbjerg (2010) further describes how the case study is especially qualified to create specific context dependent knowledge. We see this as an advantage to the case study method, as we wish to create concrete knowledge based on the specific case of Lagkagehuset. By taking a case study approach, this thesis puts itself right in the middle of the internationalization process of Lagkagehuset. This has led to a collaboration with Lagkagehuset, which has allowed us to gain access to knowledge and insights, that would not have been possible to obtain by merely observing from an outside perspective. This is especially in regards to reaching specific experts for interviews.

In deciding to use the case study method, we have also taken into consideration the possible drawbacks of using this approach. A common critique of the case study approach, as described by Daymon and Holloway (2002), is the inclination to become too descriptive.

Particularly when working within a single case study approach, as we do, where findings can not be compared to other cases (Daymon & Holloway, 2002). However, in this thesis the Danish company 'Joe & The Juice' is, to some degree, used as a point of reference. Our knowledge concerning 'Joe & The Juice' is primarily based on an in interview with Kasper Garnell, who is a Partner in the company. Therefore, it does not qualify as a single case study, to be used as an exact case of comparison to Lagkagehuset. That being said, we find it meaningful to use 'Joe & The Juice' as a point of reference when applicable, as they too are a Danish company that has chosen to internationalize to London and NYC. Furthermore, by having this point of reference we are able to obtain a more analytical, comparative, and interpretive approach as opposed to being merely descriptive.

Yin (2009) adds, that single case studies provide little basis for generalization. However, generalization is not the main aim of this thesis. The case study has been chosen as a research method as it, by allowing many sources of evidence, enables us as researchers to gain a holistic view of the phenomenon being researched, namely the internationalization process of Lagkagehuset. This includes, the initial expansion to London and the upcoming expansion to NYC.

### **3.2.1.2 Observations**

As part of gaining insights, regarding how Lagkagehuset has changed their concept from the original concept of 'Lagkagehuset' in Denmark to 'Ole & Steen' in London, we have chosen to use observations as a method for primary data collection.

In this study, three Danish Lagkagehuset stores around Copenhagen were visited for an hour each over a two-day period. The selected number of stores were visited to ensure that an extensive understanding of the Danish concept was gained, thereby allowing for patterns to emerge. However, as we were familiar with Lagkagehuset in Denmark prior to this research, we already had a pre-understanding of the concept of the stores that we visited in Copenhagen.

After completing the observations in Denmark, we went to London, where similar observations were conducted. In London four observations were conducted at four differently located stores over a one-day period, spending an hour at each store. In London, we did not

have the same pre-understanding and familiarity with the stores. Therefore, an additional observation was conducted, to ensure a thorough understanding of the store concept. This made the observations explorative in nature.

Observation as a method, is primarily associated with the study of people and behavior. Observations essentially involve: systematic viewing, recording, description, analysis and interpretation of people's behavior (Saunders et al. 2009, p. 254). However, our observations does not focus of human behavior. Rather, our aim is to observe and identify Lagkagehuset's stores in Copenhagen and London in order to make a comparative analysis of the store concepts in the two countries and from this identify if any changes has been made. This will contribute as a part of the analysis of research question no. 2: *How and why have Lagkagehuset changed their concept to fit the international market?*

After thoroughly researching the literature on the subject of observations as method for data collection, we were not successful in identifying a method, which accommodate our exact purpose of engaging in observations. To our knowledge such an observation method does not exist. For this reason we have chosen to emphasize two focus areas of observation as a method, namely: how observations involve *systematic viewing* and *description*.

Traditionally, there are two different approaches to observations. One involves *participant observation*, which is qualitative in nature, and derives from the work of social anthropology. The other involves *structured observation*, which is quantitative in nature and is more concerned with the frequency of actions, *what* rather than *why* (Saunders et al, 2009). Saunders et al. (2009), defines four different roles of the researcher in participant observations. These include: *complete participation*, *complete observer*, *observer as participant*, and *participant as observer* (Saunders et al., 2009, p. 293). These are illustrated in *Figure 1* below.

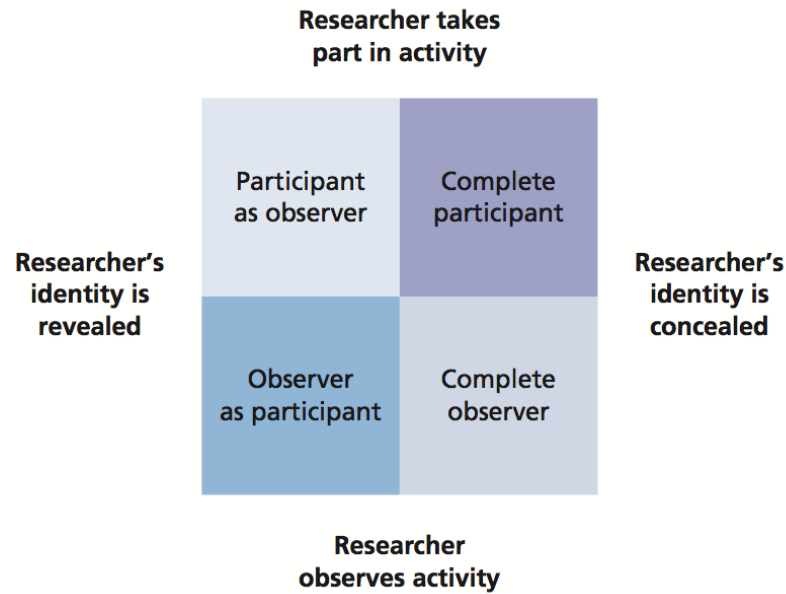


Figure 1: Figure of typology of observation researcher roles (Saunders et al., 2009, p. 293)

For this study the role of *complete participant* was assumed in all observations. Complete participation involves the researchers taking part in activities while keeping their identity concealed (Saunders et al., 2009). This was done, as we took the roles as being any other ordinary customers by entering the store, buying coffee, pastry, lunch etc., and taking a seat in the store with our computers out to take notes. By doing this we blended in, by looking just like any other pair of students or workers visiting the store.

The observations primarily focused on *product selection, interior, service level, atmosphere, and store design*. While participating, we never revealed the purpose of our visit, as there was never any interaction with customers or staff besides placing an order. The one exception to this approach, was in the second London observation in the Bedford Street store, where a Danish employee behind the desk recognized our Danish accent and initiated a conversation, which we chose to partake in (Appendix 9). This observation therefore moved from complete participation to participant as observer.

According to Saunders et al. (2009), taking the participant as observer approach allows the researcher to gain the trust of the subjects, which in this case led to a mini interview, where the Danish girl working in the store disclosed new knowledge based on her experience and reflections on working in the store. Robson (2002), argues that the participant as observer

approach gives the researcher an advantage as the informant, in this case the Danish employee at Bedford Street, is likely to adopt a perspective of analytical reflection on the process in which they are involved. This was the case during our conversation with the Danish employee at Lagkagehuset in Bedford Street, as she in detail explained about the everyday operations at the store. We would not have been able to identify these informations through our observations. Immediately after the informal conversation with the Danish employee, we wrote down the key points relevant for this thesis. These are to be found in the Appendix (Appendix 9), together with the rest of the observations from the Bedford Street store.

As critical researchers, we do not completely comply with the approach of participant observation but place our approach to the observations in a spectrum between *participant observation* and *structured observation*. This is due to the fact that structured observation allows for a focus on *what* is going on instead on *why* it is going on (Saunders et al., 2009). Though structured observation is originally focused on the frequency of actions, like the amount of people entering a Lagkagehuset store during an hour, this is not how we are going to apply it. We interpret the use of *what* as e.g.: what is the service like; what products are on the menu; what does the store look like; and what is the atmosphere like.

Based on this, our approach is a mix between a *participant observation* and *structured observation* as this approach allows for the subjective interpretation and analysis of atmosphere and staff, while simultaneously focusing on systematically viewing and describing selected elements and artifacts of the store. This element of selection is by Andersen (2008), described as the phenomena of *selective perception*. It describes how the perception of the observer will ultimately lead to a limited experience of the phenomena being researched, as the researcher will observe and notice some elements, while leaving out other elements (Andersen, 2008).

Andersen (2008), further distinguishes between *structured* and *unstructured* approach in relation to the decision on what activity the researcher wants to observe. According to this, we performed a structured observation as we already had decided on making our observations in Lagkagehuset stores in Copenhagen and London, and we further had selected specific areas that we wished to focus on, hence selective perception.

The data collected through the observations will be used as part of a comparative analysis between the Lagkagehuset stores in Copenhagen and the Ole & Steen stores in London. The aim is to identify the changes that have been made to the concept during the internationalization process.

### 3.2.1.3 Interviews

The predominant source of data collected for this thesis consists of interviews. Conducting qualitative interviews, is about engaging in a conversation regarding the area of interest with one or multiple people (Ingemann et al., 2018). In other words, it is a conversation with a specific purpose at hand. As previously accounted for, qualitative research method seeks to explain how human beings experience the world surrounding them and how they act within this world. The qualitative research interview is in particular suited for this purpose, as it attempts to understand themes of the lived daily world from the subject's own perspective (Kvale & Brinkmann, 2015). Moreover, the qualitative research interview can also be used as a method for gaining knowledge about e.g. decision processes, which would not have been able to be obtained in any other way (Bogner, Littig, & Menz, 2009).

The purpose of conducting interviews as a method for data collection, is to get a more comprehensive knowledge in order to answer our research question. As researchers we have selected a number of people, who we believe have knowledge that can benefit our area of research, and have for this reason chosen to conduct seven expert interviews. In relation to these interviews, an *expert* is defined as a person that possess a particular knowledge or expertise within a given area, as a result of e.g. the person's job (Bogner et al., 2009, p. 156). The expert interview is also known as the *elite interview*, as proposed by Kvale & Brinkmann (2015).

### Overview of Experts

The following overview, is added in order to give the reader a rundown of the experts chosen to be interviewed for the purpose of this thesis. The overview highlights the individual experts' background and thereby clarifies the relevance of their insights on the topics. The expert interviews have been divided into the following categories: *Internal Expert Interviews*, *External Expert Interviews*, *NYC Influencer Expert Interviews*

### *Internal Experts Interviews*

The internal expert interviews, are conducted with three Lagkagehuset - Ole & Steen employees. The three participants were chosen due to their specific roles within the organization in regards to the internationalization process of the company. Moreover, they all have backgrounds within the restaurant industry, as well as experience with launching food-chain concepts into new markets. This knowledge, will help answer the question as to the reasoning behind the current internationalization strategy at O&S, as well as the specific concept changes made to suit the locations and markets of international expansion.

- **Jesper Diken**, is the Head of Business Development at Lagkagehuset - Ole & Steen. Jesper is responsible for the internationalization of the Ole & Steen concept, process improvements, and overall business strategy. He is highly involved in the construction and launching of new stores. Jesper is located in the Copenhagen HQ (Appendix 1).
- **Alastair Gordon**, is the Operations Director at Lagkagehuset's UK branch. Alastair is specialized in launching restaurant concepts in the London market. Previously, he worked as a Regional Director for Jamie Oliver, where he launched and managed 10 of Jamie Oliver's Italian concept restaurants in London. He has also worked as the Opening General Manager, for the international restaurant-chain 'Vapiano', when they launched in London (Appendix 2).
- **Gabriel Sorgi**, is the Operations Director at Lagkagehuset's US branch. Gabriel is specialized within the restaurant industry in the NYC market, where he has been working for the past 30+ years. He is currently undertaking the pre-launch preparations for the US store opening. Prior to joining Lagkagehuset, Gabriel worked as a Principal at 'King Street Hospitality', a Restaurant consulting firm in NYC. He has also worked as Regional Director at the 'Starr Restaurants Catering Group' (Appendix 3).



### *External Expert Interview*

The external expert interview is conducted as an explorative interview to provide a frame of reference for parts of the thesis findings. As 'Joe & The Juice' is a fairly similar Danish restaurant chain, which has successfully entered the London as well as NYC market, it seems highly relevant to get insights about the experiences they incurred in the internationalization process. Moreover, this interview will work to gain insights into the NYC market from a Danish company which is already operating in the market, as well as to help understand if the company's Danish background has had any positive or negative effect on the success in the market.

- **Kasper Garnell** is a Partner at the Danish company 'Joe & The Juice'. He currently lives in NYC and is the person in charge of the US operations. Kasper has worked at the company for over 10 years and is currently focused on branding and marketing. His daily tasks include: events, social media, website management, and the general PR of the company when they launch in new markets (Appendix 4).

### *Influencer Expert Interviews*

The three influencers interviewed, were chosen based on a current article by the publishing magazine Refinery29. The article is from 2017 and has listed the '33 New York Foodies You Need to Follow on Instagram' (Bright, 2017). 10 Influencers were contacted from the list by email, and three were willing to do an interview over Skype. This approach for selecting experts was chosen as these personalities had already been picked by Refinery29 as the most relevant people when it comes to the NYC food scene. Thereby, they were already accredited as being knowledgeable within the area and was not just randomly chosen. The aim of conducting these interviews, was to get a better understanding of the NYC market in regards to the food scene and current trends.

- **Ben Hon** is a food blogger and is currently responsible for six individual Instagram pages. One of the companies which Instagram Ben is responsible of, is a bakery called 'Black Star Bakery'. Ben's own page 'Stuffbeneats' has 45k followers. Ben grew up in the NYC hospitality business with his parents owning their own restaurant. In 2015 he opened his own pastry shop in NYC, as a short-term pop-up project, which was very successful due to his contacts in the influencer market. Currently, besides

running several Instagram accounts, he works with PR companies on different food product promotions on Instagram (Appendix 5).

- **Alexa Mehraban** is a NYC food and travel blogger, who has an impressive 312k followers on Instagram. She has been running her Instagram account for 4 years. Previously, she worked as a writer for a lifestyle magazine, as well as having worked in the hospitality industry at a PR agency where she planned marketing for restaurants in NYC. Alexa has also worked in-house for a restaurant, before deciding to start her own business as a full time blogger (Appendix 6).
- **Marisel Salazar** is a food blogger and writer. She currently runs her Instagram page 'breadbutternyc' which has 21k followers. Marisel started out in NYC as a food writer for NYC publications and has since added communication consulting to her resume. She currently works as a consultant for a Scandinavian food-chain in the US, with stores in NYC. Moreover, Marisel has recently been to Copenhagen due to a local client. Marisel recently attended a conference where she did a speech about future food trends, together with Claus Kjeldsen the Director of the Copenhagen Centre for Future Studies (Appendix 7).

### The Seven Stages of an Interview Inquiry

For the purpose of this thesis, we chose to conduct the interviews as semi-structured research interviews. The structure of this type of interview comes close to that of an everyday conversation, but being a professional interview, it involves a specific approach and technique of questioning (Kvale & Brinkmann, 2015, p. 27). Kvale (2008), has created seven steps, which can be used as a structure for the semi-structured interview, these being: *thematizing, designing, interviewing, transcribing, analyzing, verifying, and reporting*. However, it is important that the interview is not too strictly structured. The interviewer needs to be able to deviate from the structure and let the conversation guide the way towards the research results (Kvale, 2008). This way of structuring the interviews, leave room for exploring other areas within the subject of research which would possibly surface during the interviews, and could turn out to be beneficial for the thesis. As interviewers and researchers, we enter the interview situation with a pre-understanding of the subject at hand, hence our hermeneutical paradigm. However, the aim is to develop our understanding and

reach a new level of pre-understanding, in order to answer the problem statement of the thesis.

The first stage is ***thematizing***, which relates to the purpose of the investigation. The purpose of the interviews is to gain expert knowledge in order to shed light on the problem statement. For our interviews we had four primary purposes:

1. *Get insights into Lagkagehuset as a business and the internationalization process they are undergoing;*
2. *Get insights into the internationalization process of 'Joe & The Juice' in order to have a point of reference for our case at hand;*
3. *Get insights into the market in NYC regarding the food scene and trends;*
4. *Identify how Denmark/Scandinavia is perceived in NYC and London.*

The second stage is ***designing***, in which the design of the study is created to obtain the intended knowledge (Kvale, 2007). Two different interview guides were made prior to the interviews; one guide for the group of business experts, and another guide for the group of NYC influencers. The different interview guides were constructed as the two groups were chosen for two different knowledge purposes. This meant that we needed to ask different questions. The respondents all received an email prior to the interviews, which explained the purpose of the interview along with a short description of the nature of the thesis. That way they were somewhat prepared for the subject of the interview. Furthermore, directing the respondents prior to conducting the interview made it possible to adhere to the established interview timespan between 30 – 60 minutes.

The third stage is ***interviewing***, where the interviews are conducted according to the interview guide. We conducted a total of seven interviews, where five of them were done via Skype, as the respondents were placed in NYC and London. The last two interviews were facilitated in person, as the respondents were in Copenhagen at the time. We, as researchers, were both present during all seven interviews, but prior to every interview we would decide on one person to be the main person to perform the interview. The interviewer would make sure to cover all the questions in the interview guide, while the second interviewer could listen more freely and elaborate on some of the answers, while asking additional questions outside of the interview guide. These additional questions allowed a more explorative approach to the interview, which served to gain the increased knowledge within the subjects,

being the initial aim for doing the interviews. All the interviews were recorded with the purpose of transcription.

Stage four is **transcribing**. Transcribing the interviews from an oral to written mode structures the interview conversations in a form which amenable closer analysis (Kvale, 2007, p. 94). There are different approaches as to the transcription of an interview. We chose to transform the interview into a more formal written style and aimed for a more coherent, unbroken piece of text, without it losing its meaning. This choice was made on the basis of the type of analysis that was decided prior to the interviews.

Stage five is **analyzing**. The type of analysis chosen for this thesis is interview analysis as bricolage. Bricolage refers to mixed technical discourses where the interpreter moves freely between different analytical techniques (Kvale, 2007, p. 115). As the interviews conducted are explorative by nature, it makes sense for us to use a method of analysis that is also explorative in its approach. Bricolage allows us to first get an overall impression of the various interviews and then to go back to specific interesting passages. As bricolage implies a free interplay of techniques during the analysis, it serves to provide a framework in which it is possible to bring out connections and structures significant to the thesis – connections and structures that we were not aware of prior to, or during the interviews.

Stage six is **verifying**, which covers the concepts: *validity* and *reliability* (Kvale, 2007, p. 36). These concepts will be discussed in *Chapter 6 - Discussion* in connection with the other methods applied. This is done in order to make an overall and cohesive discussion and valuation of validity and reliability of the methods used in this thesis.

The final stage seven is **reporting**, which is the act of communicating the findings of the study and the methods applied, in a form that follow scientific criteria and in the end will result in a readable product (Kvale, 2007, p. 36). In this case, the findings from the data collected through the interviews will be included as a part of the argumentation throughout the analysis in interplay with the other sources of data collected for the thesis.

### 3.2.2 Quantitative Research Method

Quantitative design primarily rely on describing or measuring a phenomena in a quantity manner, generally thought of as numerical quantity (Abbott & McKinney, 2013, p. 35). Data extracted from use of the quantitative method is typically collected from an instrument that

measures attitudes and the information is then analyzed using a statistical procedure (Nygaard, 2012). Quantitative designs are also used with the purpose of comparative measures to generalize statistically to larger geographic or social units (Abbott & McKinney, 2013, p. 36). In addition to the use of the qualitative research method, this thesis has also applied the quantitative research method.

### 3.2.2.1 Online Survey

The quantitative research method is in this thesis represented in the form of an online survey. The survey is a design that uses a series of written prompts to quantify the personal opinions, beliefs, and ideas, from a group of respondents. The survey translates unobservable content like e.g. beliefs, into numerical referents in order to observe patterns across a group of respondents (Abbott & McKinney, 2013, p. 206). The reason for applying quantitative method in the form of an online survey in this thesis, is that it allows for asking a variety of questions to a large sample of people, who are geographically very hard to reach as they are located in America (Abbott & McKinney, 2013).

The online survey was created in the early stages of the thesis process. At the point of creation, we had had two meetings with Jesper Diken - Head of Business Development at Lagkagehuset. The first meeting was an introductory meeting, whereas the second meeting was an actual interview. At this point of the research process, we were somewhat biased by the information and knowledge gained from the interaction with Jesper Diken. Moreover, we had not yet conducted any other interviews or observations, which meant that our pre-understanding, hence the hermeneutic circle, had not yet changed and our knowledge was still relatively limited. This meant that the survey was focused on a somewhat broad range of areas, and was concerned with very specific consumer habits and questions like e.g. “*how often do you visit a bakery/café*”. This was due to the fact that consumer habits had been one of the topics touched upon in the interaction with Jesper Diken (Appendix 1) and was an area which we initially thought would be part of the research. However, during the process of collection of additional empirical data, our pre-understanding concerning the research area expanded allowing for new areas within the research to surface. This meant that new research questions were raised, and others discarded. For this reason, only some of the questions created for the online survey turned out to be valuable for the analysis. This is a very clear example of the research process, hence the hermeneutics and the hermeneutic circle in

particular. During the process, our pre-understanding has increasingly changed and expanded, leading to new areas of research.

The result is that the online survey is now used to support the qualitative method i.e. the interviews conducted. This is mainly in regards to the perception of Denmark and Scandinavia as perceived by Americans. The data from the online survey allows us to quantify parts of the data retrieved through the interviews, and hereby see if the tendency discovered via the interviews is also a tendency that will surface when asking a larger amount of people.

### **Construction and Format**

As already accounted for, the case of this thesis revolves around the internationalization of Lagkagehuset, including their upcoming expansion to the NYC market. However, through the interviews with the three Lagkagehuset employees, it became clear that the company has a goal of eventually expanding into other American metropolises as well (Appendix 3). For that reason, and for the sake of getting as many responses as possible, we chose to distribute the survey to the ten largest metropolises in America, in accordance to the list of cities made by the World Population Review (2018). By choosing not only to distribute the online survey amongst people from NYC, we increased our reach of people, and hereby increased the chances of responsiveness to the survey. Moreover, since Lagkagehuset is considering expanding to other large metropolitan areas in America, we found it beneficial to gather the knowledge obtained across these areas of prospective expansion. This means that the data used in the analysis, is a generalization of the tendencies discovered amongst all 231 respondents from the ten American metropolises. That being pointed out, 36% of the respondents do actually live in NYC (Appendix 10).

The online survey was designed in the program SurveyXact and the distribution was done through targeted forums on the world wide website Yelp (Yelp, 2018). The purpose of the website is for people to make reviews and ratings, and to find inspiration to e.g. places to eat when travelling. The website also allows for people to interact with each other via messages, and it has a well developed targeting function. This meant, that we were able to distribute our survey targeting the ten geographical areas we had decided on specifically, which resulted in 231 responses.

The online survey was deliberately constructed as a short questionnaire only containing ten questions. Two of the questions contained eight and four sub-questions respectively. This approach was taken to increase the answer rate by encouraging people to engage in the survey as it would only take minimal time out of their day.

It was decided to construct only closed-format questions, with a high degree of standardization as this would allow for statistical analysis. Closed-format questions are questions that asks the respondents to give single numerical answer or choose from a fixed list of alternative answers (Abbott & McKinney, 2013). Moreover, expert interviews were planned in order to pose the more open-ended in depth questions. As such some of the questions created for the survey, were also posed in the expert interviews. E.g. in the survey the respondents are offered a range of attributes in order to chose which of them they associate with Scandinavia. In the interviews that followed, the experts were similarly asked about their associations regarding Denmark and Scandinavia. However, this format allowed for further elaboration and explanation for the attributes associated with Scandinavia.

The first three questions in the survey, were posed to understand the demographic reached. As such we asked for gender, age, and location of the respondents. The locations, turned out to be the most important aspect according to demographics, according to our re-evaluation of research area. We needed to ensure that the majority of the respondents actually met the criteria of living in a large American metropolis, which turned out to be the case for 80% of the respondents (Appendix 10). For the purpose of the research of this thesis, age and gender in this case became less important, which was also the case for the data retrieved from the remaining questions, which has not been included in the analysis.

### 3.2.3 Secondary Data

The primary data collected for the thesis added up to the following:

- *Seven expert interviews*
- *A total of seven observation - four in London and three in Copenhagen*
- *One Online survey with 231 respondents*

In addition to the primary data listed above, we have also obtained and applied secondary data.



The Anholt-GfK survey measures the power and quality of a given country's brand image, and is the world's most comprehensive global nation branding survey (GfK, 2018). This survey is used as part of the analysis in section 5.3 *Country of Origin*, as it provides insights and a large amount of quantified data, which are valuable for the analysis. Moreover, we would not have been able to make such an extensive survey on our own. For that reason, we have chosen to apply the Anholt-GfK survey as secondary data.

Moreover, various articles, reports, and websites (all listed in the bibliography), have been used as to gain insights, background knowledge, understanding, and an overall overview regarding various aspects of the thesis e.g. the history and operations of Lagkagehuset - Ole & Steen, and the rise and popularity of the Nordic food culture.

### 3.2.4 Triangulation & Clarification

The following will be a discussion of the use of methods for data collection, where the term *triangulation* will be introduced and discussed in the context of this thesis. Moreover, there will be a *clarification of terms* used in the thesis.

#### 3.2.4.1 Method Triangulation

Method triangulation, refers to the use of either multiple methods or multiple types of data in researching a social phenomenon. The idea behind triangulation is to choose different types of techniques for data collection, which support each other. Method triangulation is especially of current interest in relation to methods regarding data collection, as the shortcomings of e.g. the quantitative methods can be counterbalanced by the strong points connected with qualitative method (Andersen, 2013). In this thesis triangulation is applied both in connection to methods used for data collection, and for the data used in the analysis.

In terms of methods for data collection, we have applied qualitative as well as quantitative method. That being said, qualitative method is predominant in the thesis. However, by using quantitative method as well, and hereby engaging in method triangulation, we were able to obtain valuable data for the analysis, which we would not have been able to create by solely using qualitative method. Moreover, conducting the online survey before conducting the majority of the interviews allowed us to see tendencies amongst the American respondents. We could then further elaborate on and investigate these tendencies by creating question for

the experts, on the basis of the knowledge gained from the survey. This triangulation of methods has allowed for more thorough research and hereby a more in-depth understanding.

Similarly, we have chosen to triangulate the data applied in specific sections of the analysis. This is in particular evident in section 5.3 *Country of Origin*, where data retrieved from the interviews is used in connection with the data retrieved from the online survey. Triangulation of data is also evident in section 5.2 *Concept Changes as Part of the Internationalization Process*, where data obtained through our observations is combined with data from the interviews. By triangulating the data, we were able to produce a more comprehensive analysis with a more valid argumentation, than what would have been the case if the analysis were solely based on the quantitative data retrieved from the survey. As proposed by Andersen (2013), triangulation leads the different types of data and methods to compliment each other and counterbalance the weaknesses of one another.

#### 3.2.4.2 Clarification of Terms

From this point and onwards, all references to appendix will be done by using the letter ‘A’ followed by the number of the Appendix. Example given: (A4) refers to ‘Appendix no. 4’. Moreover, when referring to specific sections of the interviews, it will be done by referring to the number of the appendix followed by the line numbers of the transcription. Example given: (A3, 107-109) refers to ‘Appendix no. 3, line 107-109’.

The name ‘Lagkagehuset’ has so far been used when referring to the company, both in relation to their business operations in Denmark as well as in those in London and NYC. However, in the remainder of the thesis a distinction will be made between ‘Lagkagehuset’ and ‘Ole & Steen’. ‘Lagkagehuset’ will be used when referring to the operations in Denmark specifically, whereas ‘O&S’ will be used when referring to the operations in London and NYC as well as when referring to the company in its entirety, i.e. the business operations in Denmark, London, and NYC. ‘O&S’ is an abbreviation of the international name that Lagkagehuset is operating under, namely ‘Ole & Steen’.

Lastly, going forward in this thesis the O&S UK Operations Director Alastair Gordon, will be referred to as the ‘UK Director’. Similarly, the O&S US Operations Director Gabriel Sorgi, will be referred to as the ‘US Director’. Jesper Mark Dixen, the O&S Head of Business Development will be referred to by his title ‘Head of Business Development’.

# Chapter 4

## Theoretical Framework



## CHAPTER 4 - THEORETICAL FRAMEWORK

*Chapter 4 introduces the theoretical framework of this thesis. It presents and discusses the theories and basic concepts which have been selected as significant for the purpose of this thesis. The theoretical framework takes point of departure in the main theoretical areas of: internationalization strategies, integration/responsiveness framework, country of origin, competitive advantage, and influencer marketing.*

We recognize, that the theoretical topics are all vast and impossible to thoroughly go through in a meaningful way in this paper alone. We therefore limit the theoretical background of this thesis to specific areas within the different fields of study stated above, as these are of significant relevance for the purpose of this thesis. The following will therefore constitute the theoretical framework, from which the thesis will take point of departure, creating the theoretical foundation for the analysis and following discussion.

### 4.1. INTERNATIONALIZATION STRATEGIES

In the following section, the internationalization concepts and theories used in the analysis of this thesis will be presented. Firstly, the multinational enterprise is presented along with the concept of internationalization. Then, the entry strategies available to a company when entering a new market are presented. This is followed by an introduction to the Uppsala model of incremental internationalization. Lastly, the network approach is introduced to gain an understanding of the ways in which companies gather knowledge when internationalizing. Each theory contributes as part of the overall framework of internationalization theories applied in the thesis, as visualized in Figure 2. The theories and concepts of this section work to give the thesis a solid theoretical foundation, which will be used when analysing the internationalization process of O&S.



*Figure 2: Framework of Internationalization Theories (Own Creation)*

#### 4.1.1 The Multinational Enterprise & Internationalization

In this section the concept of internationalization is defined, as it is a central concept within this thesis. The definitions of internationalization are many, as it is a relatively broad concept. However, Albaumb and Duerr's (2004) definition of internationalization suits the purpose of this thesis. They define internationalization as: *"a process, end result, and way of thinking whereby a company becomes more involved in and committed to serving markets outside its home country"* (p. 967). Similarly Capar & Kotabe (2003), defines internationalization as a diversification strategy that is used in businesses whereby companies expand beyond the physical borders of their home country, into new markets to sustain business growth. These concepts of internationalization is directly applicable to O&S, as they are expanding their business to both the UK and US market.

The term multinational enterprise (MNE) plays a significant role when dealing with the concept of internationalization in business studies. For that reason the term needs to be defined, as it will be used throughout this thesis. When the term MNE is used in this thesis, it is done on the basis of the following understanding: *a multinational or transnational enterprise is an enterprise that engages in foreign direct investment (FDI) and owns or, to some degree, controls value-added activities in more than one country* (Dunning & Lundan, 2008, p. 3). According to this definition, O&S is in fact a multinational enterprise as they are engaged in FDI<sup>1</sup> in the UK, and are in the process of entering the US market. Even though O&S has not officially opened any outlets in the US, and are therefore not fully engaged in FDI in more than one country. However, we define O&S as an MNE since they most likely will be fully operating in the US by the end of 2018 and is already heavily invested in the US market.

#### 4.1.2 Market Entry Strategies

In the following section, the different types of market entry strategies will be described. The goal is to get an overview of the characteristics of each entry strategy, and based on this identify which entry strategy O&S is implementing in their internationalization process. Keeping in mind the research objective to understand the strategic approach that lies behind the internationalization of O&S, it becomes crucial to first identify the market entry strategy

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<sup>1</sup> The term FDI will be explained in chapter 4.1.2

of O&S. This is explored, as the entry strategy is a significant part of the overall strategy for the internationalization process.

Once a company has decided to internationalize, it needs to consider which market entry strategy it will be engaging in. This is also called the *mode of entry strategy*, and has been defined as: “*a structural agreement that allows a firm to implement its product market strategy in a host country, either by carrying out only the marketing operation (i.e., via export modes), or both production and marketing operations there, by itself or in partnership with others (contractual modes, joint ventures, wholly-owned operations).*” (Sharma & Erramilli, 2004, p. 2). The term *market entry strategy* is, in the literature, often used with the same purpose as *foreign operation mode* (Morschett, Schramm-Klein, & Zentes, 2015). For that reason, these terms will be used interchangeably in this thesis.

The parameters in which entry modes differentiate, have to do with the level of risk and control involved, as these are mutually intertwined (Hill, Hwang, & Kim, 1990). This thesis gives an account of the entry mode strategies, as the choice of entry strategy determine the risk and amount of investment that a company will have to make to enter a foreign market. Moreover, the decision will have a big influence on the company’s future internationalization process. If the company choose the wrong market entry strategy it can threaten the chances of success and the chance of future foreign market entries (Hollensen, 2004).

The following will present three of the main market entry strategies available when a company is internationalizing. Each strategy implies a different level of risk and control over the foreign operation (Hill, Hwang, & Kim, 1990). Different schemas for classifying foreign operation modes can be found in the literature. However, a distinction is frequently made between:

- Export modes (indirect export, direct export via agents).
  - Contractual modes (licensing, franchising, contract manufacturing).
  - Investment equity entry modes (joint ventures, wholly-owned subsidiaries).
- (Morschett, Schramm-Klein, & Zentes, 2015)

**Export** is an often-used entry mode and is frequently perceived as being one of the easier ways of entering a new market. This is due to the fact, that this strategy involves less resource investment from the firm, as it does not require direct involvement (Root, 1994). This allows

the company to observe how the market works with the lowest level of risk possible. This however, also means that the company gives up a bigger portion of control, as the products are handled by external partners (Root, 1994).

**Franchise.** By engaging in franchising the company signs over the legal rights to use its operation systems and trademarks, as well as training and ongoing support. A franchise strategy allows the company to expand quickly while still offering the same product or services in all markets. This entry mode involves a local partner who then absorbs some of the risk involved with market entry. However, this also means giving up some control to a external partner (Hoskisson, Ireland, & Hitt, 2009). Examples of some of the most successful franchises include McDonalds, Burger King, and KFC (Franchise Direct, 2018). These are all brands that have globalized quickly and are well known world wide.

**Wholly-owned subsidiaries** in contrast, represents full ownership and full control over foreign business entities (Morschett, Schramm-Klein, & Zentes, 2015). While this gives the company full control, it also means that the company takes on all the risk involved with the new market entry. By establishing wholly-owned subsidiaries a company can achieve ownership, location, and internalization advantages<sup>2</sup>. Moreover, wholly-owned subsidiaries belongs within the category of foreign direct investment (FDI), which will therefore also be accounted for here.

**Foreign direct investment (FDI)** is described by Dunning and Lundan (2008) as involving the transfer of a package of assets, including financial capital, management and organizational expertise, technology, entrepreneurship, incentive structures, values and cultural norms, and access to markets across national boundaries. However, FDI does not involve any changes in ownership. This means that the power to control decision making, over the use of the transferred resources, remains in the hands of the investing company. In other words, foreign direct investment is the territorial expansion of a firm's productions outside its national boundaries (Dunning & Lundan, 2008).

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<sup>2</sup> Ownership-, location-, and internalization advantage will be further explained in section 4.1.5

### 4.1.3 The Uppsala Model

The Uppsala Model has played a significant role within the field of internationalization, and revolves around incremental growth as being the core of the internationalization process (Johanson & Vahlne, 1977). The Uppsala model is presented as part of the theoretical framework, as it is expected to help give an understanding of the internationalization approach of O&S. This will be with a specific focus on the internal market expansion process of opening stores in the market, as well as the incremental nature of the global expansion process of O&S.

The Uppsala Model was developed in 1977 by Johanson and Vahlne, two Swedish academics working at Uppsala University. The theory is based on a case study of Swedish manufacturing companies, working to attain knowledge about how and why decisions were made in the internationalization process of these companies. The model describe the internationalization process of the firm, focusing on “...*the gradual acquisition, integration and use of knowledge about foreign markets and operations, and on the incrementally increasing commitments to foreign markets*” (Johanson & Vahlne, 1977, p. 23). Put differently, the firm’s penetration of a market is dependent upon the level of knowledge that is obtained about the given market. The key element driving the internationalization process, therefore, is the acquisition, integration, and application of knowledge regarding international markets and operations (Johanson & Vahlne, 1977).

This knowledge, is best obtained through the internationalization process itself, “*Only by doing business in a specific country is it possible to learn how customers, intermediaries, competitors, and public authorities act and react in different situations*” (Johanson & Vahlne, 2003, p. 90). As such the firm will, according to Johanson and Vahlne (1977), typically start exporting to a country via an agent, later establish a sales subsidiary, and eventually, in some cases, begin production in the host country, also known as FDI. This illustrates the incremental increase of commitment, which the Uppsala Model represents. Gathering learnings about the market is therefore a prerequisite for successfully entering new markets.

Mintzberg, Ahlstrand and Lampel (2009), refer to this learning school of strategy as an emergent and incremental process which is continuous, pulsing, and dynamic. This suggests that learning through experience might be more important than any formal market analysis



(Mintzberg et al., 2009). This relates perfectly to the Uppsala model, in terms of incrementalism as well as the learning aspect.

Figure 3 illustrates this process of gradual or incremental expansion. The first column illustrates the *State* of the firm's current commitment of resources to the foreign market as well as its current knowledge of the market. The second column illustrates the *Change Aspects*, which are the decisions made to commit resources and performance of current activities. The model is built on the assumption that the firm strives to increase long-term profits while keeping risk at a low level. To summarize, the model assumes that, “the state of internationalization affects perceived opportunities and risks which in turn influence commitment decisions and current activities” (Johanson & Vahlne, 1977, p. 27).

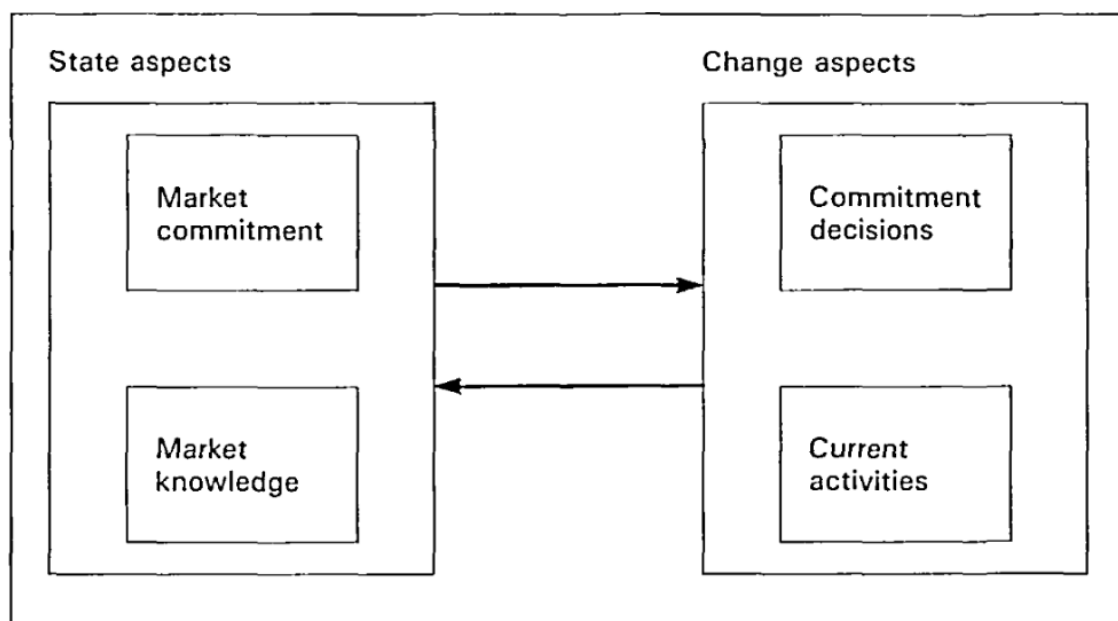


Figure 3: The Uppsala Internationalization Model (Johanson & Vahlne, 1990, p. 12)

While we already know that O&S is not engaging in export or joint venture as a starting point for internationalization, we still believe that the Uppsala Model contains aspects, which applies to the market expansion strategy of the company. It is especially the aspect of incremental growth, that will serve as a framework for analysing the approach behind the internationalization process of O&S.

## Psychic Distance

One of the key findings in the Uppsala study, is the importance of ‘psychic distance’ between the home country and the import/host country. Johanson and Vahlne defines ‘psychic distance’, as “*the sum of factors preventing the flow of information from and to the market*” (1977, p. 24). The bigger the ‘psychic distance’ - differences between countries - the more complex operations in the foreign market becomes (Johanson & Vahlne, 1977). The fact that the internationalization process is incremental in the Uppsala model is, as explained earlier, due to a lack of market knowledge which results in uncertainty. Johanson and Vahlne (1977) believe that this lack of knowledge is caused by ‘psychic distance’, and that this is an important obstacle for decision-making in relation to the development of international operations. They suggest that these “*differences constitute the main characteristic of international-, as distinct from domestic operations*” (1977, p. 26). Hereby, markets with a high level of ‘psychic distance’ leads to an increased level of uncertainty. As Ellis puts it: “*the greater the psychic distance to a market, the greater the uncertainty and learning costs associated with entering that market*” (2007, p. 576). So, by entering a market with a low ‘psychic distance’, the firm reduce their level of uncertainty (Johanson & Vahlne, 1977).

### 4.1.4 The Network Model of Internationalization

The network model, or the network approach, focuses on a company's knowledge and the effect this knowledge has on the internationalization process. More precisely the knowledge referred to, is the knowledge residing within the company's network of contacts. In the network model these networks become a bridge building mechanism that allows for rapid internationalization of the company (Johanson & Mattsson, 1988).

The network model is used as part of the theoretical framework, to help create an understanding of the importance of networks in the internationalization process. We find it relevant to understand this connection between knowledge and networks, and which affect this can have on the internationalization process. Moving from Denmark to the UK, followed by an upcoming expansion to the US, means that O&S has to acquire vastly different sets of knowledge every time they enter a new market. The network model can work as a framework to disclose how this knowledge is obtained by O&S.

## The Network Model Explained

The Network Model of Internationalization was created by Johanson and Mattsson in 1988. Through their organizational studies of the internationalization of Swedish companies, it became apparent that the effect of network needed to be considered, in order to understand the successful internationalization of the firm (Johanson & Mattsson, 1988). As previously mentioned, the network model focuses on the knowledge residing in the company's network of contacts, and how this can allow for rapid internationalization (Johanson & Mattsson, 1988). The network model is therefore based on social exchange and focuses on the company's interpersonal as well as interorganizational relationships (Johanson & Mattsson, 1988).

The network model implies that the internationalization of a company is dependent on the company's own degree of internationalization, as well as the degree of internationalization of the company's network context (Persson, Mattsson & Öberg, 2015). Figure 4, visualizes the degree of internationalization of a company, in relations to the size of its network structure (referred to as 'market' in the model).

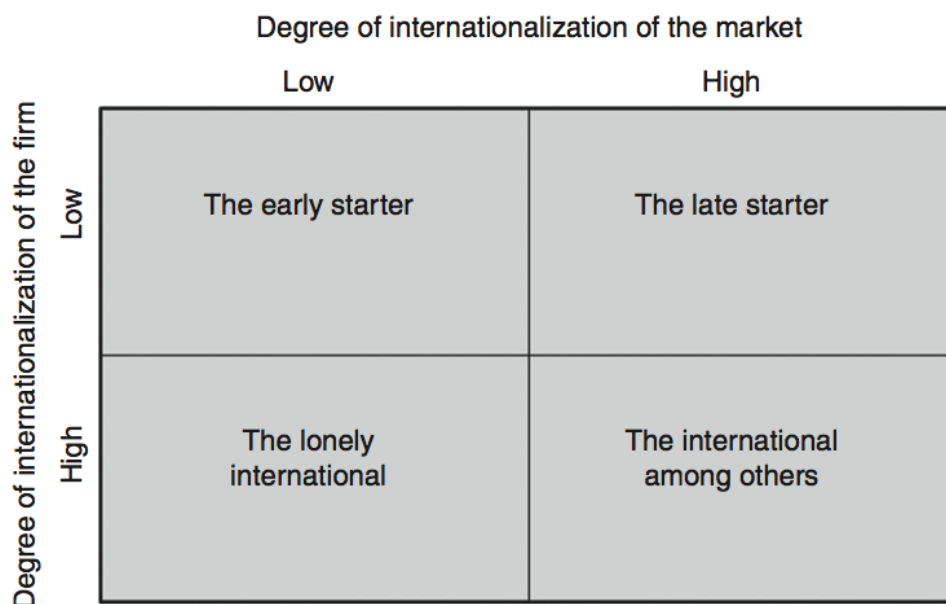


Figure 4: The Network Model (Johanson and Mattsson, 1988, p. 294)

The earlier the company internationalizes its business, in relations to the internationalization of its network structure, the more gradual the internationalization process will become. As an example, if a company were to internationalize to the US but has no network in place, it will

be a much slower process compared to having a network in place who already possess knowledge about the US market.

*The early starter*, is when a company has a lack of network in the market when internationalizing, as well as a low degree of business internationalization. In this stage, the company is often dependent on similarities between home and foreign market, as this type of market would be what they have the most knowledge about (Johanson & Mattsson, 1988).

The network model also suggest that the higher the degree of internationalization a company has, the more likelihood of increased integration with networks (Johanson & Mattsson, 1988). In the network model, this situation in its extreme is called *international among others*. This could for example be the company integrating its networks through a merger or franchise solution, as this can help increase the network integration and penetration in the individual market (Persson et al., 2015).

However, when the company is a *late starter*, it does not internationalize until it has grown to a significant size in its domestic market. In this situation it is also more likely that the internationalization process becomes dependent on new relationships. These relationships or networks can serve to speed up the process of internationalization and reduce the uncertainty of having operations far from the domestic market (Persson et al., 2015). In the case of a *late starter*, the internationalization does not require gradual involvement in markets similar to the home market. Instead it is possible to enter an entirely different market to that of the home market, as the network provides the company with the knowledge needed to enter a completely different market (Johanson & Mattsson, 1988).

The last category in the network model is the *lonely international*. This position is obtained when the company reaches a high level of internationalization. Moreover, the company will at this point have increased its knowledge of the market and have created a strong network within it (Johanson & Mattsson, 1988).

To summarize, according to Johanson and Mattsson (1988) the company's network is a key component of the internationalization process. Moreover, the positioning of a company within the network model, indicates the degree to which a company has managed to internationalize its business as well as its network structures.

#### 4.1.5 The OLI Framework

Internationalization can be cultivated by a combination of internal and external factors. Dunning's *OLI framework* has been broadly used to analyze determinants of foreign direct investment (FDI). John H. Dunning first put the concept of the OLI framework of international production forward in 1976. Up until 1988, the framework has been applied exclusively to foreign production. However, over time the theory has been extended to cover several value adding activities (Pedersen, 2000). John Dunning's framework is one of the most influential frameworks for empirical investigation of determinants for FDI (Stoian & Filippaios, 2008).

The OLI framework has been chosen as part of the theoretical framework for this thesis, as it offers a framework to identify and evaluate the significance of the factors influencing both the initial act of expansion of MNE's by foreign production, and the subsequent growth of their activities (Dunning, 1988). The initial act of expansion would in this case be O&S' expansion to London, and the subsequent growth, their upcoming expansion to New York City. The framework was initially meant to work as a holistic framework, where the three elements - *O*, *L*, & *I* - are put in relation to each other. However, for the purpose of this thesis, we have chosen to use the framework in a fragmented manner, where the three components will constitute as separate frameworks for different parts of the analysis.

The main assumption of the OLI framework is that the strategy of FDI can be explained by three variables: *Ownership advantage* (O), *Location advantage* (L), and *Internalization advantage* (I), (Dunning, 1993). This is the reason for the name 'OLI', as this is an abbreviation of the three fundamental principles, constituting the framework. The OLI framework states that the extent, form, and pattern of FDI are determined by the configuration of these three sets of advantages (Dunning, 1988). The OLI framework can work as a tool for understanding what kind of advantages a company possesses. According to Dunning (1993), the strength of each of these advantages can then lead to determine a company's choice of entry mode.

#### Ownership Advantage

*Ownership advantage* is key in explaining the existence of MNEs. In order for a company to be able to compete in a foreign market, it must possess certain ownership-specific

advantages, which can compensate for the additional costs that are associated with setting up an operation abroad. These are costs that do not apply to the domestic producers in the foreign market (Stoian & Filippaios, 2008). It is crucial that the investing company possess a particular advantage over the domestic companies, as the domestic companies understand their local business environment better than foreign firms entering the market (Daszkiewicz & Wach, 2012). The ownership advantages – sometimes called ‘competitive’ advantages - refer to the possession of certain assets or resources, both tangibles and intangible, which a company possesses. The ownership advantages include but are not limited to: natural resources, technologies, capital, knowledge, organizational structure, human capital, management skills, patents, reputation and brand, cultural and institutional environment, and other advantages which serve to improve a company’s competitiveness (Rugman, 2010). Dunning (1993) claims that some of these ownership-specific advantages may also stem from the nationality of the firm (Stoian & Filippaios, 2008). In the analysis the terms *ownership advantage* and *competitive advantage*, will be used interchangeably as both concepts carry the same meaning.

### **Location Advantage**

The second condition of the OLI framework addresses the choice of location (Dunning, 1993). The host country must possess a *location advantage* that favors FDI (Pedersen, 2000). In other words, it must be profitable for the company to take advantage of its owner-specific assets in the foreign market. MNEs favor to enter countries that possess a high degree of location advantages, when entering the market by FDI rather than exporting. Countries with different income levels also have different structures and demands, as the type and mix of goods demanded varies with the income. Therefore, variations in size and composition of markets make an important location-specific factor (Daszkiewicz & Wach 2012). Other location advantages can be: natural resources, labor availability and cost, technology, tax systems, political factors, infrastructure, a company’s perception of psychic distance, language, and culture (Dunning & Lundan, 2008; Daszkiewicz & Wach, 2012).

### **Internalization Advantage**

The third factor in the OLI framework is *internalization advantage*. When a company chooses to internationalize, it needs to make a decision on whether to internalize the use of its

owner advantages, as opposed to selling or licensing them to foreign firms. The internalization advantages determine why MNEs prefer to engage in FDI rather than engaging in licensing or franchising agreements (Dunning, 1993). International production requires that the company is better off transferring its ownership-specific advantage within the firm across borders, as opposed to selling it to a foreign firm via i.e. licensing or franchising (Stoian & Filippaios, 2008). Uncertainty, transaction cost, and control over distribution channel are factors that influence the decision on engaging in FDI (Dunning, 1993). When the cost of market failure by engaging in licensing or franchising is perceived to be high, internalization is the preferred way of operating. This implies that the greater degree of uncertainty, the greater the advantage will be for the company to have full control via wholly owned subsidiary over foreign operations, as opposed to e.g. export or franchising (Daszkiewicz & Wach, 2012).

To sum up, Dunning focuses on how MNEs exploit ownership (O), and location (L) advantages by internalizing (I) its resources via FDI, rather than using other entry mode strategies. The OLI framework foresees that a MNE will engage in FDI by establishing production in a location where the company can best take benefit from its advantages, as defined by the OLI-parameters (Daszkiewicz & Wach, 2012).

One of the aims in this thesis is to understand why London and NYC have been chosen as pathways for the internationalization of O&S. The OLI framework allows for an analysis that is specifically concerned with the advantages that these locations hold, in terms of expansion and internationalization. Therefore we expect that the framework can provide knowledge in this specific area. Moreover, the framework will be supportive in an analysis of the competitive advantage of O&S.

## 4.2 INTEGRATION RESPONSIVENESS FRAMEWORK

The integration/responsiveness framework (I/R), has been used as a foundation for many studies to describe and analyze international strategies. We find the nature of this framework very suitable for the purpose of this thesis. It allows us to use a form of continuum in which we can place O&S between the two strategic approaches of global integration and local responsiveness, based on the company's way of operating their business in the respective countries and markets. More specifically, the I/R framework will be applied in the analysis of

how O&S has changed their concept from the Danish market to the London market. Moreover, the I/R framework will be supportive in creating an overall understanding as to how companies can go about an internationalization process. Including the possibilities they have to either globally integrate or be locally responsive in their business concept and offerings.

Prahalad and Doz (1987), developed the Integration/Responsiveness Framework (I/R), in 1987. The core idea of the framework is simple: the framework deals with two sets of strategic forces to which MNEs must respond, but which are also partly conflicting, namely the forces for *global integration* and *local responsiveness*. The I/R framework deals with the tension between external forces towards adaptation to the local environment in the new entry market, which is the act of 'local responsiveness', and the forces towards a standardized approach that will support global efficiency by a worldwide-integrated behavior, which is the act of 'global integration' (Morschett, Schramm-Klein, & Zentes, 2015). Putting it differently, industry characteristics define to what extent and in what combination MNE strategies seize advantages through global integration and local responsiveness (Dörrenbächer & Geppert, 2016).

The I/R framework has its starting point in the strong complexity of decision-making, that managers in large MNEs have to cope with regarding: diversity of business practices, and diversity of the different national markets. According to Prahalad and Doz (1987), the framework “*shall provide the tools for analyzing global competition and a method for top management to translate that understanding into organizational action*” (Prahalad & Doz, 1987, p. 2).



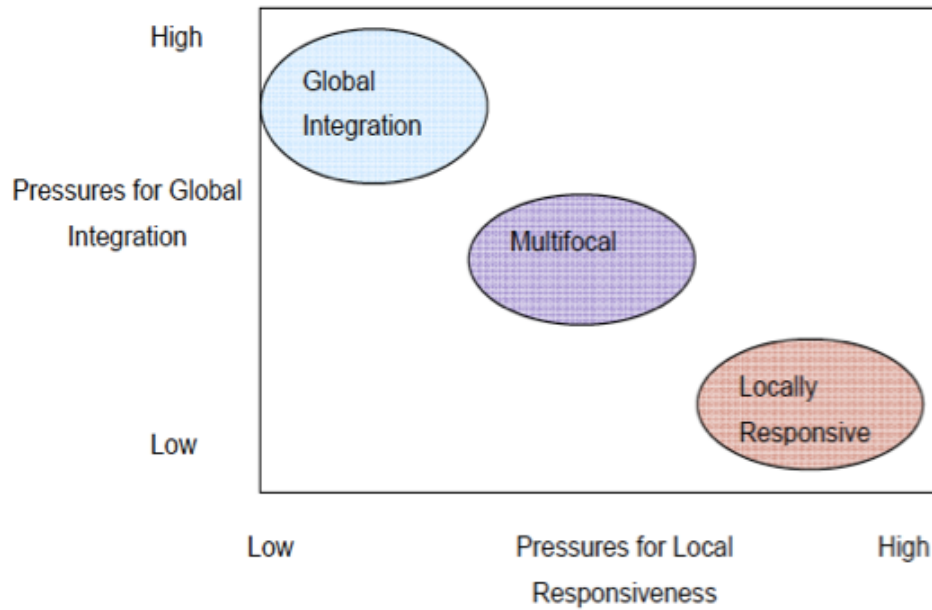


Figure 5: Integration/Responsiveness Framework (Prahalad & Doz, 1987)

The vertical axis of *Figure 5* shows the pressure for global integration. Prahalad and Doz (1987), refer to *global integration* as the centralized management of geographically dispersed activities on an ongoing basis. It is a strategy that appears when MNEs aim to reduce cost and optimize investment. Global integration typically involves processes of product standardization and technology development centralization for firms operating cross-nationally (Prahalad & Doz, 1987). Pressures for global integration emerge when there are e.g. opportunities to reduce cost through economies of scale, multinational customers, an increasing homogenization of customer demand, pressure for cost reduction, access to raw material and energy, and investment intensity (Prahalad & Doz, 1987, p. 18-21).

*Local responsiveness*, on the other hand, is shown in the horizontal axis in *Figure 5*. This is the willingness of a company to make adjustments to their products, services, and ways of conducting business at the local level, taking into consideration the local needs and culture (Prahalad & Doz, 1987). Engaging in a local responsiveness strategy, typically means that the decision-making is shifted to the subsidiaries, though headquarters might still keep control by monitoring and/or coordinating the activities. Local responsiveness is typically prevalent if the business activities do not allow for economies of scale, or when regulations, customer demand, and distribution systems are locally specific (Dörrenbächer & Geppert, 2016). Pressures for local responsiveness could e.g. be difference in customers needs and tastes,

difference in distribution channels, cultural differences, or responding to local competition in terms of product features, price level, etc. (Prahalad & Doz, 1987, p. 18-21).

Finally, Prahalad and Doz (1987) propose, that when perceptions of environmental pressures indicate a need to respond to both local responsiveness and global integration pressures simultaneously, *multifocal* business strategies are adopted. When using the multifocal strategy the MNE will coordinate their collective operations while maintaining a high level of responsiveness to each local context (Roth & Morrison, 1990, p. 544). In other words, the MNE will need to compromise in order to find the right fit between global integration and local responsiveness.

There are several modifications to the I/R framework. Bartlett and Ghosal (1989) extended the framework by demonstrating that the pressures of global integration and local responsiveness applied differently to industries, business divisions, functions, and tasks (Bartlett & Ghosal, 1989). Further theoretical development was done by Lehrer and Asawaka (1999), who argue that environmental pressures influence the need for a regional approach (Lehrer & Asawaka, 1999). Moreover, the I/R framework has been criticized by Roth and Morrison (1990), for lacking conceptual clarity in terms of identifying specific variables, when defining the group of businesses competing in a global industry.

Even though the I/R framework has been modified and criticized, it is still one of the most cited and widely applied concepts in the international business literature due to its simplicity (Roth & Morrison, 1990). It is this simplicity of the framework that lies behind our choice of using it as part of the theory for this thesis. The analysis will take point of departure, in the core idea behind the concepts of *local responsiveness* and *global integration*, corresponding to the simple terms of *localization* and *standardization* (Cheon, Cho, & Sutherland, 2007). This approach, will work as a framework for analysis to identify possible changes made to the O&S concept during the internationalization process, hence the expansion from Denmark to London.

#### 4.3 COUNTRY OF ORIGIN

According to Aichner (2013), a strong country of origin (COO) strategy can translate directly into a competitive advantage, which can help a company win new markets. As the thesis problem statement concerns how O&S as a Danish company can get a foothold on the New

York City market, the following will account for the concept *country of origin*, as it is assumed to have the potential to affect the competitive advantage of O&S. We choose to focus on COO, as there seems to be a positive connotation in the market when it comes to Scandinavian products. This is reflected on the Danish Ministry of Foreign Affairs (2018) website where they state, that they are seeing a rising popularity of Nordic cuisine and food culture (Ministry of Foreign Affairs of Denmark, 2018). Meyer's and Joe & The Juice are examples of companies who have succeeded with Danish food concepts abroad. Therefore, we find it highly relevant to look further into the effect of COO on Danish brands abroad and how this might work as a competitive advantage for O&S in their internationalization process.

#### 4.3.1 Country of Origin Defined

The association between the 'place of origin' of a brand or product and the effect it has on consumer preferences, has been part of research for an extensive period of time (Abraham & Patro, 2014). In 1962, Ernest Dichter suggested the significance of the "made-in" information cue, and since then research on the 'country of origin-effects' has become a major domain within the literature on international marketing and consumer behaviour (Bloemer, Brijs, & Kasper, 2009). The concept 'country of origin' (COO), has its roots in social psychology where research on national stereotypes has been part of the literature since the early 20th century. In the 1960's the concept of COO was introduced to the marketing literature when findings from the discipline caught the attention of marketing researchers. Robert D. Schooler, was one of the first researchers to empirically study the COO-effect. He discovered that consumers evaluated otherwise completely identical products differently according to the products' country of origin (Diamantopoulos & Zeugner-Roth, 2010).

Since then, a lot of theoretical and empirical studies on the subject and its effects have been carried out. However, despite the extensive efforts that researchers have undertaken in order to validate and relate the many approaches to country of origin-effects, it is still unclear if, how, and to which extent the COO-effect impacts on consumer evaluations (Bloemer et al., 2009). The term COO itself, refers to a specific marketing phenomenon in which consumers consciously or subconsciously incorporate country of origin as a stereotypical evaluative criterion in their formatting an attitude towards a product or brand. Consumers who have positive or negative attitudes towards a particular country, will often show favourable or

unfavourable responses towards its brand's or product's COO (Bloemer et al., 2009; Mooij, 2006).

#### 4.3.2 Country of Origin Image

As the concept COO is highly dependent on the image of the country itself, we find it relevant to first clarify the concept *image* and how it applies to countries. Kotler (2001), defines image as "*the set of beliefs, ideas, and impression that a person holds regarding an object*" (p. 273). An image is made up of the subjective perceptions that a person holds towards an object. The beliefs, impressions, and ideas that a person holds are mental images that may or may not be congruent with the objectively defined attributes of the object (Jaffe & Nebenzahl, 2001). This means that the image, as perceived by the individual, constitutes the actual representation of the object.

The same is prevalent when dealing with *country* and *brand* image. These are similarly defined as the mental pictures of countries and brands, that exists in the minds of the consumers (Jaffe & Nebenzahl, 2001). According to Jaffe and Nebenzahl (2001), "*People's attitudes and actions towards an object are highly conditioned by that object's image*" (p. 13). Accordingly, consumer behaviour is not necessarily motivated by the 'true' attributes of a product or brand, but rather by the mental images that the consumers hold towards the respective product or brand. While *identity* refers to the way a company aims to position itself, its brand, and its products, *image* refers to the way that these products or the brand are perceived in the minds of the consumers (Jaffe & Nebenzahl, 2001). Consequently, even though a company tries to shape the consumers' image towards the company and its brand and products by its identity, design, and positioning, there are factors that might intervene with how the consumers actually perceive the company. Jaffe and Nebenzahl (2001) argues, that two of the key intervening factors are the *brand* and *country images* of the company and its products.

Paswan & Sharma (2004) adds that if the consumer's assumptions of a product's or brand's COO image are accurate, it has a positive effect on the given product or brand image. However, if there is an inaccuracy between the perceived COO image of a product or brand and the actual experience with the product or brand, it can have a negative effect on the COO image of the product or brand. For example, if the consumer expect a product to be of high

quality due to the consumer's perception of the COO image, but the brand or product is actually of low quality, it will have a negative effect on the consumers general perception of the COO image. This means, that if O&S does not live up to the perceived associations regarding COO image, it can result in a negative effect on the company's image. Therefore, it becomes important to understand what the COO image associated with Denmark is composed of, to ensure that the company and its products lives up to the expectations of the consumers. The 'Anholt-GfK Nation Brand Index' survey is a tool, which measures the power and quality of each country's brand image and is therefore a tool which can be used to understand the way O&S' COO image is perceived in countries outside of its domestic borders (GfK, 2018).

#### 4.4 THEORY ON COMPETITIVE ADVANTAGE

One of the significant areas of research within this thesis concerns how O&S, as a Danish brand, can gain a competitive advantage in the NYC market. In order to answer this question, the following section will provide a brief account of Porter's generic strategies, followed by a presentation of the Resource Based View (RBV) and the VRIN model. These will be part of the theoretical framework, which will support the analysis towards an answer for the research question.

##### 4.4.1 Competitive Strategy - The Core Concept

Porter (1985), describes the *competitive strategy* as the search for a favorable competitive position in the industry – the fundamental arena in which competition occurs (p. 1). Therefore, when a company choose to internationalize it is important to consider which strategy to follow in order to gain a competitive advantage in the new market (Porter, 1980). A competitive advantage occurs as a result of the value that a company is able to create for its buyers that exceed the company's cost of creating it. According to Porter (1985), there are two basic strategies the company can use to gain a competitive advantage: *cost leadership* or *differentiation*.

When pursuing a *cost leadership* position in the market, a company seeks to obtain a cost structure significantly below that of competitors', while still retaining products that are in close proximity to what the competitors are offering. In other words, it is a method used to

reduce costs and produce the least expensive goods in a market or industry, in an effort to gain market share (Hooley, Piercy, & Nicoulaud, 2012).

The second approach that a company can take to gain a competitive advantage is *differentiation*. When pursuing a differentiation strategy, a company seeks to be unique in its industry along some dimensions that are widely valued by consumers. The company will select one or more attributes that a number of buyers perceive as being important, and uniquely position itself to meet those needs. The product or service that is differentiated in a valued way can command a premium price (Porter, 1985). Differentiation can be achieved on a variety of bases, e.g. design, product or service features, style, image, price, etc. Another significant advantage of the differentiation strategy, as opposed to cost leadership strategy, is that it creates a reason, besides price, as to why the customer should buy from the given company rather than its competitors.

#### 4.4.2 Resource Based View

In 1984, Birger Wernerfelt came up with the *Resource Based View* (RBV), which is now current in much of the modern literature regarding strategy management (Wernerfelt, 1984). The Resource Based View is a model that focuses on the resources and capabilities controlled by a company as sources of competitive advantage (Barney & Hesterly, 2006, p. 76). It works to analyze and interpret the resources of an organization to understand how these can achieve sustainable competitive advantage (SCA). The RBV, offers a number of useful insights into the nature of corporate resources. Yet, in essence it places central emphasis on the role of resources and capabilities in creating competitive advantage (Hooley et al., 2012). Resources are defined as “*the tangible and intangible assets a firm uses to choose and implement its strategies*” (Peng, 2009, p. 64). *Tangible* resources and capabilities are assets of a firm that are observable and easily quantified. The *intangible* resources and capabilities, however, are harder to observe and more difficult, sometimes even impossible, to quantify. The RBV focuses on the concept of intangible hard-to-imitate attributes of a company as sources of superior performance and competitive advantage (Barney, 1986; Hamel & Prahalad, 1996). Resources that cannot be easily transferred or purchased by competitors are more likely to be unique to the company. Resources can be considered as a collection of physical resources, human resources, and organizational resources (Barney, 1991).

The RBV builds on the founding principle, that for a strategy to be sustainable it must be imbedded in the firm's resources and capabilities (Hooley et al., 2012). However, capabilities are not as easily defined as resources. Some argue that capabilities are a company's capacity to dynamically utilize resources. Dynamic capabilities have been defined as "*The capacity of an organisation to purposefully create, extend, or modify its resource base*" (Hooley et al., 2007, p. 136). This definition suggests a crucial distinction between resources and capabilities, and advocates a 'dynamic capabilities-view'. However, as Peng (2009) explains it, these fine distinctions between resources and capabilities are likely to "*become badly blurred*" in practice (Peng, 2009, p. 64). He argues, that it is highly important for strategists to understand how the attributes of the company can help improve the company's performance, as opposed to figuring out whether they should be labeled as resources or capabilities. We find this standpoint suitable for the purpose of this paper, as we will not focus on the difference between resources and capabilities, but rather focus on identifying the attributes of O&S, and how these can work as a competitive advantage for the company. Therefore, similarly to Peng (2009), we will use the terms *resources* and *capabilities* interchangeably.

According to Barney (1991), a company holds a *competitive advantage* when it is implementing a value creating strategy, which is not simultaneously being implemented by any current or potential competitors. However, in order to maintain a *sustainable competitive advantage* (SCA), a company needs to accomplish the above mentioned, without competitors being able to duplicate the benefits of the strategy. Barney (1991) further elaborates, that it is not a matter of time that defines the existence of a sustained competitive advantage, but rather the inability of current and potential competitors to duplicate the strategy that makes the competitive advantage sustainable (Barney, 1991, p. 102). Only value-adding resources can possibly lead to a competitive advantage, whereas non-value-adding capabilities may lead to a competitive disadvantage (Peng, 2009, p. 71).

#### 4.4.3 The VRIN Framework

The VRIN framework (Barney, 1991) is a tool for analyzing the different resources a firm might possess and the potential of each of these to generate a competitive advantage. A resource must fulfill the 'VRIN' criteria in order to provide competitive advantage and sustainable performance.

**1. Valuable (V):** A resource is valuable if it provides strategic value to the company. A resource provide value if it helps the company in exploit market opportunities or helps in reducing market threats. A company's resources are not inherently valuable; it is only to the extent that they enable the company to enhance its competitive advantage, that resources prove to be valuable. Resource that work as a strength in one country can work as a weakness in another country (Barney & Hesterly, 2006).

**2. Rare (R):** If a particular resource is controlled or held by numerous competing companies, that particular resource is not likely to be a source of competitive advantage for any of the companies. It is only when a resource is rare, and not a common denominator for various competitive companies, that it is likely to be a source of competitive advantage (Barney & Hesterly, 2006).

**3. Imperfectly Imitable (I):** Companies that hold valuable and rare resources are often able to act as strategic innovators. This is due to the fact that they are able to conceive of and engage in strategies that other firms cannot, because they lack these resources and capabilities. However, these resources can only work as a source of competitive advantage if the companies that do not possess them face a cost disadvantage in obtaining or developing the particular resource, compared to the company which already possess the resource (Barney & Hesterly, 2006). In other words resources must be hard to imitate or copy for competitors in order to be of competitive advantage.

**4. Non-Substitutability (N):** Non-substitutability of resources implies that a resource cannot be substituted by another alternative resource. In this case a competitor cannot achieve the same performance by replacing resources with other alternative resources (Madhani, 2010).

To sum up the RBV has an inside-out perspective on the company and its competitiveness in the market. The RBV focuses on the resources that a company holds, and how these resources can work as a competitive advantage for the company. According to Barney (1986), valuable resources must enable a company to do things and behave in ways that lead to high sales, low costs, high margins, or in other ways add financial value to the firm (p.



658). The RBV will be used as a theoretical framework for identifying the key assets of O&S and how these can work as resources of competitive advantage.

#### 4.5 THEORY ON INFLUENCER MARKETING

The following theory concerns the use of influencers as a marketing tool for businesses. Influencer marketing will here be presented as a relatively new channel or way for companies to promote themselves and their business, in a highly competitive market scene.

Social media has radically changed the way people and businesses communicate. Before social media, business used one-way communication and “push” marketing tactics, to get their word out about their brand. Social media made a shift in the way we communicate. Instead of the one-to-many mass marketing of traditional media, businesses can now communicate on a person-to-person level with their customers (Schaefer, 2012, p. 181). However, this does not mean that the reach is getting smaller. It can be argued that social media works as an amplifier of the traditional word-of-mouth (WOM) marketing approach (Schaefer, 2012). However, instead of telling a few friends about a new brand or product, social media allows for sharing a brand experience with thousands of people in just seconds.

Influencer marketing is a new approach to social media marketing, which is highly focused around the term ‘influence’. Influence can be broadly defined as the power to affect a person, thing, or course of events. Influence can manifest itself in a variation of ways, from direct purchase advice, to the action of creating an environment conducive to affecting another person’s opinion on a particular issue. In a business context the latter is highly important as it can work to increase sales (Brown & Hayes, 2008, p. 49).

Brown and Fiorella (2013), define an influencer as: “*Typically a non-customer incentivized to recommend/create content about a business brand or product*” (Brown & Fiorella, 2013, p. 195). Moreover, an influencer is a person who drives the conversation in a given industry, and is a trusted figure within a niche community who retains a great number of loyal followers on social media (Zimmerman & Ng, 2017; Mathew, 2018).

Marketing via influencers, also known as *influencer marketing*, is all about embedding the company’s message via the influencer. It is about increasing awareness and knowledge of the

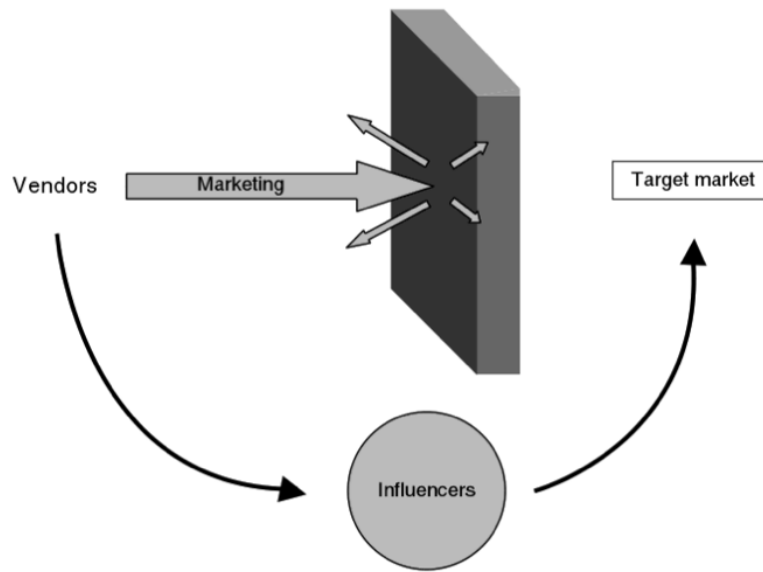
company within the prospect community. Influencer marketing is a relationship between a brand and an influencer. The influencer's role in the relationship is to promote a given brand's products or services through various media outlets like Instagram and YouTube. As influencers are often trusted figures within a specific area, they typically possess knowledge or experience about what they are advertising. Common influencer categories include photographers, beauticians, models, adventurers, and food-enthusiast (Mathew, 2018).

It is the influencers that will carry the brand's message to the market, and because they are influencers they will be believed (Brown & Hayes, 2008, p. 106). The influencers operate independently in creating their own content and integrating the company's advertising specifications into it. This means that they are in control of the brand's message and choose how they would like to portray it, which promotes authenticity and can help reach a specific target audience (Mathew, 2018).

Influencer marketing does not involve bribery, coercion or any other underhand means of getting influencers to advocate a position. However, they do get paid when they create and post sponsored content on their social media platforms. What is important is the difference between companies paying for the time of an influencer to speak *the influencer's views* of e.g a product, or paying an influencer to speak the *company's view* of the product. The latter will lack authenticity, which is key to influencer marketing, and is therefore not a profitable choice of strategy for a company (Brown & Hayes, 2008, p. 106).

With the popularity of social media platforms like Instagram, Facebook, and YouTube consumers have unlimited freedom and choice over the content they wish to view. This creates a problem for brands, as their target audience continues to spread out over a number of different types of media, and hereby becomes increasingly difficult to reach (Mathews, 2018). Moreover, being able to identify and reach your target audience does not mean that the people in the target audience are actually willing to listen, and are interested in what you are selling. People rarely buy just because they are marketed to.

Figure 6.0, illustrates how influencers can work as a mean to bypass the "wall of indifference" blocking the path to the audience who are both interested and wants to listen (Brown & Hayes, 2008, p. 140).



*Figure 6: Influencers bypass the “wall of indifference” (Brown & Hayes, 2008, p. 140)*

A given target audience will listen to the message that an influencer brings, because they have chosen to follow this influencer themselves, which means that there is an interest by default. This way, by engaging in influencer marketing, the company can get their message through more effectively. Explained in a very simple manner, influencer marketing is like changing from a scatter-shot into a rifle shot. Focus is to target specific influencers, who can carry out your message effectively and authentically, instead of targeting a great number of generic prospect customers (Brown & Hayes, 2008, p. 141).

# Chapter Analysis 5



## CHAPTER 5 - ANALYSIS

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*Chapter 5 constitutes the analysis of this thesis. Here the research topics will be analysed in relation to the theoretical framework and the data collected.*

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The analysis takes its point of departure in the current internationalization process of O&S. This is followed by an analysis of the concept changes, that has been made during the internationalization process, and an analysis of to which degree O&S is standardizing or localizing this concept to new markets. The analysis will then investigate the influence of O&S' Danish country of origin when entering the international market space. This is followed by an identification and analysis of O&S' competitive advantages. Lastly, influencer marketing will be investigated as a potential approach for O&S to market themselves in the NYC market.

### 5.1 INTERNATIONALIZATION PROCESS & STRATEGY

The following section, will describe and analyze selected elements that constitutes as parts of the internationalization strategy of O&S. The internationalization strategy of O&S is made up of numerous elements - too many to thoroughly explore in this thesis alone. However, for the purpose of this paper, we have chosen to focus on four main areas which have been found to be significant for the scope of this thesis: entry mode strategy, choosing markets, market commitment process, and gaining market knowledge. The analysis will be based on the data collected via interviews. Each of the four areas of analysis in this chapter, will contribute in answering the first research question: *Which strategic approaches lies behind the internationalization of O&S?*

#### 5.1.1 Entry Mode Strategy

On January 12<sup>th</sup> 2017, O&S opened their very first store in London (Hagemann-Nielsen, 2017). The choice of expanding outside of the Danish borders was, according to Jesper Mark Diken - Head of Business Development, a relatively natural step to take: *“we are starting to be pretty well represented in Denmark, and if we want to keep growing our business with around 20%, as we have been the last 5-6 years (...) then we need to go outside the Danish borders”* (A1, 14-17). The main incentive for O&S to internationalize has therefore been a

simple aspiration to grow the business, and since O&S is well represented in the Danish market with more than 75 stores (Nordic Capital, 2018), moving outside the Danish borders will be a requirement if the company wants to continue its growth goal of 20% a year.

Leading up to the expansion from the domestic Danish market, to the pulsating market in London, a decision needed to be made concerning how to approach the internationalization strategy, with regards to market entry mode. As accounted for in section 4.1.2, there is often made a distinction between three different types of entry-modes, namely: export modes, contractual modes, and investment equity modes.

When interviewing Gabriel Sorgi - US Director, it became very clear which type of entry mode that O&S has chosen not to pursue: *“As a company philosophy we do not believe in franchise (...) we would lose control over our product and dilute our brand”* (A3, 70-72). Based on this it is clear that O&S has chosen to discard the possibility of franchising. As described by Sharma & Erramilli (2004), franchising means that the company needs to sign over the legal rights to the local partner. This has the consequence of loss of control, which is something that O&S clearly is not willing to give up. Though franchise is a foreign operation mode known for being suitable for quick expansion (Hoskinsson, Ireland, & Hitt, 2009), it is however emphasized by Alastair Gordon - UK Director, that this is not the way O&S wants to go about their internationalization: *“I think franchise is a really easy way of moving with full speed in terms of roll out. We are not interested in doing that - we want to do it properly. (...) we are about building a legacy of something that is long term (...) the best way to do that is to own the business outright and drive the projects ourselves”* (A2, 90-92).

Ownership and full control over the entire operation stands out to be a matter, which has played a significant role in the choice of foreign operation mode for O&S. They have made the decision of building up their own production facilities in London, where they are producing all their baked goods and edible products for their stores. As described by Stoian & Filippaios (2008), international production requires the company to be better off transferring its ownership specific advantage within the firm across borders, rather than selling it to a foreign firm via i.e. franchising, which consolidates with O&S' beliefs. Moreover they have chosen to build up the stores from scratch – some with in-house bakeries – and they have prioritized high quality interior (A1, 95). This, combined with foreign

production facilities, entails a great financial investment, as well as a great level of risk, when entering the new market.

It can be argued that in metropolitan markets, control is an important element to ensure successful entry, due to high levels of uncertainty and competition. According to Dunning (1993), control over distribution channels are amongst the factors that influence the decision on engaging in FDI. Since O&S has chosen to practice foreign production, it can be argued that control over distribution channel has indeed been a significant factor as to engaging in FDI. In New York City alone there are more than 26,000 restaurants (Rigie, 2017), which establish NYC as being a highly competitive market. Adding to this there is a great uncertainty of surviving the first years as a business, when entering the market, *“New York is super tough. I don’t know if you know the fail rate, but the fail rate for restaurants is 90% within the first year in New York City. So it’s pretty hard, and there is a lot of places that pop up and go, and it is said that it is because they spend so much money on rent”* (A5, 89-92). This quote is from the influencer Ben, and is further backed by an article in Business Insider, which states that restaurants in NYC has an 80% fail rate (Laya, 2011). Though the numbers are not exactly the same they still point in a direction of a general perception of NYC as being a uncertain market. As accounted for by Daszkiewicz and Wach (2012), the greater degree of uncertainty in a given market, the greater the advantage will be for the company to have full control via wholly owned subsidiaries over their foreign production. Based on this we will argue that markets uncertainty has also played a significant role in O&S’ choice of entry mode strategy.

Moreover it can be argued that the business entities in London, falls within the category of wholly owned subsidiaries since O&S holds full ownership and control over these. The same is the case for the further expansion of O&S to the US market where O&S also will practice FDI, and have wholly owned subsidiaries with central production in Manhattan (A3).

As presented by Hill, Hwang, & Kim (1990), the different kinds of market entry strategies implies different levels of risk and control over the foreign operation at hand. Based on the above we will argue that O&S has chosen to pursue FDI as their entry strategy and foreign operation mode. This is predominantly due to the fact that O&S values having full control over their foreign business, and at the same time is willing to bear the risk that goes with it, which are both attributes associated with the engagement of wholly-owned subsidiaries and FDI.

In conclusion, it has been discovered that O&S is pursuing a strategic approach involving wholly owned subsidiaries and FDI when internationalizing. By undertaking an FDI approach O&S is taking on all the risk of their financial investment in the host countries. However, the reason O&S is engaging in this strategy is to maintain full control of their business and retain 100% ownership, which is of great strategic importance to them when entering uncertain international markets.

### 5.1.2 Choosing Markets - Metropolitan Strategy

O&S' decision to enter London and New York as markets for international expansion, is not unique for Danish companies in the fast-casual dining industry. In London O&S is accompanied by prominent Danish brands as Meyers and Joe & The Juice. The three businesses will also be sharing the market scene in NYC, when O&S opens up their first store during the fall of 2018 (Bencke & Leth, 2017; Carlström, 2016). In order to understand the strategic approach that lies behind the internationalization of O&S, it is important to understand the reasoning behind the choice of London as their initial overseas location, followed by NYC.

In the following, the *location* aspect of Dunning's OLI framework will be applied as it can provide a framework to better understand why London and NYC are attractive markets for international expansion. Different areas of significance will be identified, on the basis of interviews with internal experts from O&S. Moreover, the interview conducted with Kasper Garnell, partner in Joe & The Juice, will work as a support to see if there are any tendencies to identify regarding these choices of location.

As mentioned in section 4.1.5, the OLI framework introduces a concept called *location advantage*, which addresses the choice of location for MNEs in their internationalization process. The framework suggests that the host country must possess some advantages relating to their physical location, which makes that specific location favourable to enter for the MNE. In this case, we do not look at the entire country, but instead focus on the host markets of London and NYC. In the following we have identified some of the main advantages that has been significant for O&S' choice of entering London and NYC.

In the interview with Jesper Dixen - Head of Business Development at O&S, he explains how it would have been a natural step to start the expansion of O&S in Oslo or Stockholm, as the



Scandinavian markets share many common traits (A1, 19-24). According to the Uppsala study ‘psychic distance’ is defined in terms of differences in e.g language, education, business practices, culture, and industrial development (Johanson & Vahlne, 1977). Between Denmark, Oslo, and Stockholm we will argue that there are no major barriers in terms of language, culture and business practices. The fact that O&S mentions Oslo and Stockholm as being the natural choice of expansion, suggests that they perceive the psychic distance between Denmark, Norway, and Sweden as low, which would make an expansion in this direction a natural choice for the company.

### **Density - As a Location Advantage**

In the interview with Jesper Dixen - Head of Business Development, it furthermore becomes clear that the markets of expansion needs to accommodate the foreign operation mode, that O&S is practising as part of their business strategy. This is emphasized in the following: “*We want to build a certain scale around our production unit, therefore, a metropolitan area such as London makes more sense than Stockholm or Oslo where the population density is much lower*” (A1, 21-23). This suggests that the sheer density of people in London is perceived as an important *location-specific advantage* by O&S. The location density, has in fact been more important than choosing the natural pathway of starting off the expansion in Oslo and Stockholm. This is simply because there would not be enough potential customers to accommodate O&S’s business model, of practising economy of scale around their production facilities. This correlates with Daszkiewicz and Wach (2012), who argue that MNEs favour to enter countries that possess a high degree of location advantages, when entering the market by FDI rather than exporting, which is exactly what O&S is doing.

As for the further expansion of O&S to NYC the density of the population again constitutes a *location advantage* of that specific area. Gabriel Sorgi - US Director at O&S, explains: “*We have 8.5 million people living in NYC. But we have another 8.5 million people coming into the city Monday to Friday to work. So we have 16 million people during the day Monday through Friday*” (A3, 56-58). This proves that NYC also meets O&S’ density requirements for market entry.

## International Representation - As a Location Advantage

It can further be argued that another *location advantage* specific to London, is the notion that London is a gateway, not only to New York, but also a gateway for businesses to prove their competitiveness on the international market. Jesper Diken - Head of Business Development, puts it like this: “*proving that your business is successful in London, means that you have shown that you can make it in the international market*” (A1 23-24). In other words London is by O&S perceived as a gateway to the international market scene. This is further supported by Kasper Garnell - Partner in Joe & The Juice, who says: “*London was a way of testing the concept in an international setting, much more than if we had opened in Oslo or Stockholm*” (A4, 23-24). This quote emphasizes the notion that London is a representative for the international market. Lastly Alastair Gordon - UK Director at O&S, says: “*if you’re going to learn about yourself and whether you can really cut it in the world, you come to London or New York*” (A2, 38-39). There seem to be a common perception that London as well as NYC constitutes gateway markets, where companies can go to test and prove their concept in a truly international setting. We will argue that this perception constitutes the *location specific advantage* of these two metropolises.

To summarize, it has been found that the two reasons behind O&S’ market entry in London and NYC, are the: *density of consumers in the market*, and *international representation*. We will argue that these two location specific advantages are generally associated with larger metropolitan areas, and as such O&S can be said to engage in a ‘metropolitan strategy’ of expansion. This metropolitan strategy approach to internationalization, plays a significant role in O&S’ decision to expand to London and New York, and therefore constitutes a significant element of the overall internationalization strategy of O&S.

### 5.1.3 Market Commitment Process

The Uppsala model suggest, that a company in the process of internationalization will start out by engaging in export. Then the company will move on to engage in e.g a foreign subsidiary, and only when proven successful in these other entry modes, the company will establish itself fully within the host market via FDI. While we have discovered that O&S has moved directly to engaging in FDI, skipping the steps leading up to FDI as proposed by Johanson & Vahlne (1977), we still believe that the Uppsala model can work as a framework for analysis of O&S’ internationalization process. Therefore, we will be looking at O&S’

internationalization strategy through the lens of the Uppsala model, with a focus on the incremental nature of the internationalization process. An emphasis will be put on the process of opening new stores internally in London. Moreover, a general overview of the global process of the internationalization of O&S will be analysed.

In the following sections, the analysis will first look at O&S' process when opening a production facility, followed by an analysis of O&S' process of opening stores. The incremental process of expansion at O&S is then analysed using the Uppsala model.

### Opening Production Facilities

Before opening new stores in a new market, O&S looks for the facilities to accommodate the central production unit. As previously identified, O&S is using a metropolitan strategy when selecting new markets for expansion, as sufficient density of population is needed in order to support their business operations.

After having identified a new market, the first move then is to find and establish a big central production area (A3, 18-21). This means finding a big enough commercial property, where they can build the bakery, which will be the central production facility for their baked goods. As O&S' first international expansion was done in London, the production facility in this case needed to be in close proximity to central London. This is important in order for O&S to easily being able to deliver fresh products, three times a day, to most of their London stores (A1, 119). This more specifically means, that the location of the production facility needs to be within an hours reach of all current and future store locations in London (A2, 110). O&S takes this approach to ensure that they can easily open new stores, when the initial stores have proven successful, without having to find bigger production facilities later on. As Jepser Diken - Head of Business Development puts it, they wish to: "*build more scale around their production unit*" (A1, 21). This is necessary as O&S, in London alone, are expecting to open a minimum of 20-25 stores (A2, 109), which one central production facility is expected to provide products for, with the exception of the few stores that will have their own in-store bakeries.

This full scale production facility approach is a key part of O&S' internationalization strategy. This is opposed to starting with a smaller production facility and upscaling this later

on in the internationalization process. Had O&S chosen to start out with a smaller production facility and only later on upgraded this, it would have reduced the level of risk involved in the market entry. This would also be more in line with the Uppsala models idea of incrementalism (Johanson & Vahlne, 1977). However, the production facility approach taken, means that O&S has the ability to facilitate a large number of bakeries from the start of the market entry. This means that O&S does not have to focus much attention on the production of their products further down the line, which allows them to focus on learning gained from the market activities and the launching of new stores in the market.

### Opening Stores

When opening new stores abroad, O&S spend the initial phase undertaking vast amounts of market research. For instance by undertaking customer interviews in already existing stores, to better understand the customer journey (A3, 27-33). Moreover, before opening the first store in a new national market, a big general research piece is performed to understand the opportunities within the market (A2, 48-49). Some experiments are also undergone, such as bringing vast amounts of O&S sourdough bread over to the UK market, to test that the products were actually suitable for the UK consumers, who are not used to this more rustic bread type (A1, 55).

Once the research period is over, the first store is opened. The first O&S store opened in a new market works as a flagship store. A flagship store operates with the intention of building brand image rather than solely to generate profit for the company (Kozinets, Sherry, Deberry-Spence, Duhachek, Nuttavuthisit, & Storm, 2002). This is why O&S has an in-house bakery in their flagship store at Haymarket, so that customers get the full bakery experience (Ole and Steen, 2018). Moore, Doherty, & Doyle (2010), adds that the flagship store often is much bigger than the average stores in the company portfolio. Also they add that it will often be the store with the best location. For O&S this is true for their first store in London. It is spread over three floors and is located in a prime location, St James Market at Haymarket in central London. Here the customer gets the full bakery experience, as the location has an in-house bakery, where the customers can see the making of bread and pastries (A9). Other smaller locations, on the other hand, get their products from the central production area (Ole and Steen, 2018).

While focus is on the flagship store in the initial phase of market entry, O&S does begin early on to source pieces of real-estate for new stores, as this process is long and time consuming in popular metropolitan markets. These new stores will open further down the pipeline, following the launch and success of the flagship store (A3, 19). This is done to first prove the success of the flagship store, as well as gather knowledge and learnings from the flagship store activities, before opening the next locations.

#### *5.1.3.1 Applying Uppsala to Incremental Expansion of O&S Stores*

The Uppsala internationalization model (Johanson & Vahlne, 1977), works to illustrate O&S' relationship between market commitment and market knowledge, as well as current activities and commitment decisions. It illustrates how the expansion process works in a causal cycle for the O&S expansion of stores when entering a new market.

- **Market knowledge** is first obtained through external reports, extensive market research, and market experiments. When enough knowledge about the given market is obtained, O&S will move to look for a location for their central production facility, to insure product production for future stores.
- **Commitment Decision** will then happen, when O&S establishes the central production area and looks to source a piece of real estate viable for their first flagship store, within the market. This initial commitment will be based on the market knowledge already gained on the given market through research efforts.
- **Current Activities** of the flagship store, is then continuously evaluated. These could be the success of the product offering, the store layout, service quality, and pricing. As activities go on new learnings are continuously gained from this initial market entry.
- **Market Commitment** then occurs when O&S, based on these new learnings from the activities within the flagship store, decide to commit new resources into the market by opening a new store. This new store is then the new market commitment made by O&S.

The causal process will then start over again, till enough learnings are gained based on current activities in the stores, to add to the company's knowledge of the new market. This

enables O&S to make new commitment decisions leading to reinvestment of resources into new market commitments.

This incremental learning approach is also reflected in the way O&S moves into new markets, as suggested by Jesper Diken - Head of Business Development: *“There’s quite a few metropolitan areas we are looking at, so you can say the plan right now is to focus on building a successful business in London and in the next market, a big city in the USA, and then from there our idea is to role it out to more international cities, but of course the prerequisite is that the whole journey goes well.”* (A1, 30-33). This shows how O&S focus on the activities they are currently engaged in, with the aim of gaining knowledge from these, and only thereafter moving on to new market commitments. Moreover, it proves Johanson & Vahlne’s (2003) point regarding how the knowledge is best obtained through the internationalization process itself. So by opening one store O&S creates an opportunity to gain knowledge about the market in the fastest possible way. By not opening more than one store at the point of market entry, and waiting until this has proven successful, O&S avoids the uncertainty and risk involved in investing too heavily in the initial phases of market entry (Johanson & Vahlne, 1977).

To summarize, O&S does not engage in an incremental market commitment process when opening their production facilities in overseas markets. Instead they open one big central production facility. The reason for this is that O&S wants this facility to supply all future stores in the given market. However, O&S’ process of opening individual stores in new markets, fits perfectly within the Uppsala model. This is because their store opening process is incremental in nature, as O&S work to build knowledge from store activities before engaging in a new market commitments. The reason for this incremental approach, is for O&S to lower the risk involved with the internationalization process. We will hereby argue this as being an important part of O&S’ overall internationalization strategy.

#### 5.1.4 Gaining Market Knowledge

As the knowledge aspect of O&S’ market entry strategy has been discovered to have a big influence on the continued growth of O&S, it seems highly relevant to look closer into the ways in which O&S require this knowledge in the initial phases of market entry. Johanson and Mattsson’s (1988) network model is for this purpose relevant, as it highlights the

importance of networks as being sources of market knowledge in the internationalization process.

This section will therefore start by analyzing the role of the O&S Operations Directors, in relation to the acquisition of knowledge for new market entries. The section will then conclude by applying Johanson and Mattsson's (1988) network model to O&S' knowledge gathering process.

#### 5.1.4.1 The Role of the Operations Director

As discussed in the previous chapter, O&S invest in knowledge gathering through market research and reports, when they first look to enter a new market. However, through the collection and analysis of the thesis data, it has also become clear, that a vast amount of the knowledge gathered at O&S, is obtained through employed partnerships with the local Operations Directors, who are experts within their respective field and market.

The interviews gathered for this thesis point to the fact, that both the US and UK Operations Director have a vast knowledge background. This is both in regards to the restaurant industry in general, and an extensive knowledge regarding launching food chains within their respective markets. The UK Director states: *"I worked in London for 20 years so I kind of have a sense of, you know, I can understand the connotations in moving to London"* (A2, 49-50). Similarly, the US Director disclose the following: *"I can kind of point everybody in the right direction"* (A3, 42). Both quotes underscore how O&S leverage the Operations Directors' knowledge of their respective markets. Moreover, prior to the expansion to the US market, the US Director was asked to spend an extensive period of time in both the UK and Denmark. This was done in order to gain a thorough understanding of O&S as a company, their values, and current way of operating. He was then asked, based on his own market experience and expertise, to create the business plan for the US market (A3, 10-14). This demonstrates how the knowledge of the Operations Directors plays a significant role in the initial phase of market entry.

By employing these Operations Directors internally, instead of using them as external consultants, O&S effectively turn their expert knowledge into internal know-how. This allows the Operations Directors to fully engage in the company and take part in all areas of



the internationalization process. The UK Director states: “*we feel that the best way to do that (gather market knowledge), is to take on lots of partners like myself and Gabriel*” (A2, 95-96). An example of this use of expert knowledge is seen in the following: “*the first experience I had with Lagkagehuset was that nobody offered me a coffee, which I thought was really strange. It was very focused on the bakery side of it. You know in London it's a very sophisticated coffee scene, so I thought it was a real opportunity for us to build a coffee business around the customer coming in for cake and tea.*” (A2, 140-144). Based on the knowledge that the UK Director has of the market in London, O&S has now added coffee as a big part of their business in London. The UK Director was able to change the O&S concept to suit the market based on his own experience with the UK consumers. This displays how the Operations Directors have autonomy to make changes, based on their knowledge.

#### 5.1.4.2 Applying The Network Model

The network model is based on the concept of social exchange and focuses on the company's behaviour in the context of interpersonal as well as interorganizational relationships (Johanson and Mattsson, 1988). The integration of know-how into the business, along with the focus on one key partner in the new market, makes it clear that O&S is especially focussed on the interpersonal aspect of the network model. Moreover, giving the Operations Directors this high level of autonomy, it makes sense to make them in-house resources. By employing these roles in-house O&S makes it less likely to lose these resources over time. Hereby they reduce the overall risk level of new market entries. Furthermore, the Operations Directors already possess a network within the market. This will help O&S in quickly establishing a network of actors in the different markets. These networks becomes a bridge building mechanism that allows O&S to create a rapid process of internationalization (Johansson & Mattsson, 1988).

#### ‘The Late Starter’

Bringing this knowledge, regarding the role of the Operations Directors at O&S, into the perspective of the network model, it becomes evident that O&S is engaging in internationalization as *the late starter*. O&S falls under this category based on the fact, that they waited to engage in internationalization until they had grown to a considerably size in their domestic market of Denmark (Nordic Capital, 2018). By identifying local experts and



hiring them internally in the company as Operations Directors, O&S is effectively creating an in-house network to ensure growth. If they had not engaged in these relationships, O&S would not have had access to this specific expert knowledge concerning their new markets. As Persson et al. (2015) states, these relationships can act to speed up the process of internationalization and reduce the influence of spatial proximity for the *late starter*. This is important for O&S, as they are moving into a market far from the domestic Danish market. As a *late starter* O&S is leveraging their network in the foreign market, making it possible to enter the UK and US market, instead of markets with closer proximity and lower psychic distance to Denmark, such as Sweden or Norway (Johanson & Mattsson, 1988).

To further summarize the section, the key strategic approaches for knowledge gathering in O&S' internationalization process have been found to be the creation of networks through locally hired Operations Directors. These local experts are hired so that O&S, as a *late starter*, can gain local knowledge of markets that are different from the Danish home market.

## 5.2 CONCEPT CHANGES AS PART OF THE INTERNATIONALIZATION

The following chapter will describe and analyze possible changes made to the original concept of Lagkagehuset, in order to meet the international market needs. Thereby, establishing if O&S is engaging in global integration or local responsiveness in their internationalization approach. This will be done by first looking at the specific concept changes that have been made in the internationalization process of Lagkagehuset and how these apply to the I/R framework. Finally, the section will attempt to answer the second research question: *How and why have Lagkagehuset changed their concept to fit the international market?*

### 5.2.1 Concept Changes

O&S has a foundational believe when it comes to the internationalization of their business: *"if you're going to bring a business from somewhere else you don't change things. You come as you are. Be brave and believe in what you've got. You don't just change to the nature of where you are going"* (A2, 52-55). Based on our empirical data, we will investigate whether O&S actually adhere to this believe.

The following is an identification and analysis of the changes that have been made to the concept of O&S, during the initial stage of the internationalization process, namely the expansion from Denmark to London. The analysis will first attempt to identify the specific changes that have been made to the concept and then analyse why these changes have been made. The theoretical framework used in this analysis is the I/R framework, as it allows us to evaluate to which degree O&S is pursuing local responsiveness or global integration. The data for this analysis is retrieved from the observations made in Lagkagehuset stores in Copenhagen and O&S stores in London, combined with the expert interviews conducted with Gabriel Sorgi – US Director at O&S, Alastair Gordon – UK Director at O&S, and Jesper Diken - Head of Business Development at O&S.

#### *5.2.1.1 Identification of Concept Changes*

The following section is the analysis and identification of specific changes made to the original concept of Lagkagehuset, during the initial phase of their internationalization process, namely the expansion from Denmark to London.

##### **Name**

As already mentioned, O&S started out in Denmark under the name Lagkagehuset. However, this is not the name the company use in London, where there has been a noticeable change to the name. In Denmark the full name is ‘Lagkagehuset – Ole & Steen’, where the names ‘Ole’ and ‘Steen’ refer to the Danish founders of the bakery chain. However, in the expansion process Lagkagehuset quickly came to the realization that unless their customers in the new market were of Scandinavian heritage, no one would be able to pronounce the name (A1, 67). Therefore, Lagkagehuset knew that they had to change the name, and decided to change the name to ‘Ole & Steen – Lagkagehuset’. By doing this, they were able to keep the history of the company very central with Ole and Steen being the founders of Lagkagehuset. Moreover, ‘Ole & Steen’ is relatively easily pronounced, and it is possible to make the abbreviation O&S (A1, 78-83). ‘Lagkagehuset’ is still part of the new name in London, but now takes a secondary position as opposed to in Denmark, where it is dominating (A11).

##### **Products**

When conducting the observations in the O&S stores in London, it became clear that several things have changed on the product side. However, rather than changes we consider it add-

ons to the original concept, as it is still the bread and pastries that constitute the main part of the business, *“80% of the business is still very, very much Lagkagehuset and 20% is this new upgrade with coffee and food offer”* (A2, 55-57).

The most noticeable change on the product side, is the fact that as a customer visiting O&S in London, you have the opportunity to buy alcohol as wine, beer, and cider has been added to the products assortment (A2, 127; A12). Another new product that has been introduced, is the open-faced sandwich which in Denmark is known as ‘smørrebrød’ (A13). Similarly, hot stews and porridges have also been introduced to the O&S menu in London, as well as cheese platters which are also a new item to be found (A9).

Coffee is not a new product, but in London it has undergone an upgrade and been emphasised a lot. All O&S store managers in London are trained to head barista level, so that they completely understand the coffee side, as well as the bakery side, of the business. Moreover, O&S has invested in their own coffee production business where they roast their own beans. Alistair Gordon - UK Director O&S, was the person who initially wanted to put much more focus on coffee: *“you know in London it’s a very sophisticated coffee scene, so I thought it was a real opportunity for us to build a coffee business around the customer coming in for cake and tea”* (A2, 141-143). Alastair (A2) did not feel that the quality of coffee in Lagkagehuset in Denmark matched the quality of the cakes and bread, so this is also something that has been changed on the product side in the O&S London stores (A2, 143-46).

## Opening Hours

Part of the reason that products like the open-faced sandwiches, cheese platters, stews, and alcohol have been introduced to the O&S stores in London, has to do with the fact that the opening hours has significantly increased. In London O&S’ opening hours are from 7.30 a.m. till 10.30 p.m., whereas in Denmark the opening hours are from 7.30 a.m. till 6.00 p.m. Hereby, the opening hours in London have increased with 4.5 hours, which are all during the evening time. During the opening hours the types of products displayed in the stores will change three times. In the morning and up until 11 a.m., the focus is on breakfast related products like bread rolls, porridges, juices, and pastries. Around 11 a.m. the product assortment is changed to accommodate the needs around lunch, this being: sandwiches, salads, and open-faced sandwiches. In the evening, candles are put on the tables to create a slightly different atmosphere, and customers can now order e.g. wine and beer, have a cheese

platter, or a warm stew for dinner. Coffee, bread, pastry, and cake, which constitute the main product selection, are still available all during the day (A9).

### **Store Design, Interior, & Atmosphere**

Another noticeable change from Lagkagehuset to O&S is the store design. In London, several of the stores visited had major glass facades and had a very exclusive look to them, compared to Lagkagehuset's stores in Copenhagen (A14). Moreover, three out of the four places we visited in London had large outdoor seating areas. In some of the stores visited in Copenhagen, it was also possible to sit outside, but only a few chairs and tables were placed outside for this purpose. In London, the outdoor seating areas were much more prominent (A15). There were also lounge areas with soft and casual seating in London, which is not the case in Copenhagen. Moreover, several of the stores in London had: more than one floor; they were more spacious; had much more seating areas available; and all of the stores had kitchenettes from where several of the items on the menu e.g. porridges, avocado toasts, and stews were cooked and prepared (A9). Most of the Lagkagehuset stores in Copenhagen do not have in-house kitchenettes. One similarity, however, is the fact that both in Copenhagen and London, only some of the stores have in-house bakeries.

As for the design of the interior, there were many similarities between Lagkagehuset in Copenhagen and O&S in London. Jesper Dixen - Head of Business Development, says: *"There was a lot that we wanted to keep from the Danish concept, this whole Nordic/Scandinavian look"* (A1, 89-90). There is unarguably a Scandinavian minimalistic look to the interior of the stores in London, which have the same dark wooden tables and chairs, with the corners covered in brass (A9).

A major difference regarding the store interior is the fact that all the coffee and food, which is to be consumed in an O&S store in London, is served in real porcelain mugs and plates as opposed to the to-go cups and cardboard plates used in Lagkagehuset in Copenhagen. This gives a more high-end feel to the store experience in London, when compared to Copenhagen (A16). This high-end feeling is further enhanced by the fact that in the stores in London there is an O&S employee on the floor making sure that tables are clean at all times. This was not the case in Copenhagen, where there were crumbs on the tables in the majority of the stores (A9).

One last thing that distinguishes the O&S stores in London from the Lagkagehuset stores in Copenhagen, is the fact that O&S has delivery in London. Several times during the observations in London staff from the UK delivering service called Deliveroo, came to pick up online orders for delivery (A9). This is not a service available at the Lagkagehuset stores in Denmark.

### Lagkagehuset vs. Ole & Steen

To summarize, there has been made significant changes to the concept from Lagkagehuset to O&S. This is especially prevalent in the differences on the product side, opening hours, atmosphere, and store design.

Based on the changes made, we will argue that Lagkagehuset has transformed from being a bakery in Denmark, to becoming a café operating under the new name O&S, in the UK (A1, 101-103). It is especially the extended opening hours and the increased menu accommodating the different consumer needs throughout the day that gives O&S a café like feel. Moreover, the O&S stores are designed for people to stay and spend time drinking their coffee, or having a glass of wine with colleagues after work. The staff takes care of cleaning the tables, which almost feels like table service, and this is not at all what you would expect from an ordinary bakery shop. However, despite the concept having slightly changed, there is no doubt that the business is still all about providing high quality baked goods: *“The products (bread and cakes) is first and foremost what carries the concept”* (A1, 46).

### 5.2.2 O&S – Locally Responsive or Globally Integrative

Prior to Lagkagehuset’s expansion to London, they had proven to be a major success in the Danish market. In 2015, two years before the expansion to London, the online media ‘Finans’ (Finance) wrote the following: *“the chain of exclusive bakeries has increased their yearly turnover, which now comes close to 0.5 billion Danish Kroner”* (Rasmussen, 2015). At this point in time, Lagkagehuset had 35 bakeries in Denmark. By the time they opened in London in 2017, they had grown to operate around 70 bakeries in Denmark (Kristensen, 2017).

An important speculation leading up to the research area of this thesis is the question of why Lagkagehuset chose to make any changes at all when they expanded to London, as the

concept had already clearly proven to be a success in its original form. The I/R framework relates to the partly conflicting forces of *global integration* and *local responsiveness*, which MNEs are facing when engaging in internationalization. In the following analysis, the application of the I/R framework will work as a tool towards gaining an understanding of why Lagkagehuset has made the above mentioned changes to the concept, when transforming it into O&S for the London market entry.

#### 5.2.2.1 Micro-Level Analysis

To start out, we will conduct a micro-level analysis by applying the I/R framework. This will be focusing on O&S' operations in each of the three markets, in which they are currently present, and it will be done on each market individually, as illustrated in *Figure 7*. We will argue that the core idea of the framework can assist in describing the strategy of Lagkagehuset's operations in Denmark in regards to localization and standardization of the stores. *Local responsiveness* and *global integration*, is in this analysis applied to the domestic context of Denmark, as opposed to an international context, which is the initial purpose of the framework as proposed by Prahalad and Doz (1987). The same will be the case for the analysis of the operations in London and NYC. This allows for a comparison between the strategies adapted to the three different markets. Moreover, this allows for a more nuanced understanding of how O&S is operating in each market. Secondly, a macro perspective will be applied on the findings in order to get a holistic understanding of the overall operation and internationalization strategy where the I/R framework will be applied as originally intended by Prahalad & Doz's (1987).

#### Lagkagehuset - Denmark

In Denmark, Lagkagehuset currently operates more than 75 stores (Nordic Capital, 2018). However, these stores are not all identical "*Especiallly in Copenhagen, where we have a bit of a different twist to the stores than we have in our stores in Jutland*" (A1, 187-188). In the central Copenhagen area the stores are more café-like, with larger seating areas, which according to Jesper Diken - Head of Business Development, is suitable for the metropolitan area (A1, 191). In other locations, Lagkagehuset's stores have added a drive-in counter to accommodate the needs of their busiest customers (Jensen, 2017). Lagkagehuset furthermore, is cooperating with the Danish supermarket chain Meny where they are running the shop-in-shop concept. This means that Lagkagehuset has its own store within the Meny store

(Frandsen, 2017). This indicate that Lagkagehuset is in fact quite diverse in their store presence in the Danish market.

Based on the above description of the different types of operations that Lagkagehuset has in Denmark, we suggest that Lagkagehuset is being locally responsive to each of the locations in which they operate. By doing this, they accommodate the different needs of the customers in different parts of Denmark. They do this by e.g. implementing drive-in options, as they see a need for it, change the stores in Copenhagen to be more café-like as this accommodates the need in the metropolitan areas, etc. *“This flexibility is important to have in the concept, because you hit different segments depending on where you place yourself”* (A1, 195-196). This citation from Jesper Dixen, further indicate that Lagkagehuset emphasize the value of accommodating the needs of different customer segments in different locations.

### **Ole & Steen - London**

In London, O&S is currently operating 8 stores. As our previous analysis showed there has been several modifications to the original Danish concept of Lagkagehuset, which now operates under the name O&S in London. It was concluded, that the main difference between Lagkagehuset and O&S, is the fact that O&S operates much more like a café business than a bakery business, with long opening hours and much more food accompanying the core side of the business, which is still bread and pastries. The four stores visited in London unarguably had a café-like feel to them, much more than what was experienced in Copenhagen. However, there were still variations between each store visited in the London market.

The London flagship store in St James Market at Haymarket is distinct to the other stores in terms of size as this store has three floors - basement, ground floor, and 1<sup>st</sup> floor, an in-house bakery, and a kitchenette. This store is located on the very busy area of Haymarket and is therefore designed to have the capacity to serve a large amount of customers (A9).

The store at Bedford Street, on the other hand, is known as the ‘baby-store’ as it is significantly smaller than the rest of the O&S stores in London. This store is located in one of the major business areas of London, where customers are often quickly in and out of the store, grabbing lunch to go, or cake to take with them to share at the office (A9). For that reason there is very limited seating compared to the other O&S stores, as the store at Bedford

Street is focused on accommodating the needs of the people in that particular area. Moreover, Jesper Diken - Head of Business Development explains: *“If we place the stores out in Richmond, where we have a store, then we reach the local communities out where a lot of people live and use the stores in a different way”* (A1, 199-201). This further points to the tendency that O&S takes into consideration the location in which they operate to ensure they can fulfil the need of the local consumer.

Based on the above it can be argued that O&S in London, similarly to Lagkagehuset in Denmark, is being responsive to the location in which they operate. This is evident in the way that O&S is being attentive to the individual area and location, in which they place their stores. Moreover, they design the stores to accommodate the specific needs of the consumers in the different locations. In other words, O&S is adapting to each of the local environments in and around London. From this we will argue that O&S in London, as well as in Copenhagen, is engaging in the strategy of *local responsiveness* (Morschett et al., 2015).

### **Ole & Steen – NYC**

O&S has not yet opened up their first store in NYC. For this reason, we have not been able to make any firsthand observations regarding the degree of either local responsiveness or global integration in this market. However, based on the interviews with the three different country Directors of O&S, it is highly likely that the strategy executed in London, will be more or less the same in New York: *“So what we decided to do is to take the standard - probably 95% - of what we do in London, and implement that to NYC”* (A3, 86-88).

Even though O&S are likely going to operate with the same concept in NYC as they do in London, there will still be made some changes to the product variety, as was also the case when expanding from Denmark to London: *“Where in London we don’t do drip coffee, we’ll do that in NYC since that is 60% of the coffee consumed in NYC, as opposed to espresso drinks”* (A3, 129-130). Moreover, as for the store design in NYC, O&S is going to adjust the design a little bit from what it is in London (A1, 165-166). This indicate that O&S is being responsive to the market that they are entering in NYC, as they are not launching stores that are completely identical to the stores in London, but rather they are making little changes in design and product variety to suite the market.



Based on the relatively limited knowledge that we have on the stores opening in NYC, we cannot conclude whether or not O&S will be as locally responsive on a store-level within the NYC market as they have been in Denmark and London. What we can conclude is that O&S is being locally responsive to the NYC market as a whole. This can be seen in the fact that they are going to introduce drip coffee to accommodate the specific needs of the NYC consumers. This is a concrete example of pressure for local responsiveness, as explained by Prahalad & Doz (1987).

#### 5.2.2.2 Macro-level Analysis

In the above analysis of the three different markets, it became evident that Lagkagehuset and O&S is engaging in a strategy in which they are being locally responsive to the environment and location in which they are operating. This mainly applies to Denmark and London but the analysis also indicates that O&S will likely be locally responsive to the NYC market as well.

The following section will take a macro perspective, by analyzing the three individual markets in relation to each other. The aim here is to identify the overall approach taken by O&S in their internationalization strategy, in relation to global integration and local responsiveness.

Looking at the three markets we will argue, that they can be divided into two overall concept categories: *Lagkagehuset* and *O&S*. *Lagkagehuset* being the original concept, which is only used in Denmark and *O&S* being the modified concept, which is used in both London and NYC. Hereby a distinction is made between the *domestic market*, which consists of Denmark, and the *international market*, which currently consists of London and NYC as illustrated in *Figure 7: Concept Overview*.



*Figure 7: Concept Overview (Own Creation)*

O&S is planning on taking the café-like concept developed to suit the London market and transferring the concept more or less 1:1 to the NYC market (A1, 137-139). When addressing the concept changes, in relation to the upcoming expansion to NYC, Jesper Dixen - Head of Business Development at O&S, says: *“It is going to be a further development of the international concept”* (A1, 165-167). This indicates that O&S has in fact developed this new ‘O&S concept’ specifically for the purpose of internationalization.

According to Prahalad & Doz (1987) global integration involves processes of standardization for firms that operate cross-nationally. We will argue that by using the same ‘O&S concept’ across all international markets O&S is in fact standardizing their concept. By changing the concept to a more cafe-like experience, O&S is adapting to the needs of the metropolitan consumer making it possible to standardize across metropolitan markets.

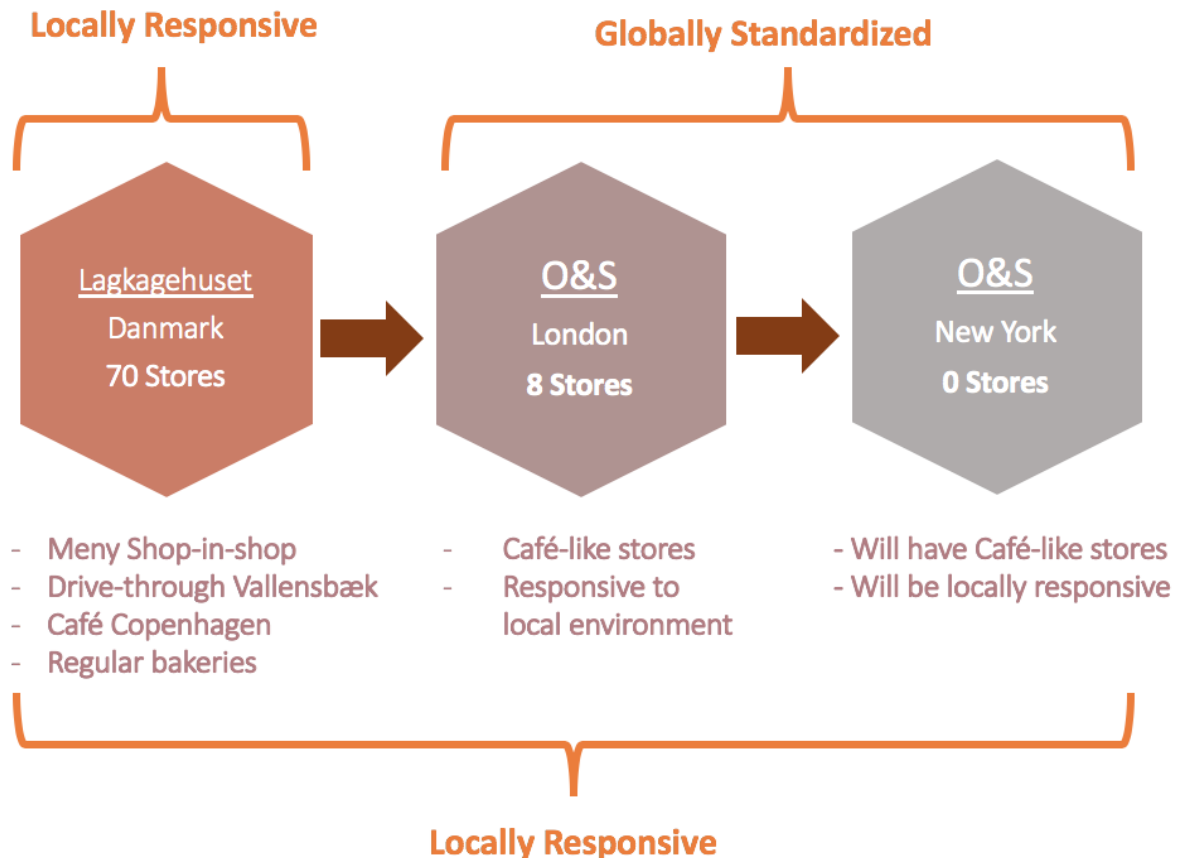


Figure 8: O&S I/R Overview (Own Creation)

The above model works to illustrate, how O&S is both locally responsive on a micro-level while also being globally integrative on a macro-level. To summarize, O&S is pursuing global integration as part of their overall internationalization strategy on a macro-level, as they apply the same store concept in all international markets, namely London and NYC. The model further illustrates how O&S is simultaneously also engaging in local responsiveness on a micro-level, as they accommodate the specific needs of the customers at each store location. This conclusively shows that O&S is neither pursuing a global integration strategy or a strategy of local responsiveness. However, they are adopting a multifocal business strategy where they are responding to global integration and local responsiveness simultaneously (Prahalad & Doz, 1987).

To summarize this chapter we argue that Lagkagehuset has transformed from being a bakery in Denmark, to becoming more of a café concept in the international market, operating under the new name O&S. O&S has changed their concept to better fit the needs of the international

market and its consumers. This has been done on a macro-level by developing a concept that is globally integrative, meaning largely transferable to other metropolitan markets. Moreover, the O&S concept is also changed slightly on a micro-level as they engage in local responsiveness to the individual market. This combination means O&S is engaging in a multifocal approach when adapting their concept to new markets.

## 5.3 COUNTRY OF ORIGIN

In the following section we will analyse the possible effect of the Danish COO for O&S, in the international market. COO is investigated as the problem statement asks how O&S as a ‘Danish’ company can get a foothold in the NYC market. This section therefore investigates the possible negative or positive effect of having this Danish COO associated with the O&S concept, in an international market context. The analysis topics are as follow: Danish or Scandinavian COO, Nordic food image in NYC, and Attributes associated with the Danish/Scandinavian COO. This will be done using the data collected from interviews, online survey, and secondary data in form of the Anholt-GfK survey. Finally the section will attempt to answer the third research question: *Which attributes does the American consumer associate with the Danish background of O&S?*

### 5.3.1 Danish or Scandinavian?

One of the questions, which has surfaced in connection to the Danish heritage of O&S in relation to the possible effect this can have for the company in NYC, was to understand if the US consumer actually perceived any real difference between Denmark and the other Nordic countries. Moreover, if these perceptions of the countries, would have a positive or negative effect on O&S’ NYC market entry.

The Anholt-GfK survey, measures the power and quality of countries’ ‘brand image’ and is the world’s most comprehensive global nation branding survey (GfK, 2018). In this survey Sweden ranks on a 10<sup>th</sup> place for strongest national brands (GfK, 2018). Norway and Denmark score much lower in the survey and remain in level positions throughout the survey, suggesting that international consumers have a hard time differentiating the two countries and their individual exports (Anholt, 2008). As Anholt (2008) adds, this happens “*despite the fact that Danish brands like Lego, Bang and Olufsen, Carlsberg and several others are*

*associated with Denmark, while Norway produces no famous global brands*” (p. 1). Anholt (2008) concludes, that there is some confusion regarding the COO of the separate Scandinavian countries.

The Nation Brand Index, suggests that Sweden and products originating from this country, tend to benefit from the image of Denmark and Danish products. This is due to the fact that the Swedish COO is better known to the international consumer, and therefore other Scandinavian brands are often thought to originate from Sweden (Nation Branding, 2010). For example the Danish brand Bang and Olufsen, might be known as Scandinavian by an American consumer, but if they had to mention a specific country, without actually knowing the COO that it originates from, they would likely say Sweden instead of Denmark. However, Anholt (2008) adds that this spill-over effect also works the other way around, for other Scandinavian products who benefits from Sweden’s high Nation Branding (Anholt, 2008). This means that while Sweden scores higher on the ‘National Brand Index’, its COO image has a positive effect on all Scandinavian brands associated with a Scandinavian COO and vice versa.

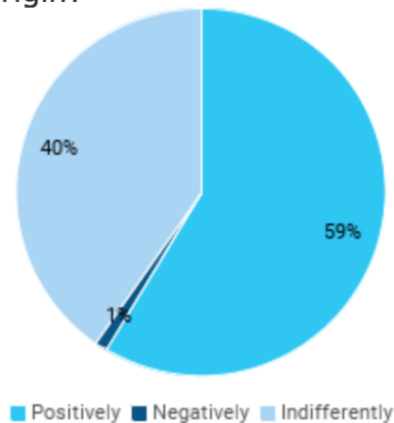
The data collected in this thesis study, holds a great example of this confusion regarding the Scandinavian countries. One of the American influencer interviewees, was confused about the geography of Scandinavia, answering one question: *“You guys are from Sweden right, Copenhagen?”* (A5, 134), suggesting that Copenhagen is the capital of Sweden. In the same interview, the interviewee commented on how *“there were a push for the whole Norwegian thing a year or two ago but that's kind of quiet down.”*, followed up by: *“Yeah that was when Claus came over that (the Norwegian thing) was big.”* (A5, 105-108), suggesting that Claus Meyer is from Norway, not Denmark which is actually the case. He did however seem to realize his confusion and ended his statement by saying the following *“I just know that I love the culture and the food and the people.”* (A5, 139). Here, the interviewee first confused Copenhagen with Sweden, and then the Danish Chef an entrepreneur Claus Meyer with being Norwegian. This confusion proves how, even if the interviewee is not capable of separating the Scandinavian countries, he still has an overall positive perception of the Scandinavian countries collectively.

Another interviewee states that she would put Denmark and Scandinavia in the same box because, as she says: *“I'm really not familiar with the area.”* (A6, 132). Similarly, the

influencer Marisel, who recently visited Denmark and works as a consultant for a Danish brand, further explains the situation: “*prior to that (going to Denmark and working for a Danish brand) I couldn't tell you the difference between Scandinavia and Denmark. I actually think you can't go wrong and you can't go right, in the sense that most Americans will not know the difference between what is Danish and what is Scandinavian. But they are both passwords for us - at least in New York. If you say something is Scandinavian or Danish people get very excited because of what they think, and this is from a general consensus: minimalistic design, very cool, fashion forward.*” (A7, 305-312). Here the interviewee admits that she would not have known the difference between the Scandinavian countries, if she had not just been to Copenhagen. Despite this, she concludes that for the American consumer, the Danish COO is largely interchangeable with the Scandinavian COO. However, as she suggests, both COO's are positive ‘passwords’ for the consumers in NYC. This highlights the nature of COO as a positive connotation for a Danish company in NYC, as the Danish COO reflects positively on the products. This supports the conclusion made by Bloemer et al. (2009), where consumers who have positive attitudes toward a particular country, will often show favourable responses towards its brands or products.

This then poses a question of the Danish and Scandinavian COO associations, and to which degree these are in fact positive, or if it was just our interviewees who perceived it as such. The pie graph, illustrated in *Figure 9*, is created based on the data collected from our survey, which had 231 US consumers responding to it. The graph clearly illustrates that the perception of a Scandinavian COO, is far from a negative thing for a product. The graph shows that to 59% of the respondents, a Scandinavian COO has a positive influence on their perception of a product. The graph also indicate that 40% of the respondents are indifferent regarding the Scandinavian COO, but only 1% has negative associations to a Scandinavian COO. While the data set is too small to draw any definite conclusions, it does seem to indicate a clear tendency towards the Scandinavian COO, as having a positive effect on products sold in the US market.

In which way does it affect your opinion of a product, that it is of Scandinavian origin?



*Figure 9: American opinion of products with Scandinavian COO (Own creation).*

In conclusion to this section, it seems that the non-Scandinavian consumers generally find it difficult to tell the Scandinavian countries apart. This also applies for identifying which country a given ‘Scandinavian’ product actually originates from. Instead Denmark ends up in a ‘Scandinavian box’ where the Scandinavian countries, as well their as products, are mixed together. Thereby, the Danish COO image becomes dependent on the COO image of the rest of the Scandinavian countries and vice versa. However, as identified in the data from our online survey, as well as in the interviews conducted with American influencers, Scandinavian COO is generally perceived as positive attribute for products, to the American consumer.

Based on the above, for the remainder of this thesis, ‘Danish’, ‘Scandinavian’, and ‘Nordic’ COO will be used interchangeably as the American consumer does not make any distinction between these.

### 5.3.2 Nordic Food Image in NYC

Based on the above analysis there seems to be a clear overall positive inclination for products with a Scandinavian COO. In the following it will be investigated if this positive Scandinavian COO effect also applies within the NYC food scene, this will be investigated further in the following analysis.

In the seven interviews conducted for this thesis, one name kept coming up, namely Claus Meyer. Claus Meyer is a Danish chef or gastronomic entrepreneur, as it is stated on his

official website (Meyersmad, 2018). Claus Meyer has spent 30 years in the food industry, with the objective to bring quality to the Danish food scene. One of his most known projects and positions was when he started Noma, a Danish Michelin winning restaurant. Moreover, he owns, part of ‘Meyers Løgismose’, several Danish restaurants, Meyers Bageri, and is part of several other food related projects around the world (Meyersmad, 2018).

In 2015 Claus moved to NYC, where he opened two restaurants; Agern and Norman. Agern went on to receive a Michelin star within the first 6 months of opening. Later, Claus Meyer opened the ‘Great Northern Food Hall’, located in the middle of the NYC Grand Central Station (MeyersUSA, 2018). The ‘Great Northern Food Hall’, is a collection of pavilions in a quick-service setting, with Scandinavian flavours at the core (MeyersUSA, 2018). According to the Ministry of Foreign Affairs of Denmark (2018), one of the driving forces behind the rising popularity of Nordic cuisine is the success of Noma and one of its founders, Claus Meyer, who reinvented Nordic cuisine - something he is now widely credited for having done (Ministry of Foreign Affairs of Denmark, 2018).

The research conducted during this thesis proves how Claus Meyer also has had a real influence on the NYC food scene. One of the American influencers commented: “*Claus Meyer do you know him? He has opened the great Nordic Food Hall and it's supposed to be very good, (...) he is a super, super talented guy, and he owns a few restaurants - I heard they're really good. There's a bit of buzz about them.*” (A5, 32-36). The interviewee seems to have a positive perception of Claus Meyer’s Nordic projects in NYC, despite not having visited any of them. This awareness of Claus Meyer is also reflected by another influencer who says: “*Claus Meyer, he has really just helped by being the Ambassador of Scandinavian cuisine and Danish cuisine. He has just really positioned the brand of Danish and Scandinavian cuisine, as cool.*” (A7, 319-321). The interviewee here points out, how Claus Meyer has acted as a kind of ambassador for Nordic cuisine in the NYC market.

It could be argued that this popularity of the Nordic COO, in regards to the food scene in NYC, might be a short term trend. However, as mentioned by several of the interviewees, who are experts on the NYC food scene, this Nordic COO popularity has been on the rise ever since Claus Meyer entered the NYC food scene in 2015, and it does not seem to be slowing down. One of the influencers states: “*In terms of the long-term trends (in NYC), I always say the proliferation of the Scandinavian cuisine and Scandinavian shops (...) and this*



*is thanks to Claus Meyer. You know big thanks to him for bringing Scandinavian food to the United States through his restaurants and his bakeries.”* (A7, 93-97). This statement proves the heightened awareness in the market regarding Scandinavian food culture. Moreover, it suggests that the popularity of Nordic cuisine is not a short term trend in the NYC market.

This influence from Claus Meyer in the NYC market, is also mentioned by O&S’ own US Director, who states: *“When Noma first opened, (...) that inspired a lot of chefs around the region in the US, in NYC especially. And that kind of grew into this mini Nordic invasion of food and beverage. And it inspired interest within general foodies around NYC. So when Claus Meyer came to NYC I think that actually helped gain more tracking in that area.”* (A3, 154-159). Similarly, Kasper Garnell, Partner at ‘Joe & The Juice’, agrees on the positivity surrounding Scandinavian and Nordic cuisine in the NYC market. Kasper, states that the Danish COO has been of positive influence for Joe & The Juice, when entering NYC. Joe & The Juice has even gone a step further by collaborating directly with Claus Meyers: *”We have developed a menu in collaboration with Claus Meyer, so there is some Scandinavian/Nordic aspect in it.”* (A4, 239-249). The shake created in collaboration with Claus Meyer contains buckthorn, which is a popular ingredient in the Nordic cuisine, and is called "The Nordic". Kasper explains that the collaboration has been initiated as an effort to integrate and maintain the Danish heritage and culture of ‘Joe & The Juice’, (A4, 11-112). The O&S US Director as well as the ‘Joe & The Juice’ Partner, are evidently both seeing positive effects in the NYC food scene due to Claus Meyer and the rise in popularity of the Scandinavian COO image in the NYC food scene.

In conclusion, it has been found that Claus Meyer has been one of the driving forces behind the rising popularity of Nordic cuisine in NYC. Moreover, it suggests that the popularity of Nordic cuisine is not a short term trend in the NYC food scene.

### 5.3.3 Attributes Associated with Danish COO

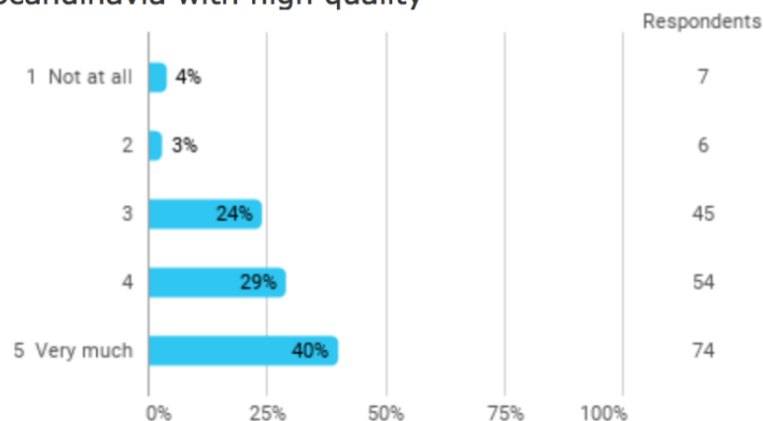
Based on the previous analysis it has become evident, that Scandinavia brings about positive connotations amongst consumers in NYC. In the following we elaborate on this positive connotation, and identify which specific attributes is associated with Scandinavia as a country of origin.

The primary data collected through online survey and interviews, suggest a variety of attributes which Americans associate with products of Scandinavian origin. The main attributes include ‘*high quality*’ and a sense of ‘*coolness*’ (Figure 10 & 11), while ‘*expensive*’ and ‘*healthy*’ are also attributes associated with products of Scandinavian origin (A17). However, as ‘high quality’ and ‘coolness’ were the attributes mentioned most frequently in the interviews, and moreover had high scores in the survey, these will be examined closer in the following.

## High Quality

*High quality* is an attribute associated to Scandinavia, which the majority of the survey respondents agree upon. *Figure 10* illustrates how 40% of the respondents in the online survey associate Scandinavia with high quality. When answering the question: “To which degree do you agree on the following statement: I associate Scandinavia with high quality” rating it on a scale from 1-5, 1 being ‘Not at all’ and 5 being ‘Very much’, 69% of the respondents answers 4 or 5. This means that 69% of the respondents associate Scandinavia with quality above average.

To which degree do you agree on the following statements - I associate Scandinavia with high quality



*Figure 10: American association to Scandinavian COO, high quality (Own Creation)*

Similarly, when the interviewees were asked about their associations regarding products with a Danish COO, they all had high expectations of the quality of the products. One interviewee states that Danish COO makes a food products more attractive to him, “*Because as I said, I*

*associate the food (of Danish COO) with quality and care. I feel like they (Danes) put a lot of care into their food. For example if I went to the bakery, I would have high expectations to the high level of quality. I wouldn't expect mediocre food"* (A5, 142-145). Similarly another interviewee adds that, *"I think I will expect it (food with Scandinavian COO) to taste very good. You know if it was a gingersnap cookie made in Scandinavia, I would expect it to be the best gingersnap cookie I've ever had."* (A6, 145-147). It is clear that the interviewees have high expectations of products with a Danish or Scandinavian COO.

Paswan & Sharma (2004) suggest, that it is important to live up to the consumers' perceptions of the COO image in order to sustain the positive perception, that the consumers hold towards this. It is interesting to note that the 'high quality' attribute, is also something that is of great importance in the O&S business model. On the O&S website it is highlighted that they do not compromise on quality (Lagkagehuset, 2018). One interviewee states that he *"would expect quality, I would expect freshness"* (A5, 122), which also plays right into the O&S values. On their website O&S emphasize how they always use the very best ingredients, everything is freshly baked on an everyday basis, and that they are locally renowned for outstanding quality (Ole and Steen, 2018). When asking Jesper Dixen - Head of Business Develop at O&S, what he sees as O&S' key competency he answers: *"Well, I think it is the whole of the concept. And being able to provide the quality in a big scale."* (A1, 298-299). This shows, that despite having more than 75 stores in their Danish portfolio, O&S is still very much focused on maintaining the high quality aspect of their business, while growing it throughout the internationalization process. O&S is clearly working towards maintaining the high quality of their products. We will argue that if O&S succeed in this, they will live up to the perceptions regarding the Danish COO held by the American consumers and avoid an incongruence between expectations and reality (Paswan & Sharma, 2004).

### **Up and Coming/Cool**

*Up and coming/cool* is another association to the Danish COO, as it was identified in several interviews and scored high in the survey findings. This indicates a tendency towards a perception of Scandinavia as being 'up and coming/cool'. In the survey, more than 50% of the respondents indicate some degree of agreement with the assumption that Scandinavia being 'up and coming/cool'. This is illustrated in *Figure 11*.

To which degree do you agree on the following statements - I associate Scandinavia with being up and coming/cool

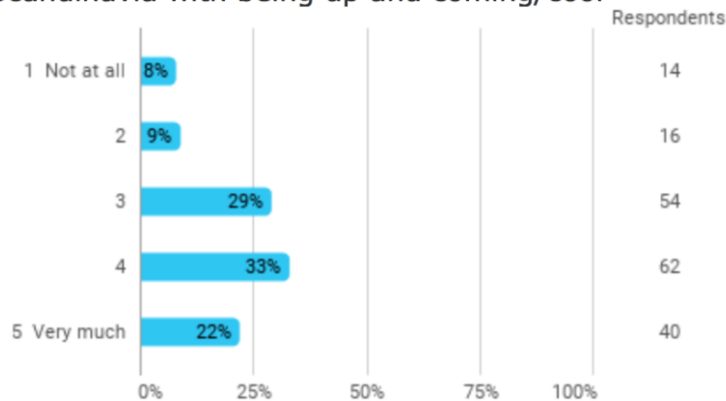


Figure 11: American association to Scandinavian COO, up and coming/cool (Own Creation)

It seems that Scandinavia in general is attributed as being ‘up and coming/cool’. This ‘up and coming/cool’ perception could possibly be an image that Danish companies which are already located in NYC, have helped establish. The UK O&S Director here points out the English perception of Scandinavia: *“The Scandi culture, which we in the UK see you guys very happy, smiley, healthy”* (A2, 29-32). He also adds regarding the UK O&S stores *“you know we (O&S) have an environment that is not trying to be cool but it is naturally a Scandinavian cool environment”* (A2, 78-79). Similarly, one influencer states: *“Danish or Scandinavian - it just has this overarching of cool. You just go into a ‘Joe & The Juice’ and you see the design. This minimalistic, you know, copper lighting. It’s cool and the people behind the bar are probably all aspiring models, and the music is cool”* (A7, 319-325). She adds that it is no longer the French who are perceived as cool and trendsetting, but instead it is now the Scandinavians that the New Yorkers look to: *“we are very interested in what you guys (Scandinavians) are doing, to dictate what is trending and what is the future of cool.”* (A7, 315-317). This really puts into context the perception of Denmark as being a country that has had a real rise in popularity in recent years.

In conclusion to the entire country of origin section, the American consumer does not seem to differentiate Denmark from the rest of Scandinavia and the Nordics. However the Scandinavian cluster has a generally positive connotation for the US consumer. It was found that this positive association was also present in the NYC market and food scene. Furthermore, the rise of the popularity of Nordic cuisines in NYC was found to be due to

Claus Meyers activities in NYC. Finally, it was discovered that the attributes associated the most with the Scandinavian COO was ‘high quality’ and ‘up-and-coming/cool’. Based on this knowledge we will argue that having a Danish COO will most likely have a positive effect on O&S when they enter the US market.

## 5.4 COMPETITIVE ADVANTAGE

In the following, we will identify the key assets of O&S, and how these assets can work as resources to create a competitive advantage for the company in the NYC market. The analysis will start out by taking point of departure in Porter’s (1985) generic strategies. This is done to identify the overall competitive strategy which O&S is pursuing, being either the *cost leadership* or *differentiation* strategy. After having identified the overall competitive strategy of O&S, we will identify the specific resources the company holds, and analyze to which degree these serve as a sustainable competitive advantage. These resources will be identified using the resource based view, as this theory focuses on how the resources controlled by a company can work as sources of competitive advantage (Barney & Hesterly, 2006). This will be examined using the data collected from interviews. Finally the section will attempt to answer the fourth research question: *What is Lagkagehuset’s competitive advantage?*

### 5.4.1 The Competitive Strategy of O&S

According to Porter (1985), there are two overall competitive strategies that a company can pursue, with the goal of gaining a competitive advantage. These strategies are *cost leadership* and *differentiation*. As already accounted for, the cost leadership approach entails a price level significantly below that of competitors. This is not the case for O&S, who admits that they are in fact more expensive than their competitors: “*We might be more expensive, because we feel like we have a premium product (...) we do have a more premium product. You’ve got a premium environment and a premium product*” (A2, 63-70). According to Porter (1985), products that are differentiated in a valued way can command a premium price. This is exactly what O&S is doing by being more expensive than competitors, because they differentiate their company by e.g. making products of premium quality. This leads to the argumentation that O&S is pursuing *differentiation* as a competitive strategy.

The following section will provide further argumentation for differentiation being the competitive strategy of O&S. The ways in which O&S' differentiate, will be identified and analysed as resources using the RBV and the VRIN model. The purpose is to determine to which degree these resources work as a competitive advantage for O&S.

#### 5.4.1.1 High Quality as a Resource

It is evident that O&S is pursuing a strategy of differentiation, as it is important for them *“to present something, that is unique for the market”* (A1, 155). One of the ways O&S differentiates themselves in the market is on the high quality of their products. Jesper Diken - Head of Business Development, states: *“When we ask our customers why they visit Lagkagehuset, 90% answers that it is because of our products (...) the products are the core of our concept, and we provide a high quality of products, to be successful in the market”* (A1, 44-47). The high quality does not only serve as a mean of differentiation, but is also a valuable resource for O&S. According to Barney (1991), resources are valuable if they add financial value to the company. As 90% of 'Lagkagehuset's' customers visit the store due to their high quality products, this must be presumed to generate financial value to the company. Thereby the high quality premium products becomes a valuable resource which work as a mean of competitive advantage for O&S. This statistic regarding the importance of high quality, is drawn from the Danish market. However, differentiation on high quality products is also a strategy pursued by O&S on the international market scene. Gabriel Sorgi - US Director, states: *“There is a segment of the market in NYC that is missing high quality breads and pastry and cakes”* (A3, 193-194). This is the segment that O&S will try to reach in NYC, by leveraging their resource of high quality products.

Euromonitors International (2017), has identified a heightened focus on premium products in their 2017 report on mega trends. They call it the 'Premiumisation Trend', which is driven by maturing markets and growing product selection, along with consumers having more expendable funds to use on better quality products (Euromonitor International, 2017). Similarly, Mehmeti and Xhoxhi (2014) have identified premium quality food as a current food trend in the international market, which sees consumers increasingly indulge in premium products (Mehmeti & Xhoxhi, 2014). Despite a heightened focus on health in the market, Mehmeti and Xhoxhi (2014) argue that consumers are still indulging in foods which are perceived as unhealthy, such as e.g. cakes. However, consumers now have a heightened

focus on the quality of these foods, which they allow themselves to indulge in, despite of them being unhealthy.

According to the VRIN framework, as proposed by Barney (1991), a resource is valuable if it helps the company to exploit market opportunities. Based on the above we will identify the ‘premiumisation’ and ‘indulgence in premium products’ trends, as being market opportunities which O&S can exploit. By offering high quality premium products, O&S are well suited to capitalise on these current market trends.

In conclusion, it has been discovered that O&S’ high quality premium products can work as a resource to gain a competitive advantage, as it plays well within the current market trends of premiumness and indulgence.

#### *5.4.1.2 Production Facilities as a Resource*

As described in the theoretical framework, the RBV builds on the founding principle, that for a strategy to be sustainable it must be imbedded in the company’s resources and capabilities. Previously it was identified that O&S is seeking differentiation as a mean of competitive strategy. One of the areas of differentiation is based on O&S’ high quality premium products. The following will be an elaboration on this focus on high quality, and how it is deeply imbedded in the way O&S has organized their business around their production facilities.

Previously it has been indicated how the production facilities plays a key role in the way O&S structures their business. When O&S enters a new market, finding a location for the production facility is one of the top priorities. This is due to the fact that O&S needs to be able to deliver fresh bread and pastries to their stores three times during the day (A1, 118-119). The fact that O&S has designed their entire business around the freshness and quality of their products, proves how important high quality is to the company. The high quality of the products is the core of the O&S business, and the entire operation of O&S is build to continuously provide this high quality to their customers.

## VRIN Model Applied

Putting this resource into context of the VRIN model, it can be argued that the production facility constitutes a value-adding resources, as it ensure a constant quality of products, which is one of the reasons why customers visit O&S. The production facilities thereby serves as a resource which leads to a competitive advantage (Peng, 2009). Looking at the rarity aspect of the VRIN model, we do not have sufficient insights into the NYC market to argue whether or not this type of production facility is rare. However, as already stated by Gabriel Sorgi, there is a segment of the market in NYC that is missing high quality breads, pastry, and cakes (A3, 193-194). Therefore, because the production facility works to meet this need for high quality in large scale, we will argue that this could be perceived as a rare resource in the NYC market. It would most likely be costly for competitors to invest in a large scale production facility in Manhattan, as well as having to invest in the numerous of stores eventually needed to provide the sales that will make the business economically feasible. For this reason it could be argued that the production facility of O&S is imperfectly imitable, and can work as a competitive advantage for O&S in NYC (Peng, 2009). Since O&S' entire business is build around the fact, that they need a central production facility in a given market, in order to provide high quality products for their stores, we will argue that the production facility as a resource is non-substitutable. As the production facilities is a central part of a complex structure within O&S' strategy, it would be highly complicated for a competitor to implement the same strategy and substitute the central production facility with another solution. Therefore we will argue that the production facilities, being part of O&S's strategy, is in fact non-substitutable and work as a competitive advantage for the company.

In conclusion, we will argue that O&S' high quality bread and pastries, and the way in which they have organized their entire business around being able to provide this high standard of quality in terms of central production facilities, is not only a value adding resource but also a sustainable competitive advantage, since is fulfil the 'VRIN' criteria as proposed by Barney (1991).



#### 5.4.1.3 Scandinavian COO as a Resource

Previous in the analysis it was found that products from Denmark and Scandinavia seem to have positive associations for the American consumers. Moreover, due to Claus Meyer and his restaurants and businesses, NYC has seen a rise in popularity of the Nordic cuisine, and a positivity surrounding Scandinavia in general. This is something that O&S can possibly benefit from, and which could work as a competitive advantage for the company in the NYC market. In the following we will identify how the Scandinavian COO of O&S is apparent in their stores and products. By applying the VRIN framework we will analyze to which degree the Scandinavian COO serves as a resource of sustainable competitive advantage of O&S.

As already accounted for, O&S is pursuing a competitive strategy of differentiation. One of the areas in which they differentiate is on their product range, which is founded on their Scandinavian heritage. While this product range is relatively traditional in the Danish market scene, Jesper Diken - Head of Business Developments describes it as being; *“relatively unique in the international context”* (A1, 62). The Danish COO is in particular distinct in the naming of some of the pastries, which have been kept close to the original Danish names. Examples include: Christianshavner Cake, Copenhagenner, and Spandauer (Ole and Steen, 2018). Moreover, O&S focus on products and ingredients that are associated with the Scandinavian heritage: *“We want to keep the elements of our Scandinavian food culture, and focus on being authentic to our heritage and what we stand for”* (A1, 157-158). This is done by e.g. introducing the open-faced sandwich using ingredients with roots back to Scandinavia like blue cheese, salmon and mackerel (A1, 160-161). Moreover, more obvious Scandinavian products like rye bread and cinnamon buns also takes a significant role in the differentiation on products based on the Scandinavian COO.

Throughout the interviews with the NYC influencers, it has been mentioned how having a product offering with a Scandinavian COO can serve as a benefit. One influencer states: *“I would expect them (O&S) to have some specialty food from the area (Scandinavia), (...) I think that cinnamon bun is a great example of this”* (A6, 137-141). The ‘Cinnamon Social’, known in Denmark as a ‘Kanelstang’, is mentioned in positive terms by several of the influencers. It is also one of the most popular products in the London stores, where one ‘Cinnamon Social’ is sold every two minutes in their location at Haymarket (A2, 177-178).

One influencer explains how the cinnamon pastry is associated with Scandinavia, and that people in NYC tend to want to try something new and different (A6, 16-17). The UK Director regards these particularly popular products as being the ‘Hero Product’ of O&S. Another ‘Hero Product’ in the UK market, as described by the UK Director, is the Danish rye bread: *“I think the rye bread in particular (...) people really do like that product. It's just so unique. So yeah I think the UK public has really fallen in love with our product range”* (A2, 184-186). An influencer suggest that these ‘Hero Products’ will also work well in the NYC market: *“If they (O&S) have a dish that is especially photo-worthy, or they do something that is very unique or different, maybe coming up with this traditional Scandinavian cinnamon bun (...) It's all about coming up with one or two things that is a little bit different. I think that can really go a long way”* (A6, 196-201). Based on this it seems that the Scandinavian COO is a valuable asset for the O&S product range. Moreover, data from the survey shows that more than 50% of the respondents state, that a differentiated product range is important to them when going to a café or bakery (A18). This result further underlines that O&S’ differentiation of products, based on their Scandinavian heritage, is something that will likely also appeal to the NYC market.

### **VRIN Model Applied**

It has been identified that the Nordic cuisine has seen a rise in popularity in the NYC market. Moreover, we have found that Denmark and Scandinavia seem to create positive associations amongst our American respondents and influencers. We will therefore, based on these finding, argue that having a Scandinavian COO is a valuable resource for O&S in the NYC market.

We have not conducted a thorough market analysis regarding high-end bakeries in the NYC market, as this would be beyond the scope and resources of this thesis. However, based on the knowledge gained through interviews with experts and influencers, we have come to the understanding that high-end bakeries with a Scandinavian COO is rather uncommon in the NYC market. For this reason, we will argue that O&S’ Scandinavian COO is in fact rare.

The Scandinavian COO being an intangible resource, will be hard for competitors to imitate in the NYC market, as they would not possess the Danish heritage which constitutes a big part of the O&S concept. It is not impossible for competitors to imitate the product offering, store design, or other elements of the O&S concept. However, if another bakery in NYC did

attempt to imitate the O&S concept, it would likely lack the authenticity that O&S possess by being a legitimate Danish bakery.

If a competitor were to recreate the same concept as O&S, they would not be able to achieve the same performance by substituting the resource of the Scandinavian COO with an alternative heritage. O&S' product range carries a lot of uniquely differentiated products, which are based on their Danish heritage, and has proven to be highly valued by customers. We will therefore argue that if a competitor were to reach the same customer segment as O&S, the Scandinavian COO would in fact be non-substitutable.

In conclusion, we will argue that the resource O&S holds in their Scandinavian COO serves as a sustainable competitive advantage in the NYC market. This is based on the fact that it lives up to the VRIN criteria as proposed by Barney (1991).

The aim of this chapter has been to answer the research question: *What is Lagkagehuset's competitive advantage*. Through the analysis it has been found that O&S pursues differentiation as a competitive strategy. Three main resources was identified as areas in which O&S differentiates themselves, these being: *high quality premium products*, *production facilities*, and a *Scandinavian COO*. These three resources constitutes the competitive advantage of O&S, and will presumably benefit O&S when entering the NYC market.

## 5.5 MARKETING STRATEGY

The following chapter will analyse the ways in which O&S can successfully market themselves as they enter the New York City market. The analysis will focus on three main areas: O&S' current marketing strategy, how suitable the O&S concept is for social media, and the benefits of using Influencer Marketing for O&S. This will be done using the theory and the interviews collected. Finally the section will attempt to answer the 5<sup>th</sup> research question: *How can influencers work as an effective marketing tool for Lagkagehuset in New York?*

### 5.5.1 Current Marketing Strategy

This section will first investigate the current marketing strategies used by O&S in their current markets, Denmark and London, as well as the marketing planned for the market entry in the US. Then, the section will investigate if this marketing strategy will be suitable in the US market.

Looking at O&S' marketing strategy it seems that they are mainly focused on their social media channels. It has not been possible to find any other more traditional marketing efforts beside from these social media profiles. The fact that O&S does not engage in any other marketing strategies, is supported by the interview conducted with Jesper Diken – Head of Business Development. Jesper disclose that O&S' current marketing strategy actually does not undertake typical marketing approaches (A1, 328). He explains this further by highlighting the fact that O&S does not conduct the classic marketing strategies expected of big companies, such as large campaigns through traditional as well as online media channels (A1, 328-329). Instead, Jesper states: *"We use our platforms Facebook and Instagram, as a means of communicating with our customers"* (A1, 329-330). It can then be concluded that O&S' current marketing strategy is in fact focused on social media as the only marketing channel.

As discovered O&S only use Facebook and Instagram as marketing channels. Therefore it makes sense to look closer at the specific social media pages employed by O&S. O&S has an individual Instagram page (Oleandsteenuk, n.d.; Lagkagehuset\_Official, n.d.) as well as Facebook page (Lagkagehuset, n.d.; Ole and Steen UK, n.d.), for each of the markets that they are currently engaged in. Hereby O&S enables themselves to localize content to the individual market. It is also possible to find both an Instagram as well as a Facebook page for the future US market. However, these US pages do not yet have any activities, such as pictures or status posts (Oleandsteenus, n.d; Ole and Steen US, n.d.). Based on the fact that these US profiles have already been set up for use, it is likely that the current focus on social media channels through Facebook and Instagram will continue in the US market.

It is relevant to understand if the use of these social media channels will be effective in the US market. A study by the marketing intelligence service WARC in 2018, based on a survey with 158 US client-side marketers, found that the US advertisers sees Facebook as the top

overall social media channel, but very closely followed by Instagram. However, Instagram was ranked as the single most important channel for advertisers (WARC, 2018). It is clear, that the US advertisers find Facebook and Instagram highly important, but for advertising purposes Instagram is seen as the most important channel for business.

To summarize, O&S' current marketing strategy is entirely focused on the social media channels, Facebook and Instagram. O&S localize the content on these channels by having individual channels to each national market that they are engaged in. This is also the case for the upcoming opening in the US market. In the US market, Facebook is seen as the overall top social media channel but Instagram is seen as the most important channel for advertising. O&S' plan to continue with this focus on Facebook and Instagram in the US market, is therefore likely to be effective.

### 5.5.2 Visual Concept and Marketing Channels

In this section, O&S' use of social media channels in their marketing strategy is elaborated on. This is done by first looking at the focus on an elevated visual experience in the O&S stores, followed by an analysis of the importance of this visual element when using the social media channels.

When it comes to the store experience at O&S UK, there seem to be a heightened focus on having an elevated visual experience. This has been identified in the previous analysis of the changes made in the store concept. E.g. the glass storefronts, ceramic plates and cups, and candles used for atmosphere in the evening. The ceramic plates, for instance, makes it much more appealing for customers to take pictures of their products purchased at O&S, than if they were served on a paper plate (A16). The effort to create an elevated store experience, also comes to show as Alastair - UK Director, explains about the thoughts behind the product counter made of glass in the O&S UK stores, *"you look at it like at 'Tiffany's'. Tiffany diamond. And that's the way we want people to look at it (the products)"* (A2, 198-199). Here, a parallel is drawn between the O&S stores and the high-end jewellery store 'Tiffany & Co'. Jesper Dixen - Head of Business Development, also goes into detail about the focus on small design details in their international store concept, such as the brass used for edges on counters to create a warm look and feel (A1, 94-102). This focus on a visual experience is clearly something that has been in focus when reinventing the O&S concept to the international market.

In the following this increased focus on store visuals, is put into context with the influencer interviews. One of the influencers interviewed, highlights the importance of these visual details. When choosing whether or not to visit a store, she says *“when I look at someone’s Instagram as a social media influencer, I immediately imagine; could I get a photo there? And absolutely, I could get so many beautiful photos (in the O&S stores).”* (A7, 235-237). The influencer also suggest that O&S has had success in their efforts to make the stores visually appealing, as she sees the visual of the O&S stores as inviting and relevant for sharing on Instagram. She goes onto suggest the different aspects that she takes into consideration when judging the stores. She looks at: *“how they design their cafes; are they instagrammable without being cheesy; how is the food presented; is it presented very elegantly while (still being) approachable”* (A7, 332-334). Another influencer - Alexa, explains that: *“in New York presentation of the food is so competitive. It’s not just the food that has to be good but also the plates and the presentation.”* (A6, 17-19). She continues by explaining how it is not just that plates have to be trendy and ‘instagrammable’, but also the interior of the store (A6, 19-23). As she concludes, there is a lot that goes into the success of a restaurant apart from the food. These considerations match well with O&S’ focus on creating an elevated visual experience for the customers that is ‘instagrammable’ – something that is worth sharing online.

In conclusion, it seems that the O&S concept is especially well suited for the social media platforms. This is largely due to the elevated visuals of the stores. Especially the international concept, with its ceramic plates and focus on a refined interior, is highly photographic and ‘instagrammable’ and thereby suited for sharing online.

### 5.5.3 Leveraging Social Media Channels through Influencer Marketing

During the several interviews conducted with NYC food influencers, it became clear that influencer marketing could be an interesting avenue for O&S to explore further. This section will investigate influencer marketing as a tool for O&S to reach consumers through social media channels.

First, it is relevant to explore the influencer market in the US. This is done, to gain a better understanding as to how suitable a marketing tool influencers could be for O&S in the US.

As already discovered, the WARC survey suggested that Instagram is perceived as being the most important marketing channel to US advertisers. Interestingly the survey also found that 75% of national advertisers in the US market, make use of influencer marketing. Moreover, it found that 43% of these advertisers are so pleased with the results gained through influencer marketing, that they plan to increase their budget over the coming 12 months (WARC, 2018). Business Insider (Tran, 2018), further confirm the increasing focus on influencer marketing - especially on Instagram. They state that in 2017 alone, Instagram saw a 198% increase in sponsored posts (ads which companies have paid influencers to post on their pages). The popularity of these sponsored posts on Instagram, indicate a popularity of using influencer marketing, and how companies use these influencers as an amplifier for the traditional word-of-mouth approach (Schaefer, 2012). The data seems to indicate that companies in the US are seeing positive effects of influencer marketing.

When talking to the influencers themselves, they agree that they are getting contacted by more and more companies to start collaborations. One influencer explains that influencer marketing gives the company a way of reaching people, *“(people are) talking and engaging with the brand. You know; do they like it enough to give it a double tap; are they saving it on their Instagram. It really gives you a humanistic sense of how people will engage with your product.”* (A7, 363-367). Moreover, the influencer explains that: *“influencers are building a relationship with the product and the brand, and that results in more conversions and brand loyalty. That is why people love using influencers.”* (A7, 349-353). The idea that influencers can drive the conversation and build relationships is supported by Zimmerman and Ng (2017). This is largely due to the fact, that an influencer is seen as a trusted figure within the niche community, and therefore retains a great number of loyal followers on their social media channels (Mathew, 2018).

Using Influencer marketing, seems to be a mean for companies to reach a specific niche group of consumers. This is also expressed by the influencers, who all mention that unlike TV ads or big google advertising campaigns, influencer marketing allows companies to reach the specific segments that they are interested in. This is done by e.g. engaging with a relevant instagrammer, such as a food blogger in NYC, to reach people in NYC with a specific interest in food (A6, 165-187; A5, 166-168; A7, 359-362). This is also what Matthew (2018) suggest, by saying that these influencers are often trusted figures within a specific area such as the food scene, and that the influencers possess knowledge or experience about what they

are advertising. It is the influencers that will carry the brand's message to the market, and because they are influencers they will be believed by their audiences (Brown & Hayes, 2008, p. 106). So by collaborating with the relevant influencers, O&S will be able to reach a specific target community in the NYC market, which will help in creating awareness and knowledge of their product.

As the influencers operate independently in creating their own content, they are in control of the brand's message and choose how they would like to portray it. This helps promote authenticity of the message as it is not scripted (Brown & Hayes, 2008). The NYC influencers interviewed verify this premise, as they only collaborate with brands and products they believe in. One influencer states: *"I typically work with brands and larger food and beverage companies and things like that and it really just have to be a fit for me, you know something that I am interested in"* (A6, 159-160). Another interviewee comments: *"I only post food that I like. I'm not going to post anything no matter how pretty it is if I don't like it. It's the same with sponsors"* (A5, 165-169). This speaks to Brown & Hayes' (2008), notion that there is no coercion involved in influencer marketing and that the influencers are speaking *their own views* rather than the *company's view*. This independence speaks to the popularity of the medium, as it makes the influencers content more reliable to the consumers.

Looking at Brown and Hayes' (2008) model, of how influencers work to bypass the "wall of indifference", it makes sense for O&S to use influencer marketing to reach the consumer segments who are genuinely interested in their content. More importantly, by using influencers, the audience will be more likely to listen, as they themselves have chosen to follow the given influencer based on their own interests. One of the American influencers explain, about her own Instagram habits when following an influencer: *"oh ok she is eating this food or using this product, and I like what she does, and what she is about because I have gotten to know her through her profile, I think I might like this too"* (A7, 369-378). In conclusion by using an influencer marketing approach, O&S will be able to avoid this 'wall of indifference' and reach the specific communities that they wish to engage in their brand. Moreover, the influencer marketing tool will create a trustworthy way of communicating with their consumers.



To conclude this chapter, O&S currently is only active on the social media channels Facebook and Instagram. Because the O&S stores, especially in the international concept, have a heightened focus on visual appeal, it is especially relevant for sharing on social media platforms. Due to this visual appeal influencer marketing is highly relevant for O&S, as elevated visuals are immensely important for these channels. Moreover, influencer marketing, would allow O&S to avoid the 'wall of indifference' and reach their target audiences in a more focussed and trustworthy way. Based on these insights, influencer marketing would likely be an effective tool for O&S in New York.

# Chapter 6

## Discussion



## CHAPTER 6 - DISCUSSION

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*Chapter 6 will be a discussion of the thesis in its entirety. Here, we will discuss how the methods and theories applied in this thesis have been relevant for answering the problem statement. Moreover the validity and reliability, in regards to the use of methods for data collection, will be discussed.*

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The following discussion, intends to pick up the analytical findings in order to discuss these in the context of the theory and methods applied. We hereby bring the findings to a higher level of abstraction. Therefore, the discussion should be seen as an extension of the analysis, but on a more reflective and debateable level. We hereby allow the reader to get a thorough understanding of the entire process which has led to the conclusion of the problem statement of the thesis.

The discussion of this thesis concerns two main areas:

1. *Discussion of the findings from the analysis.*
2. *Discussion of validity and reliability of the methods used for collection of empirical data.*

### 6.1 Selection of Theories

The theories used in this thesis, were chosen as they were expected to be the most beneficial in answering the problem statement. Our hermeneutic stance is evident in our selection of the theoretical framework for the thesis. As the hermeneutic cycle describes it, we had a pre-understanding of the theoretical topics, which we initially found relevant for the purpose of the thesis. However, as our knowledge increased during the process of data collection, research, and analysis, new research related topics surfaced while others were rejected. This means that some of the research questions, which were initially part of the research design, were rejected together with theories connected to this research question. Therefore, it is important to keep in mind that the theories chosen for this thesis is a result of our pre-understanding and interpretation as researchers. If other researches had carried out the same study there is a possibility that they would have made other choices in regards to theories, based on their theoretical pre-understanding and interpretation.

## 6.2 Analytical Findings

The aim of this thesis was to answer the problem statement:

*Which strategic decisions have been significant in the internationalization process of the Danish company 'Lagkagehuset - Ole & Steen'? How can the company work to get a foothold in the upcoming expansion to the NYC market?*

During the analysis, it was found that several strategic approaches have been applied in the internationalization of process of 'Lagkagehuset – Ole & Steen'. The findings came down to four specific strategies, namely that: *O&S engages in FDI as an entry strategy for foreign markets; O&S follows a metropolitan strategy when selecting markets for expansion; O&S' market commitment process is two-folded in regards to production facilities and store openings; and O&S acquire local market experts and hire them as Operations Directors in order to gain knowledge of new markets.*

The data which enabled us to understand the strategic approaches behind O&S' internationalization strategy, was gained through interviews with internal staff at O&S. The people who we interviewed are all heavily involved with the internationalization process, and the information retrieved during these interviews can thereby be considered highly reliable and accurate sources of information. In this case, the expert interview has proved advantageous as a method for data collection. By applying the selected internationalization theories to our empirical findings from the interviews, we were able to put the case of 'Lagkagehuset - Ole & Steen' into a broader theoretical context. This allowed us to reach an understanding of the reasoning behind O&S' strategic choices.

By applying the theories on market entry modes to the data retrieved from the interviews, it was discovered how O&S values a high level of control, which correlates with their choice of using FDI as a market entry strategy. Secondly, it was discovered how O&S uses a 'metropolitan strategy' when choosing markets for international expansion. The term 'metropolitan strategy' was first proposed by Jesper Diken – Head of Business Development, in our initial meeting with him. However, by applying Dunning's (1988) OLI framework, it became clear to us that the 'metropolitan strategy' actually is grounded in the location advantages specific to metropolises. From the interviews with the internal experts in O&S

and the external expert Kasper Garnell – Partner in Joe & The Juice, we identified two common denominators in regards to location advantages of London and NYC these being; *population density* and *international presence*. It is very likely that there are other reasons for companies to enter these specific markets. However, the above mentioned were the advantages that we were able to identify based on our empirical data.

John Dunning's (1988) OLI framework, was for the purpose of this thesis, used in an eclectic manner as only the *L* (location) and *I* (internalization) of the framework was applied. This is due to our subjective valuation, that only these parts of the framework were meaningful for the purpose of the thesis. However, Dunning's OLI framework (1988) worked as a way of organizing and making sense of the information gained via the interviews, regarding the choice of markets for international expansion.

The market commitment process of O&S was found to be somewhat two-folded, in relation to the commitment in terms of production facilities and the roll out of stores. The Uppsala model was in this case used in an atypical manner as it was not used to establish the market entry mode of O&S in regards to export, subsidiary, and FDI. Instead, the Uppsala model helped to illustrate the manner in which O&S expand their business once having entered a market via FDI. We argued that the establishment of a large central production unit, when entering a new market, reflects high commitment and high risk taking. However, the store roll out in the new market is much more incremental in terms of commitment and risk taking. Here, we would like to add the argument that the overall internationalization process of O&S, does in fact reflect high risk taking and high commitment, despite their incremental nature of the store roll out. This is due to the heavy investments, which are made in the establishment of the central production unit. However, on the contrary it can also be argued that O&S has an incremental approach to the overall internationalization process, as they chose to open in one metropolis at the time. O&S did not start the process of the NYC expansion before they had gained experience and knowledge from the expansion to London.

Though the Uppsala model has been applied in an atypical manner, we will still argue that the universal idea of the model is appropriate for the case at hand. The model states that O&S can only truly learn about a market by actually entering the market (Johanson & Vahlne, 2003). Hence, the incremental approach of the internationalization strategy of the company. This fact then, to some degree, undermines the importance of the role of the Operations

Directors, hence the network strategy that O&S is employing. However, our overall argument is that the role of the Operations Directors, in combination with the incremental nature of the overall internationalization process, constitutes a strong and multifaceted knowledge-based internationalization strategy.

In this thesis we have accounted for our social constructivist and hermeneutic stance in regards to the scientific theoretical research, which has been applied in this project. Based on this, it became clear how we as the researchers, cannot separate ourselves from our research and that our pre-understanding and interpretation automatically will affect the results of our research. In the COO analysis, the US consumers were found to have a generally positive perception of products associated with Scandinavia, and they especially associate Scandinavia with the two attributes '*high quality*' and being '*up-and-coming/cool*'. As we, the researchers, are both Danish nationals it is important to keep in mind our biases. Had other non-Danish researchers, conducted this research study they might have had a more objective perspective. Our Danish background could therefore present a possible disadvantage for the study.

In the analysis it was further found that O&S' sustainable competitive advantages were: *high quality premium products*, *production facilities*, and *having a Scandinavian COO*. We realize that due to the limited scope of our study there might be competitive advantages hold by O&S that has not been discovered and identified through the analysis of this thesis.

In the final part of the analysis, it was argued how influencers could work as an effective marketing tool for O&S in NYC. This was primarily based on the nature of O&S' concept being very visual and thereby highly suitable for platforms like Instagram and Facebook. Moreover, by using influencers O&S could possibly increase their chances of reaching their target segments. However, what we have not taken into consideration in the recommendation of influencer marketing is the fact that O&S' target segment is not necessarily to be found on Instagram. Moreover, as we (the researchers) are millenials and digital natives, we are most likely within the segment of consumers who would be influenced by influencer marketing. Therefore, we would like to acknowledge the possibility of our own bias having affected the research on this area. That being said, we still argue that influencers can work as an effective marketing tool for O&S in the NYC market, especially in the light of the fact that the company currently solely use social media as their marketing channel.

### 6.3 Validity & Reliability of Method

Validity and reliability are central concepts in establishing quality of a given research study, hence the quality of the research conducted for this thesis (Saunders et. al., 2009). The following is therefore a critical evaluation of the methods used for data collection and how precise these measurements have been.

*Reliability*, refers to replication and consistency. A research is perceived reliable, if another researcher is able to replicate the research design and achieve the exact same findings (Saunders, et. al., 2009, p. 202). However, due to our social constructivist and hermeneutic stance, we will argue that if the research were to be replicated by other researchers, it would most likely not provide results that are identical with those of this thesis. This is due to the nature of our pre-understanding as researchers, and our interpretation of the knowledge gained through the research. Yet, similar to Nygaard (2012, p. 96) we will interpret the quality criterion *reliability* as the degree of truthfulness in the thesis, as opposed to the ability of replicating the research. In this case, we will argue that the reliability of this thesis is created through thoroughly documenting how the research has been conducted and how the results have been reached. This creates transparency throughout the thesis and reliable research findings. However, *reliability* also has to do with how reliable the data that has been collected is - how accurate the data is.

Three different types of data has been collected for this thesis: *observations*, *interviews*, and, *online survey*. We would like to discuss these methods as they hold possible fallacies, which could possibly lead to inaccuracy in the study. Firstly, the majority of the analysis is based on knowledge gained via *interviews*. However, as these interviews have been transcribed there is a possibility that some of the meaning can have been lost in the transcription process. Moreover, five out of seven interviews were conducted via the phone, as the interviewees were located in the US. During some of the interviews, we experienced disruption due to bad phone reception, which could have led to loss of knowledge. Moreover, the quality of the recordings of the interviews were in some cases of poor quality, which meant that small parts of the interviews were left out of transcription as we could not draw meaning from it. Furthermore, it was challenging to do interviews over the phone, as you lose the body language and facial expressions of the interviewee, which can affect the communication and could possibly have led to inaccuracy in the study.

A possible fallacy of the data retrieved from the *online survey*, is that we have not conducted a test of the survey prior to distributing it to our target audience. Had we done this, possible flaws of the survey could have been identified. This is especially in regards to how people receive and interpret the questions asked. Has there been an imbalance between our interpretation of a given question, and how the respondents interpret the questions, the data will be invalid. That being said, the data from the online survey is not of predominant influence in the thesis, and therefore this possible fallacy is not of major significance to the study.

Moreover, we meet statistical inferences concerning the sheer amount of respondent of the survey, which lead to statistical inaccuracy (Andersen, 2013). 231 respondents are by no means enough to make a generalization of the answers given in the survey. However, we will argue that 231 respondent does qualify as to uncover *possible tendencies* or *shared common meanings* amongst the respondents. We have attempted to ensure the quality of the online survey by applying data triangulation. By doing this, the data retrieved from the online survey is put in context with the data gained from the interviews. Thereby, we were able to identify that the tendency uncovered in the online survey regarding the positive attitude towards Scandinavian COO amongst the American respondents, was also evident amongst the influencers, who via their social media channels have a relatively valid knowledge about general opinions and trends amongst consumers. By using data triangulation, we were able to elaborate on the findings from the online survey by asking clarifying questions in the interviews. We hereby take a critical stance towards the data retrieved from the online survey, but argue that data triangulation works as a way to enhance the reliability and validity of the findings in the thesis.

As accounted for in *Chapter 3 Methodology*, the study design of this thesis has been constructed as a *single case study*. As described by Flyvbjerg (2010), the case study is especially qualified to create specific context dependent knowledge, which is also the reason why we chose the single case study method. This allowed us to focus specifically on ‘Lagkagehuset – Ole & Steen’ and research the case using multiple sources of information (Andersen, 2005). However, we need to take the context of the case into consideration in order to understand in which context the knowledge gained through this research is actually valid and relevant. As briefly mentioned in the case description, Lagkagehuset was in June 2017 bought by the capital fond ‘Nordic Capital’ with the intent to further support the company in the international expansion. Prior to this the capital fond ‘FSN’ owned 70% of



the company (Ritzau Finans, 2017). Only four month after 'Nordic Capital' acquired 'Lagkagehuset' the capital fond proceeded to sell 20% of the stakes to the American capital fond 'L Catteron', as they were perceived as being able to support the strategic development of the further international expansion of O&S (Ritzau Finans, 2017). This shows how the context of Lagkagehuset is heavily influenced by capital funds that most likely have a huge interest in seeing a rapid and successful expansion of the company. The fact that O&S operates within this context has most likely influenced the strategic decisions made by the company in regards to their internationalization strategy. Because O&S has the financial back-up of capital funds, they can make heavy investments when entering new markets and afford the high risk involved in this high level of market commitment.

Moreover, this means that the internationalization process of Lagkagehuset, would most likely have had another outcome, if the company had not been in this fortunate financial context. This context, also influences how the findings of the thesis can benefit other Danish companies within the food industry. If these companies do not have the same financial backing as O&S, the strategic choices in terms of internationalization strategy, may not be beneficial to these businesses. That being said the findings regarding the popularity related to Scandinavian COO are not influenced by the context of the case, and is thereby knowledge which can possibly benefit other Danish or Scandinavian companies pursuing internationalization into the American market. Moreover the knowledge gained in regards to how O&S have created a concept especially suited to the purpose of international expansion, is also knowledge which can possibly benefit or inspire other companies wishing to internationalize their business.

# Chapter Conclusion 7



## CHAPTER 7 - CONCLUSION

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*Chapter 7 will answer the problem statement of this thesis, as well as the individual research questions presented in Chapter 1. Thereby, it will work to conclude on the specific findings of this thesis.*

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### 7.1 The Thesis Conclusion

The aim of this thesis was to identify the strategic decisions that lie behind the internationalization of Lagkagehuset and to find out how the company can get a foothold in the NYC market. On the basis of the research and analysis we will now answer the problem statement of this thesis:

*Which strategic decisions have been significant in the internationalization process of the Danish Company 'Lagkagehuset - Ole & Steen'? How can the company work to get a foothold in the upcoming expansion to the NYC market?*

The main argument and answer to the problem statement is, that in reality it is very difficult to point out which strategic decisions have been the most significant in the internationalization process of 'Lagkagehuset - Ole & Steen'. This is due to the fact that the overall internationalization strategy is a result of several strategic choices made by the company. However, one decision which we will point out as being of significant importance, is the choice of changing the concept of Lagkagehuset into the new concept of Ole & Steen. This concept change has allowed for a standardized concept, which facilitates a rapid expansion of the company, but at the same time allows for local adaptation. Moreover, Lagkagehuset can get a foothold on the NYC market by leveraging their competitive advantages and engaging in influencer marketing. This compressed answer to the problem statement will be explained in more detail in the following.

It has become clear that several strategic decisions have been made during the internationalization process of 'Lagkagehuset – Ole & Steen'. Based on the research and analysis, four main strategic approaches have been identified as constituting a significant part of the overall internationalization strategy of 'Lagkagehuset – Ole & Steen'. These strategies

can be divided into the following categories: *Market Entry Strategy*, *Metropolitan Market Strategy*, *Commitment & Risk Taking Strategy*, and *Network Strategy*.

O&S is engaging in FDI as a *market entry strategy*. This is due to the fact that this approach allows for the highest level of control possible in the process of internationalization, which is extremely important to O&S. When choosing markets for international expansion, O&S follows a *metropolitan strategy*. This is due to the fact that larger metropolitan areas contain certain location specific advantages, which are especially relevant for O&S in order for them to run their business successfully. The first location specific advantage is *population density*, which works to support the scale, which O&S wish to build around their central production units. The other advantage, which has been significant in regards to choosing London and NYC as the first and second markets for expansion, is that these two metropolises represents the *international presence* of a company. In other words there seem to be the perception, that if you can make it in these markets, you can make it anywhere. Thereby London and NYC somewhat works as gateways for O&S, to prove that they can make it in the international market scene. The next strategic decision, which has been of significant relevance in the internationalization process, has to do with *commitment and risk taking*. When O&S enters a new market, the first thing they do is to establish a large central production unit, as this will work as the core of their foreign operations. This reflects high commitment as well as high risk taking. However, the store roll out in the new market is much more incremental in terms of commitment and risk taking. Lastly the *network strategy* is in particular significant to the overall internationalization strategy of O&S. By employing Operation Directors who are local experts with extensive knowledge concerning their respective markets, O&S creates an internal network of experts. This way O&S gains a comprehensive understanding of the new market, which they are entering as part of their international roll out.

As part of the internationalization of Lagkagehuset, the company has undergone a change in the concept of the business. The original concept of 'Lagkagehuset', has been transformed from being a bakery in Denmark to becoming more of a café concept in the international market, operating under the name 'Ole & Steen'. On an overall level, the company has made a new and standardized concept, which suits the metropolitan strategy that they are pursuing. However, the company still makes adaptations to the individual stores, in order to meet the local needs of the individual markets and store locations.

It has become evident, that O&S will most likely benefit from their Danish heritage, when entering the NYC market. Based on the analysis of data gained from the interviews and the online survey, it was found that the American consumers generally have a positive perception of Scandinavia, which results in a positive attitude towards brands and products with a Scandinavian heritage. More specifically, Scandinavia is associated with the attributes of being '*up-and-coming/cool*' and producing products of '*high quality*'.

The competitive advantage of O&S is found in various characteristics of the company, which have surfaced throughout the analysis. Firstly, the Danish heritage of O&S is found to constitute as part of the company's competitive advantage. The standardized concept of O&S, developed to suit the metropolitan strategy, also takes part in the competitiveness of the company. Moreover, the premium quality of products and internal structure of production facilities, contributes to the overall competitive advantage of O&S. These areas of competitiveness can work as a way for O&S to gain a foothold in the NYC market.

Finally, based on the research and the findings from the analysis, we found that influencers could work as an effective marketing tool for O&S, when they enter the NYC market. The new concept of O&S, which has an increased focus on premiumness and the visual expression of their stores and products, fits perfectly within the influencer platforms of Instagram and Facebook. Moreover, influencer marketing can work as a way for O&S to navigate around the 'wall of indifference' amongst consumers. By using influencers as a marketing tool, O&S can possibly increase their chances of reaching their target segments, in one of the busiest and most competitive markets in the world – NYC. Engaging in influencer marketing can hereby also serve as a strategy for O&S to get a foothold in the NYC market.

## 7.2 Further Implications

During the process of writing this thesis, it has become evident that Lagkagehuset is pursuing internationalization to a wider extent than what was presumed, prior to conducting this study.

The involvement of several capital funds, has raised the question as to whether or not Lagkagehuset will continue to pursue the incremental strategy of store openings, or if there is a pressure from the capital funds' side to see a more rapid expansion of the company. This also underlines the fact that the internationalization process of Lagkagehuset is in constant change. This constant change, means that we cannot predict that the findings of this study, in regards to internationalization strategies, are actually what Lagkagehuset decides to continue doing in their future process of international expansion.

As such, further research could concern the development of the future internationalization of Lagkagehuset. Where this thesis is mainly concerned with the initial strategic decisions made in an internationalization process, it could be interesting to research the development in the internationalization strategy, when a company experience success in the early stages of internationalization.

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## APPENDICES

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**APPENDIX 1 – Transcription Jesper Dixen**

**APPENDIX 2 – Transcription Alastair Gordon**

**APPENDIX 3 – Transcription Gabriel Sorgi**

**APPENDIX 4 – Transcription Kasper Garnell**

**APPENDIX 5 – Transcription Ben Hon**

**APPENDIX 6 – Transcription Alexa Mehraban**

**APPENDIX 7 – Transcription Marisel Salazar**

**APPENDIX 8 – DK Observations**

**APPENDIX 9 – UK Observations**

**APPENDIX 10 – Online Survey**

**APPENDIX 11 – Logos DK & UK**

**APPENDIX 12 – Wine Display UK**

**APPENDIX 13 – Open-faced Sandwich “Smørrebrød” UK**

**APPENDIX 14 – Store Fronts UK & DK**

**APPENDIX 15 – Outside Seating Area UK**

**APPENDIX 16 – Table Setting UK**

**APPENDIX 17 – Two Results From Online Survey**

**APPENDIX 18 – One Result From Online Survey**

# APPENDIX 1

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## Transcription: Jesper Diken – Head of Business Development

**I: Vil du bare lige til at starte med fortælle hvad dit navn er og hvad du laver ved Lagkagehuset?**

R: Ja, jeg hedder Jesper Mark Diken, Head of business Development og har været hos Lagkagehuset siden april 2016 og sidder nu med alt, ja alt fra det kommercielle, udvidelsen til nye markeder, optimering af produktionen og udvidelsen af produktionen og så hvad hedder det, alt hvad der omhandler at bygge nye butikker.

**I: Ja, og hvad har din rolle været i den her internationalisering der har været?**

R: Jamen det har egentlig været min primære rolle det at tage det første skridt til at åbne Lagkagehuset i London til at starte med og så er vi i gang med det Amerikanske marked nu.

**I: Ok, hvorfor er det at i valgte at skulle ekspandere og gå internationalt med Lagkagehuset?**

R: Jamen det er et relativt naturligt skridt i og med vi er ved at være ret godt repræsenteret i Danmark og hvis vi gerne vil vækste vores virksomhed med de der ca plus 20% som vi har vækstet de seneste 5-6 år, så er det jo et naturligt skridt og så skal man udenfor Danmarks grænser på et eller andet tidspunkt for netop at følge de vækstambitioner.

**I: Ja, og hvorfor er det at i valgte at starte med London?**

R: Jamen jeg tænker også igen London er.. du kunne godt have set et naturligt skridt over imod et Skandinavisk play, Oslo og Stockholm, men igen hvis man kigger på den forretningsmodel vi har, hvor vi gerne vil opbygge en vis skala omkring vores produktionsenheder, så giver en metropol som London meget mere mening end Stockholm eller Oslo, hvor der er langt mindre densitets potentiale. Så det er ligesom den ene del og den anden del er dét at bevise et koncept i London vil være at vi beviste på den internationale bane, hvor at vi bevise i Stockholm ville det igen være en confirmation af det vi kan blive i Skandinavien. Selvom Stockholm selvfølgelig er forskellig fra København på mange måder, så har den alligevel hvis du kigger på det med internationale øjne sådan mere skandinavisk spil, ik?

**I: Og hvad er sådan, nu er I i London og i gang i NYC, hvad er planen? Er det sådan alle storbyer eller er det nogle lande i vil?**

R: Det er en del metropoler vi kigger på, så altså du kan sige planen lige nu er at fokusere på at få bygget en succesfuld forretning i London og i det næste marked, en storby i USA, og så derfra så er vores tanke at rulle det ud til yderligere byer internationalt men det kræver selvfølgelig at hele den her rejse den går godt.

**I: Så hvis nu det går rigtig godt i New York vil i så rulle ud til andre storbyer i USA eller vil i rykke ind i et nyt land i stedet for?**

R: Det er noget vi holder åbent, vi kigger egentlig på begge muligheder så du kan sige det ville være meget naturligt at tage det videre til andre amerikanske byer men omvendt ville det være lige så naturligt at tage det videre til andre europæiske byer.

**I: Ja, så det er sådan de her storbyer at i går efter?**

R: Præcis

**I: Okay, hvilke overvejelser gjorde i jer da Lagkagehuset skulle flytte til London i første omgang?**

43 R: Selvfølgelig er der mange overvejelser i forhold til, kan de overhovedet lide konceptet? Hvad  
44 synes de om de produkter, som vi producerer? Når vi spørger kunderne hvorfor de kommer i  
45 Lagkagehuset så siger 90% at det er på grund af produkterne, så det er selvfølgelig  
46 helhedsoplevelsen, men produkterne først og fremmest er det der ligesom bære konceptet. Hvis  
47 vi leverer den høje kvalitet på produktet så kommer vi til at være succesfuld i markedet og så  
48 kunne man tænke på hvad det så er et nyt marked tænker om som høj kvalitet. Da jeg først kom  
49 til London og så det brød de producerede derovre og de sandwiches som de lavede som er  
50 meget mere det her meget lyse lidt mere industrielle brød, så kan man da godt lige sådan tænke  
51 om de overhovedet kan lide vores brød, som er sådan meget hård i skorpen og meget mere  
52 tekstur og fylde i selve brødet. Men det har de jo taget rigtig godt imod og man kan godt sige,  
53 der er kun en måde at finde ud af det på, og det er at teste og tage ind i markedet og få folk til at  
54 prøve det. Så hele den proces op til at vi lancerede lagkagehuset i London der tog vi også  
55 anseelige mængder af brød med over.

56 **I: Du har tidligere fortalt, at det ikke er helt det samme, altså I har ændret lidt i**  
57 **konceptet. Hvad er det for nogle ændringer I helt konkret har lavet fra lagkagehuset i**  
58 **Danmark og så til Ole & Steen i London?**

59 R: Altså vi kiggede jo på hele konceptet og det var egentlig nogenlunde enige om at på sortiment  
60 siden der ville vi gerne have 80-90% af vores sortiment med over til England fordi at det  
61 sortiment vi har, det kan godt være at det er sådan nogenlunde klassisk dansk men det er  
62 relativt unikt i en international kontekst. Så selvfølgelig har de wienerbrød og de har også  
63 surdejsbrød og så videre. Men den måde vi producerer det brød som vi præsenterer og den  
64 måde vi præsenterer vores kager på, som er lidt mere rustikt end den måde man ellers ser i  
65 markedet. Det mente vi det skabte en unik position på produkt siden. Så begyndte vi at kigge på  
66 hvordan står brandet og der kunne vi se, at der var nogle problematikker i forhold til vores  
67 navn. Lagkagehuset det kan ikke udtales, hvis du kommer fra et andet land end skandinavisk og  
68 derfor blev vi nødt til at kigge på hvad skulle vi så kalde forretningen i England. Min filosof -i det  
69 er sådan generelt at når vi sætter et brand - så det er i mindre grad et spørgsmål om at ramme  
70 navnet fuldstændigt rigtigt. Man kan godt bruge lange lange studier på at lave consumer  
71 research på et navn og så videre men i langt højere grad handler det om at få sat alle de andre  
72 ting omkring brandet. Altså få lavet det til et ordentligt grafisk element, som det kan  
73 præsenteres som, få lavet den rigtig packaging som er appellerende og i tråd med konceptet, det  
74 at få skabt, man kan sige få bredt navnet ud blandt alle de influencers som der er i markedet. Det  
75 er langt vigtigere end det at sætte selve navnet, så det vi egentligt gjorde var at sige, vi laver en  
76 relativt kort proces for at sætte navnet og vi havde ret hurtigt 3 retninger som vi overvejede at  
77 gå i og blandt de 3 retninger der testede vi så hos en række influencers, og fandt ret hurtigt ud af  
78 at det at holde vores sekundære navn Ole og Steen - som er navnet på de to founders - det gav  
79 rigtig god mening, fordi det var noget folk kunne udtale. Du kunne også forkorte det til O&S, som  
80 man ser rigtig mange koncepter bliver gjort af forbrugerne til et kort brand name. Omvendt kan  
81 du også bruge det til et grafisk element fordi du kan lave det som et stacked logo, så der er rigtig  
82 mange muligheder i at bruge det navn. Og så fortæller det hele historien om hvor det er vi  
83 kommer fra, hvilket er super vigtigt at holde fast i, at det er Ole og Steen som har skabt den her  
84 virksomhed. De startede med hver deres forretninger, som de startede i '92 og så er de ligesom  
85 opbygget fra 2008 og frem en kvalitets kæde af bagerier, så det var ligesom den anden del. Det  
86 var at sikre at hele brandnavnet, det stod rigtigt. Bag det kom så alt det jeg nævnte med  
87 udvikling og packaging og udbredelsen blandt Influencers. Så det var den anden del. Så er der  
88 den tredje del som er selve butikken og den oplevelse man får når man kommer ind i selve  
89 butikken. Der var rigtig mange elementer som vi gerne ville holde fast i fra Danmark. Hele det

her meget nordiske/skandinaviske look som vi også mener har en funktionel betydning for forretningen. Altså alt det vi gør i forhold til hvordan vi sætter forretningen op, det har typisk en funktionel karakter. Det vil sige, når man tager produkterne og menneskene ud af vores butikker, så ser de egentligt ret kedelige ud, men det er lavet med det formål, at det får produkterne, menneskene til at shine. Så det er igen de her meget klare rene marmor overflader og nogle detaljer som er lavet i høj kvalitet. Messingkanter på vores disk. Men også den her glasdisk som får produkterne til at stå meget klart frem - det er meget vigtigt for os. Og så sådan noget med at den messing vi bruger, det er også en bonneret messing, som gør at det - når nu folk de bruger butikkerne - for eksempel hvis du sidder ved bordet og du slider kanten på bordet, så kan du se, hvor folk har siddet, for det skaber en glød og det får ligesom butikken til at vækkes til live. Så alle de elementer vil vi ligesom gerne fastholde. Omvendt så vidste vi også, at den placering som vi er her i Danmark, som er lidt mere en bagerforretning og brød stand i det Københavnske - det har vi trukket lidt mere i retning af cafe, og det skal vi gøre endnu mere i det internationale miljø. Så derfor var det vigtigt for os, at få nogle områder hvor det var hyggeligt for vores kunder at sidde, men samtidigt selvfølgelig holde fast i det her med, der er en stor 'grab and go' del i en forretning som vores. I en international kontekst, der er det så mere imod kaffen end det er imod de fulde store rugbrød eller franskbrød. Det gør selvfølgelig at vi nu skal sætte forretningen op lidt anderledes operationelt. Men også det her med at få den gjort lidt varmere i udtrykket, få lavet nogle opbrydninger af rummet sådan så du ikke har sådan en stor marmorsal, men at der er nogle siddeområder derinde. Der lavede vi blandt andet en væg af glas hvor vi lavede sofa rundt, og så havde vi mulighed for at lave en mezzanin - altså et indskudt plan i selve forretningen - som egentligt gjorde at du fik sådan en følelse af når du kommer ind, at det er stort. Det er åbent, men omvendt får du flere siddepladser ind, får lavet nogle lidt mere hyggelige områder hvor folk kan opholde sig. Så det var vigtigt for os at få de dele med ind i det. Og så selvfølgelig det at ligge, hvad hedder det, en bager i forretningen sådan så folk kan se at vi faktisk bagte vore brød lokalt, der hvor de købte det. Det var et vigtigt element også.

**I: Okay, er der det i alle jeres forretninger i London?**

R: Nej, det er der ikke. Så ligesom i Danmark hvor vi har nogle forretninger, hvor vi bager på lokationen og nogle hvor vi ikke gør så har vi det samme i London. Men det vi så gør i stedet for, er at vi køre brød ud 3 gange om dagen sådan at vi sikrer os, at det er frisk kvalitet. Men det er sådan et godt mix mellem de to vil jeg sige.

**I: Okay, har i haft nogle ændringer i forhold til hvilken målgruppe at i gerne vil ramme? Altså fra Danmark og så til London, og New York for den sags skyld?**

R: Ja, tror vi kan sige i Danmark der rammer vi ret bredt. Når vi laver sådan nogle analyser af hvordan vi rammer demografisk og socioøkonomisk, så spænder det faktisk den brede befolkning, med aldersgrupper, indkomstniveauer, køn, måske en lille overvægt imod female. Og det kan vi se i England også, der er også en lille overvægt i mod female, og så trækker det lidt mere i mod et yngre publikum. Så trækker det lidt mere ned i mod 30 og 20, hvor i Danmark der spænder det mere eller mindre som demografien ligger, men ift. overvejelsen så den målgruppe, som vi gerne vil ramme med det internationale koncept, var også den der lidt yngre målgruppe. For hvis du rammer den, så trækker du typisk også rigtig mange i den ældre generation med. Det kan man også se med koncepter, som er endnu mere ekstreme med det, som 'Joe & The Juice'. Det henvender sig jo rigtig meget til en ung målgruppe, men det trækker også en stor hale af folk der ligger i spændet fra 40 til 50-55. Så det var sådan vores overvejelser omkring det.

**I: Okay, nu når I skal flytte til New York, har I foretaget nogle yderligere ændringer i konceptet fra hvad I gjorde til London?**

136 R: Vi har igen kigget på et sortiment som vi går ind med. Vi er stadig i London sortimentet og på  
137 de sidste 10-20% og inkluderer vi noget mere food. Så der har vi lavet porridges og vi har lavet  
138 nogle andre salater, nogle andre sandwiches. Vi har lavet open sandwiches, vi har lavet  
139 smørrebrød og det er, hvad hedder det, det tænker vi egentligt at tage 1:1 til NY. Så på sortiment  
140 siden er det mere eller mindre det samme. Men det som vi så er klar på, det er at vi lancerer det,  
141 vi synes vi er bedst til, og så skal vi sikre os at vi er virile nok til at justere det koncept hen ad  
142 vejen. Noget af det som vi senest har lanceret i England, er de her protein bowls eller  
143 grainbowls, hvor du har en base af korn som så er toppet med for eksempel avocado og noget  
144 spinat og pocheret æg og sådan noget. Som appellerer igen lidt mere til et yngre og lidt mere  
145 health søgende publikum. Det synes vi egentligt passer meget godt i tråd med konceptet, fordi  
146 du har det tie tilbage til grain, osv. Og omvendt så er det en mulighed for os, i forhold til at  
147 bridge konceptet med noget der er lidt mere health søgende, og det tænker vi, at det kommer vi  
148 til at tage med til NY. Også nu hvor vi har testet det i London og det fungerede ret fint. Så det vil  
149 vi tage med derover, og så kommer vi til løbende at lave videreudvikling af konceptet på tværs  
150 af de tre markeder vi er i, på det tidspunkt vi åbner i New York

151 **I: Er det nogle overvejelser I gør nu, hvor du siger at I laver de her bowls, og I har lavet**  
152 **noget aftensmad ogsåovre i London, er dét med i jeres overvejelser - at det skal være**  
153 **noget der sådan har en eller anden form for danskhed eller skandinavisk feel til det?**  
154 **Eller er det mere sådan, hvad kunderne vil have i dét marked?**

155 R: Nej, vi vil gerne sikre os at vi os præsentere noget der er unikt for markedet. Så vil vi gerne  
156 have et element af, at det skal have nogle træk tilbage til den Skandinaviske madkultur, og det  
157 skal selvfølgelig ramme ned i vores core, som er inden for brød. Og det er det vi vil. Dét der  
158 ligesom er autentisk, i forhold til det vi nu kommer fra, og det som vi står for. For eksempel når  
159 vi har lavet open-faced sandwiches, så har vi også fokuseret på at anvende nogle råvarer som  
160 man typisk vil forbinde med Skandinavien. Så det kunne være sådan noget som en  
161 blåskimmelost. Det kunne være sådan noget som makrel og laks. Altså mere i den retning. Men  
162 det afholder os ikke fra ligesom også tage nogle smagsretninger - og det gør vi også i Danmark.  
163 Vi har en thai kyllingesandwich i Danmark, men det tænker jeg jo ikke er skandinavisk på nogen  
164 måde. Men du har elementet af brødet, og det som vi står for på den side, som er et vigtigt  
165 element at trække på. Men det sortimentet, så kigger vi også på store-designet igen til NY. Og  
166 det ville være nemt at tage det fra London, men vi kommer til at lave nogle små tweeks. Men det  
167 kommer også til at være en videreudvikling af det internationale koncept, så det kommer også  
168 til at fungere i London. Og det er igen med at tage lige skridtet videre i forhold til at bløde nogle  
169 af linjerne op. Vi har en meget lige og hård overflade, og i og med at der er ret mange kunder  
170 igennem butikkerne, så kan vi også se, at sådan noget som akustik er jo et ret praktisk problem,  
171 som du står med, når du har rigtig meget marmor og andre hårde overflader. Og omvendt så er  
172 der så behov for igen at skabe et miljø, hvor folk har lyst til at være. Og derfor så kigger vi på,  
173 hvordan det er, vi kan bløde det endnu mere op i de her lounge områder.

174 **I: Ja okay. Du nævnte for mig, da vi snakkede i telefonen sammen sidst, men jeg fik ikke**  
175 **skrevet det hele ned, hvor på Manhattan er det præcist at jeres butikker skulle ligge**  
176 **hende?**

177 R: Vi kigger primært Midtown og det er til at starte med. Jeg tror egentligt på, at det kunne være  
178 en god ide i at gå bredt ud på tværs af Manhattan og også faktisk på tværs af alle 5 boroughs og  
179 endda tri state. Men til at starte med, er det fokuseret på Midtown Manhattan.

180 **I: Okay, og hvad er grundlaget for det, at det er der det skulle være?**

181 R: Det er der du har det mest intense flow af folk, så der kommer jo rigtig rigtig mange  
182 mennesker ind til Manhattan hver dag og du har et rigtig rigtig godt grundlag for at vise dit  
183 koncept, så det er klart.

184 **I: Okay, I forhold til de her ændringer som I har lavet af konceptet; hvorfor var det at I**  
185 **ikke bare tog det danske koncept præcis som det var, og prøvede med det, når nu det har**  
186 **været en god succes herhjemme?**

187 R: Jamen det er jo fordi at, især i København, der har vi jo også et lidt andet twist på nogle af  
188 vores forretninger end vi har for eksempel i nogle af de jyske butikker eller ned til Solrød eller  
189 uden for København generelt. Hvor hvis du går ind på Kultorvet for eksempel, vil du have mere  
190 den her cafe stemning hvor der er en masse siddepladser og det passer godt i tråd med det at  
191 ligge i en metropol. Det er heller ikke sådan, i London kommer vi jo også til at justere vores  
192 koncept lidt, på tværs af de forskellige lokationer vi ligger på. Vi spænder jo også ret bredt i  
193 forhold til antallet af forretninger. Vi har jo 8 butikker. Så vi går i Danmark fra alt fra en shop in  
194 shop i samarbejde med Meny, hvor vi har en meget lille enhed, til en meget stor selvstændig  
195 enhed som for eksempel den vi har i Hørsholm. Og den spændvidde er vigtig at have i konceptet  
196 fordi du rammer forskellige segmenter alt afhængig af hvor du placere dig. Så hvis vi placerer os  
197 centralt i London, så rammer vi et segment, der kommer til at være rigtig mange forretningsfolk,  
198 der kommer til at være rigtig mange shoppers, der kommer til at være rigtig mange tourists.  
199 Hvis vi placerer os ude i Richmond for eksempel, hvor vi har en anden butik, så kommer vi til at  
200 ramme rigtig meget de lokale communities derude, hvor der er rigtig mange der bor derude og  
201 de bruger forretningen på en anden måde, og derfor er det vigtigt at kunne spænde på tværs af  
202 de her forskellige områder. Så bliver vi bare nødt til at lave nogle små justeringer til hvordan er  
203 det så man bruger det i en international kontekst. Og der tror jeg på, at nogle af de ting vi gør i  
204 London kommer vi nok også til at trække tilbage til Danmark. Ikke i alle butikker, nok primært i  
205 København eller Århus eller Aalborg, hvor at der er lidt mere et behov for et cafemiljø. Jeg ser  
206 det egentligt sådan relativt flydende på tværs af de forskellige markeder, lidt mere gjort af hvor  
207 henne er det at vi konkret ligger vores butikker.

208 **I: Hvilke koncepter, det har du næsten svaret på, altså det danske og det engelske og det**  
209 **amerikanske, er det da det Engelske og Amerikanske der kommer til at minde mest om**  
210 **hinanden?**

211 R: Ja, det er det klart.

212 **I: Okay, har I haft nogle udfordringer ved at lave de her ændringer?**

213 R: Nej, det er jo altid en proces man gå igennem, hvor at man løbende lærer og det tror jeg er  
214 vigtig at man holder sig åben over for. Men altså sådan udfordringer det ved jeg ikke om man  
215 kan sige vi har haft. Vi er jo gået igennem en proces, hvor vi ligesom skulle finde ud af 1: hvilket  
216 navn skulle vi bruge, hvordan skulle vi sætte det i konceptet, hvad skulle vi lave af ændringer i  
217 forhold til vores lagre og du ved så videre. Men så langt ligger vi jo heller ikke fra det vi gør i  
218 dag, og det skal det heller ikke. Det skal jo være det som vi er gode til at lave i vores  
219 kerneforretning. Det har vi også været meget fokuseret på, at det skal være den samme  
220 forretning. Det er samme systemer vi bruger på tværs af alle butikker om det er London,  
221 København eller Røddekro. Det er nøjagtigt de samme systemer vi bruger. Så på den måde synes  
222 jeg ikke vi har oplevet nogle udfordringer. Vi har været igennem proces hvor vi udviklede  
223 konceptet.

224 **I: I laver meget den der learning by doing, er der så noget hvor det ikke er gået godt, hvor**  
225 **I har været nødt til at trække noget tilbage eller...?**

226 R: Ja, det er måske mere på sådan nogle små ting hvor vi har holdt nogle åbningsfester i London  
227 i forbindelse med de første butikker det fungerede super godt. Men så har vi sådan tænkt over,

okay det her med at lave sådan en lukket gæsteliste når vi åbnede de første butikker det giver måske meget god mening, men når vi begynder at være lidt mere bredt ud, så er det måske mere et spørgsmål om at få åbnet lidt mere op til general public og ikke bare altså det dansk og nordiske communities, og de virksomheder der ligger omkring hvor vi har lagt vores første butikker. Det er bare et eksempel. Så har vi prøvet at åbne det event op, så man kan sige det var helt åbent og det fungerede rigtig godt for vores sidste location her, hvor jeg tror som et lukket event havde det ikke fungeret godt. Så der er jo lidt læring i den proces. Så noget af det der har været i debat i foråret i forhold til konceptet. Vi har det her ticketing system, hvor du trækker en billet når du kommer ind, hvor der står nummer på, og du bliver kaldt hen til kassen, når du trækker det her nummer. Og det synes vi fra det danske, er et koncept side, og at det er en rigtig god måde at interagere med kunderne på, fordi det giver den her afslappethed for kunden. Fordi de ved godt, når de trækker nummeret "okay jeg står nummer X i køen og derfor kan jeg ligesom tage mig tid til at slappe af når jeg står der. Jeg kan kigge på de produkter der er, jeg kan gå lidt mere frit omkring i stedet for jeg skal stå i en kø og i en række. Og så kan man så sige, i en international kontekst der har sådan en ticketing system - det har lidt mere præg af discount - det har lidt mere præg af 'Pelle Slagter' eller dit apotek. Sådan typisk i de steder, hvor du har den form for interaktion. Vi vil gerne prøve i London og det gjorde at kunderne, de synes overhovedet ikke om det til at starte med. Men så begyndte de faktisk at synes det var lidt cool, at der var det her ticketing system. Vores operating manager derovre, han syntes bestemt heller ikke om det. Han syntes det var noget mærkeligt noget. Vi gav ham faktisk lov til, i vores anden butik vi åbnede derovre, og så at tage det ud af butikken. Jeg tror der gik 2 uger eller sådan noget, så ville han have det ind, fordi at det styrede flowet meget bedre. Plus at de hjælper os bag linjen, også til at sætte vore bemanding rigtig sådan at vi sikre at kunden ikke venter for længe. For det kommer meget i sådanne peaks. Der er de flows, der er på de enkelte lokationer, super vigtig og der hjælper det system også til at forstå hvor lang tid er det kunden venter. Fordi folk trækker en billet til at blive ekspederet, der kan de se det tidsinterval der. Ved at se tidsintervallet kan vi sætte vores bemanding langt bedre. Så det har nogle operationelle fordele også. Men det har været genstand for meget. Der er også nogle seneste consumer research vi lavede, der står det også beskrevet den måde consumeren ligesom synes det ikke er så nemt. Men når vi så spørger vores researcher: "er det noget vi skal fjerne?", så siger de "nej det synes vi bestemt ikke". For det giver også et eller andet til konceptet. Og hvis vi forklarer det bedre, så vil kunderne forstå det lidt bedre og føle sig komfortable med det. Så når vi faktisk frem til noget der følger til konceptet, men det er noget vi løbende kommer til at vurdere. Først kiggede vi på hvilke andre måder kunne vi præsentere det her nummer system, men så da vi kiggede teknologier, hvor man anvender sin smartphone, til f.eks. at tage en ticket inden du faktisk ankommer til butikken, og det kan følge dig igennem hele din journey igennem butikken. Hvor i dag har du en billet, som du tager ud af det her nummer system, og så hvis du skal have en kaffe, så får du et nummer på din bon. Men hvorfor skal jeg have 2 to forskellige numre i den her proces? Hvorfor køre det ikke bare igennem? Så du kan gøre rigtig meget for at sikre, at det der flow det bliver meget mere glidende. Lidt et andet eksempel på justering, er en videreudvikling af konceptet, hvor du kan sige at til dels så har det ramt, hvad hedder det, kunderne er ikke så vild med det til at starte med, og så er de langsomt begyndt at kunne se værdien i det. Vi er også opmærksomme på, om vi er nødt til at gøre noget for at gøre det endnu bedre for kunderne, sådan så det bliver en feature som de virkeligt godt kan lide.

**I: Ja, vi læste nemlig godt af det data du havde sendt, hvor vi også snakkede lidt om, hvor vi som dansker ikke tænker over det, fordi man bare er vant til at det fungere, men man kan egentligt godt se at det måske virker lidt mærkeligt.**



275 R: Ja, specielt i en kultur hvor Englænderne jo er rigtige glade for at stå i kø. Og det er også, på  
276 en eller anden måde, deres sense of order at du står i den her kø, og jeg bliver stående her og  
277 kan se nøjagtigt hvem der er foran mig og sådan. Det vil du også se hvis du går ind i, ja alle andre  
278 koncepter i UK om det er en Pret eller en EAT, eller om det er en Gails eller en lille coffee shop,  
279 så står du i kø. Det kan de godt lide. Men det er nede i de der små justeringer, ikke, som vi  
280 prøver at finetune.

281 **I: Ja, det er interessant, det du siger med at når de får en succesoplevelse og forstår det så**  
282 **synes de faktisk det er fedt med et ticket system.**

283 R: Ja ja og det er sådan, jeg ved hvordan det her fungerer ikke, nu har jeg mine venner med inde  
284 så kan jeg vise dem hvordan det er. Det er sådan lidt sjovt.

285 **I: Det er måske også en måde i skiller jer ud så, på den måde**

286 R: Ja.

287 **I: Når nu I skal åbne ovre i New York, sådan ideelt set hvordan vil I gerne have at jeres**  
288 **forbrugere kommer til at se på Lagkagehuset derovre, som brand?**

289 R: Jeg vil sige ideelt set samme måde som de har taget imod det i London, hvor at de forstår  
290 intuitivt konceptet. De er rigtig glade for den kvalitet af mad som de selv ser. De får en rigtig god  
291 service og samspillet mellem det gør, at det bliver sådan lidt et frirum for dem. Om det er folk,  
292 der får deres morning coffee, deres lunch break eller det er afterwork, det er dét at det er  
293 intuitivt. At de forstår konceptet som helhed. At det er det her frirum for dem. Det er det vi  
294 gerne vil opnå med det. Så jeg håber, at det bliver taget imod ligesom i London, det ville være  
295 fedt i hvert fald.

296 **I: Vi krydser fingre for det. Hvad ser du eller I som Lagkagehusets største competitive**  
297 **advantage?**

298 R: Jamen jeg tror det er helheden af konceptet. Også det at kunne levere den kvalitet og service i  
299 skala. Det er en relativt stor opgave at sådan, for eksempel i London da vi startede i december  
300 2016, der var vi jo sådan lige inden vi åbnede der, et par uger inden, der var vi jo 4  
301 medarbejdere derovre. Og det er så skaleret inden for et år til at være 200 medarbejdere. Så det  
302 at få ansat alle de mennesker, sikre at kvaliteten er ordentlig nok.

303 Der er mange specielt i servicebranchen og specielt i stor-siden som skifter ind og ud af  
304 forskellige virksomheder af forskellige årsager. Altså når du er under et studie og har noget for  
305 en kortere periode, specielt i et internationalt marked som London, der er der mange der  
306 kommer ind udefra og arbejder i markedet. De er meget utålmodige for at få et job, så der skal  
307 du hyre dem sådan lige op til. Det er en af de store ting i forhold til at kunne skalere på den  
308 måde - sikre at du har den rigtige kvalitet af medarbejdere, du har den rigtige kvalitet af  
309 produkter. Det er egentlig det der er svært i det game der. Og så samtidig at du sikre dig at der  
310 er stram nok styring til at økonomien hænger sammen. Fordi du kan sagtens lave fantastiske  
311 produkter i mindre skala, men det at få skaleret dét op, det er ret svært.

312 **I: Men det er faktisk også en af de ting, vi har tænkt lidt over, at Lagkagehuset -at det skal**  
313 **være lidt mere eksklusivt, og det skal være lidt mere premium product og rigtig god**  
314 **kvalitet og sådan nogle ting, og hele det brand som Lagkagehuset kører. At når man**  
315 **skalerer på den måde om I på nogen måde kan være bange for, at hvis I skalerer helt vildt**  
316 **meget op, og der kommer til at være rigtig, rigtig mange butikker, om det kan gå lidt ud**  
317 **over eksklusiviteten og dét at det er premium at gå derhen. Vi læste også i rapporten at**  
318 **der stod noget omkring, at man så ikke folk i joggingtøj gå ind i O&S - om det bliver lidt**  
319 **for tilgængeligt for alle - så der ryger lidt på eksklusiviteten af brandet?**

320 R: Altså, det er ikke noget vi er bange for, men det er noget vi er meget opmærksomme på, vil  
321 jeg sige. Og først og fremmest på produktsiden, er det super vigtigt at vi leverer den samme høje

kvalitet af produkter gennem alle vores butikker. Så det er en udfordring, vi er meget bekendt med, og noget som vi gør rigtig meget for at sikre ikke kommer til at ramme os på den forkerte måde. Så det er super vigtigt for det første. Også i forhold til det her med forbrugersens mind-set, der er det meget vigtigt for os, at være den lokale butik. Mere end det her med at være en kæde. Så er det faktisk vigtigt at vi connecter med det community, som vi nu er en del af i et givent marked. Og det er egentlig ligegyldigt om det er i Danmark eller internationalt. Så vi laver for eksempel ikke marketing sådan i den klassiske forstand. Vi går jo ikke ud og laver kampagner, hverken traditionelle medier eller online på den måde. Vi bruger vores platforme på Facebook og Instagram til at kommunikere med kunderne, og så ellers så fokuserer vi alt aktivitet omkring de enkelte butikker. Det er meget vigtigt for os at det kører på den måde, fordi det er der, at du vinder kampen. Det er i det lokale miljø - det er ikke i en eller anden stor forkromet kampagne. Så det er vigtigt at holde det der lokale fokus. Jeg tror på, at hvis du ligesom fortsætter med at være den lokale, foretrukne - om det så er bager eller om det er lunch eller det er evening, så bare du sikrer, at du har fat i dit lokale community. Vi vil jo rigtig gerne have turister osv. ind i vores forretninger, men det vi er derfor, er det lokale community.

**I: Hvilken betydning har det for den måde I brander jer på, at O&S er et dansk brand? Brandet I det på at det er dansk, eller er det mere på at det er skandinavisk/nordisk og hvor meget fylder det egentlig?**

R: Vi har italesat det som dansk - men det er ikke fordi vi nødvendigvis synes, at det skal fylde så meget. Men vi vil gerne fortælle om den historie vi har. Og den kommer ud af Danmark, så på den måde så italesætter vi det som dansk. Men ellers er det ikke noget vi gør meget ud af, at profilere det som dansk. Det er ikke fordi vi kalder alle vores produkter, at det her er dansk, og dansk, og dansk. Men vi tror på at det er langt mere den filosofi, som vi kommer fra - at den er vigtig. Det her med at det er, real food, så vi laver tingene fra bunden. Det er så simpelt som muligt - selvfølgelig med nogle relativt komplekse processer. Men så simpelt som muligt, sådan så du får den bedste kvalitet af de produkter. Så i vores brød, er det jo mel, vand, salt og that's it. Hvorimod mange andre putter alle mulige enrichers og enhancer ind i brødet, for at gøre processerne nemmere osv. Hvor vores det koldhæver jo, og står og fermenterer og det skaber bare nogle andre properties. Igen relativt simple ingredienser, relativt lang og kompleks process, men det skaber dermed også et produkt. Og det er vigtigt for os at holde fast i det. Men udover det, så fortæller vi ikke eksplicit særligt meget faktisk. Vi kan godt lide det der med at være en lille smule mere afdæmpede omkring det, så folk selv oplever det - finder ud af "hov, det faktisk en god appelsinjuice eller en god kaffe", men jeg behøver ikke nødvendigvis nøjagtigt at fortælle hvor alt kommer fra. Jeg ved de kan smage at det er et godt produkt.

**I: En anden ting, som vi har tænkt lidt over, da vi læste den rapport I har fået lavet - det diagram du sendte med jeres konkurrenter i NYC. Vi kunne ikke rigtig se, at der var nogen sammenhæng mellem det som rapporten havde sagt - altså de havde peget på sådan nogle som FIKA og Aquavit som er mere Skandinaviske, hvor at dem som vi kunne se, at I har sat jer op imod, som værende jeres konkurrenter det spænder sådan helt vildt bredt, men der var ikke nogen som havde det Skandinaviske - der var noget Fransk .. Hvordan kan det være at I læner jer mere op af de andre, end de som er Skandinaviske?**

R: Jeg tror at der er mange, der har tendens til at se markedet som altså så er det Skandinavisk profil. Men i realiteten, det du konkurrerer imod i et internationalt marked det er jo langt bredere end det. Altså hvis du skal ud og have frokost, så konkurrerer du jo mod alle der ligesom udbyder det i det lag, som du nu engang spænder inden for. Så i og med at vi ligger i det her affordable/premium segment, som nok har lidt tråde til casual dining, så er det langt mere dét segment vi konkurrerer imod end FIKA. FIKA har et meget, meget smalt og snævert

produktsortiment. Det er primært kaffe og sweets, chokolader. Og det er ikke det vi konkurrerer imod som helhed. Det kan godt være, at hvis du skal have din enkelte kaffe, at der er de en konkurrent, men på den brede palette, der er det nogle helt andre vi konkurrerer imod. Der er det meget mere, som du nævnte, det franske som Kaiser der kommer ud af Paris, eller en Pret der kommer ud af England, eller en Amy's bread, hvis det er på brødsiden, som kommer ud af USA.

**I: Hvad har I gjort jer af overvejelser - ny flytter I til NYC - og det er den store by for nærmest alle trends der overhovedet findes - også food trends. At I kommer ind som en bagerbutik og sælger varer der er sukkerholdige. Og hvis man i hvert fald kun spiser kage og brød - det er ikke det der passer ind i idealet omkring sundhed i øjeblikket. Er det noget I har gjort jer nogle overvejelser omkring?**

R: Du kan sige både og fordi vi kigger jo løbende på hvad det er for nogle trends der er i markedet. Men omvendt så har vi også en relativ stabil filosofi om at det handler om at have et liv i balance. Det handler ikke om at gå ud af en eller anden tangent, som er meget ensidigt fokuseret på en eller andet kost linje. Det handler om at sikrer, at du har et liv i balance og sukker er faktisk rigtig godt. Hjernen har behov for sukker, for at fungerer ordentligt. Så derfor - du skal bruge sukker. Du skal bruge nogle vitaminer, som du for eksempel kan få igennem brød også. Gluten er jo heller ikke skidt. Gluten er det som egentlig skaber luftigheden i brødet. Så længe du behandler produkterne ordentligt, så er det faktisk ikke dårligt for dig. Der er rigtig mange der tænker, at de er gluten intolerance og der er også en del af befolkningen - omkring 1% - som virkelig har en gluten allergi, og derfor ikke kan tåle gluten. Men langt de fleste føler den her oppustethed fra gluten pga. man fremskynder processerne. Så du lader ikke den gluten der er i brødet arbejde med surdejen og fermenterer. Så hvis du i stedet for anvender rigtig meget gær, for at fremskynde processen, så får du den der spænding i gluten som gør, at det er svært at fordøje brødet. Sådan noget går vi rigtig meget op i. At sikrer os at de produkter vi laver er ordentlige og så kan man sige, at så er det vigtigt at folk de forstår at, når du spiser en jordbærtærte, så skal du nok ikke spise en hel. Men det er jo stadigvæk et godt produkt. Det er lavet af rigtige bær, det er friskskårne jordbær. Vi får jordbær ind hver dag som der bliver skåret i hånden, og bliver langt på de her jordbærtærter, som er baseret på en nøddebund og en creme. Så ja, det er et produkt, som du nok ikke udelukkende skal leve af - men det skal du jo ikke af noget. Du skal have et liv i balance, og det er egentlig det vi går op i.

**I: Har I glutenfrie alternativer?**

R: Vi har ganske, ganske lidt. Vi har ét glutenfrit brød og i de danske forretninger, der sælger vi det om torsdagen. Så dem der har glutenallergi, de ved at de kan komme og købe glutenfrit brød om torsdagen. Men vi har hverken tænkt os at gå i retningen af fuldstændig økologi eller fuldstændig glutenfri. Vi vil mene at det er helt forfejlet at gå glutenfrit fordi, der er nogle properties i gluten, som er rigtig gode, og det er jo det der gør, at du får et rigtigt brød. Så længe at du så behandler den gluten ordentligt, så er det i orden. Men selvfølgelig er der et segment som ikke kan tåle gluten, fordi de faktisk er gluten allergikere og dem vil vi også gerne hjælpe på den front.

**I: Er det så et brød I tager med til London og NYC?**

R: Ja, det er det.

**I: Hvad med den der the Agency rapport - bare lige for at vende tilbage til den. Hvad var jeres key take-aways fra den?**

R: Jamen jeg vil sige, at det blev meget nogle detaljeret operationelle ting, som vi tog med derfra. Altså overordnet set så kan du sige, at vi tog det med, at det var egentlig en confirmation af at folk oplever konceptet, som vi gerne vil have det. Så det er egentlig det, vi har prøvet at skabe.

416 Det er også det der spejler sig i den oplevelse, som folk har. Og det her med at de kommer ind, at  
417 de ser ikke denne her skilteskov af forskellige budskaber, som du ser, hvis du går ind hos f.eks.  
418 en Pret eller andre koncepter. Men de går ind, og de forstår faktisk konceptet intuitivt og de kan  
419 se, at det er sådan et sted, der er roligt, og du får en god service og nogle lækre produkter osv.  
420 Det var det vi gerne ville opnå med konceptet. Det synes jeg skinner igennem i den feedback,  
421 som kunderne giver. Og så er der selvfølgelig en masse forbedringspunkter, men som er af  
422 mindre operationel karakter. Så noget af det som vi f.eks. har gjort er - det er sådan en lille  
423 operationel detalje - men på Bedford der har vi en butik, som er relativt lille. Der kommer rigtig  
424 mange mennesker igennem, og for at vi ligesom kan servicere det flow i høj nok hastighed, så  
425 begyndte vi at spørge kunderne allerførst, om de skal have en kaffe med, og hvis de skal have en  
426 kaffe, med så sender vi den afsted til at blive lavet med det samme. I stedet for at vente til  
427 slutningen af bonnen. Det er sådan en lille detalje hvor vi vinder et minut der, som det faktisk er  
428 dét, det tager at lave en god kaffe. Du kan ikke lave en god kaffe på meget under et minut, for det  
429 tager bare den tid at producere en espresso, som skal løbe igennem en espressomaskine ved et  
430 vist tryk. Så det er sådan nogle små operationelle detaljer som vi kigger på.

431 **I: Hvor langt er I med NYC nu?**

432 R: Vi er der, hvor vi har fundet vores første lokationer, og vi begynder så småt at gå i gang med  
433 at bygge dem. Så det er den mest håndgribelig del af processen. Det er det som kommer til at  
434 synliggøre vores indgang i markedet. Og ved siden af det, så kigger vi så på alle de her andre  
435 ting, som skal på plads, i forhold til ansættelse af folk. Al vores legal structures, administrative  
436 processer osv, som skal på plads. Så det er vi igang med at arbejde med og så ved siden af det -  
437 de her justeringer, som vi snakkede om på koncept siden. Hvordan gør vi det en lille smule  
438 varmere i vores lounge område, og sådan noget. Så alt det er vi igang med i øjeblikket.

439 **I: Hvornår regner I med at åbne - har I sat en dato?**

440 R: Vi har ikke sat en dato endnu. Så det holder vi egentlig sådan lidt åbent. Men det bliver i løbet  
441 af i år. Men det bliver nok hen imod efteråret vil jeg tro. Det tager en del tid, at få alle de her ting  
442 på plads.

443 **I: Vi prøver prøver at fokusere på metropoler, og hvordan en dansk virksomhed får et**  
444 **foothold i en metropol - også eftersom det er den strategi I går med.**

445 R: Det tror jeg er en rigtig god idet, fordi der er jo stor forskel på, hvordan en forbruger er på i  
446 en metropol og hvordan de er uden for en metropol. Så hvis du tager .. Også mellem metropoler,  
447 så er der også en forskel. Så hvis du kigger på sådan noget som LA, som er lidt mere flat city vs.  
448 NYC hvor densiteten bare er super høj, så vil der nok også være en forskel på hvordan  
449 forbrugeren vil agere. Du vil stadig få nogle af de der nuancer i spændet og hvis du gik til nogle  
450 af de mindre - altså selvom det stadigvæk er store byer .. midt west eller sådan noget, så får du  
451 noget helt andet. Og det er også det samme - altså i England, der kigger vi ikke på Manchester, vi  
452 kigger ikke på Liverpool. Det er stadigvæk store byer og du kan sagtens se at der er nok  
453 mennesker, men det er en anden mentalitet og det er en anden resilience der er i metropolerne.  
454 Jeg tror der er større ligheder mellem London og NYC end der er mellem London og Liverpool,  
455 bare for at sige et eller andet.

456 Det er vigtigt det der med, at du på den ene side er standardiseret, fordi du skal have en  
457 operationelt efficient, specielt hvis du skal vækste din forretning hurtigt. Så skal du sikre at der  
458 er styr på fundamentet. Og så skal du samtidig være adaptiv nok til at tilpasse dig det lokale  
459 marked. Men du skal heller ikke trække dig for langt væk fra dit kernekoncept, så du skal også  
460 tro på det du går ind med, men omvendt skal du også finde ud af, hvad er det for nogle knapper  
461 du skal dreje på, for at sikre at konceptet kommer til at stå rigtigt i markedet.

462 **I: Det bliver spændende med NYC også, fordi det ligesom er det, der er frontrunner til alle**  
463 **andre markeder på mange måder.**

464 R: Noget så simpelt, som er vi er gået over til at bruge stentøj til at servere produkterne på i  
465 England, det gør at det er meget mere venlige over for forbrugerne til at tage billeder og lægge  
466 op på instagram. Og det har jo en afsmittende effekt. Så sådan nogle tweeks, det er nogle ret små  
467 detaljer, der trækker sådan nogle operationelle tråde tilbage til forretningen men det gør også,  
468 at dit brand kommer ud på en anden måde.

469 **I: Jeg tror at vi har fået svar på vores spørgsmål. Tak for din tid.**

## APPENDIX 2

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### Transcription: Alastair Gordon – Operations Director UK

**I: To begin with could you just start by presenting yourself and telling us about your background and what your role has been at Ole & Steen and what you doing at Ole and Steen?**

R: Of course, of course, well I have been in restaurants all of my life, either abroad or in the UK and in my UK persona I have been operating a lot in London.

Tech issues - interview interrupted

**I: I can hear you**

R: Sorry my signal dropped where did we get to?

**I: So you told us that you had been working in the restaurant business and in London in particular.**

R: Ok so in my last role before I joined Ole & Steen or Lagkagehuset, was Jamie Oliver restaurants. Where I worked for five years and I opened and set up businesses and brands in London and then about four years ago i was contacted by Ole and Steen who was interested in bringing a Danish bakery business to the UK. I flew over tasted the products and I was in. Just to start with I really liked Ole & Steen's passion for bakery and people - I love the people culture that is in the business, the products were just fantastic and I was really excited about the Danish business in the UK. Which I felt we were lacking in terms of great quality and Danish bread and pastry and cakes. So for the first year, I just talked to the guys, that I wanted to change the offering a little bit, the bakery was always going to be the beating heart, but I really wanted to build a coffee business around the bakery, everyone loves coffee with bakery goods. And that now is a trademark in our business, and I wanted to build a bit more food offer around the the breads and pastry as well. In the UK, with the rents we have now, you have to be able to 'sweat the assets' you have to be able to trade from morning till night and I just felt it was an opportunity. Also I was really excited about the Scandinavian - The Scandi culture, which we in the UK see you guys very happy, smiley, healthy, and you know that is what I wanted to capture within the different sites, so that is how we approached it really. And lastly we decided to do some branding work and call out the fact that we had two guys called Ole and Steen who we could literally hang the whole heritage piece on and the quality piece on these two guys that actually came up with the business.

**I: Ok, explain what the reason is behind the internationalisation strategy to London, why did you choose London and not another large City?**

R: I think for a number of reasons, you know London is one of the loudest and most busiest restaurant scenes in the world and I think if you're going to learn about yourself and whether you can really cut it in the world you come to London or New York. And it's

not far away it's about an hour and a half away from Denmark and Copenhagen. Meaning that we could just kind of jump backwards and forwards and we came to learn really what else we could do with the business and what we could do with it, so I think that was the major reason and also that we felt there was a real opportunity for us with the business, you know there's a lot of great businesses out there but we felt that we had something a little different with a really great USP(unique selling proposition).

**I: Can you tell us a bit about the process that you went through in terms of research and understanding the Market London?**

R: Sure so there was a big research piece done before I joined to understand you know what was the opportunities were. However, I worked in London for 20 years so I kind of have a sense of, you know, I can understand the connotations in moving to London and I get a chance to really sort of spend some time underneath the surface of the London Food scene, for about a year to understand what felt right for here. But also I think if you're going to bring a a business from somewhere else you don't change things, you come as you are, be brave and believe in what you got you don't just change to the nature of where you are going to, which is essentially what we did, 80% of the business is still very very much Lagkagehuset and 20% is this new upgrade with coffee and food offer. So yeah, I think a lot I've just walking the streets with the CEO Jesper Friis and getting an understanding of what the offers were there and the more we did this the more we realized what an opportunity we had.

**I: Ok can you tell us about how Ole & Steen is placed compared to your competitors in London, price wise, product wise, promotion?**

R: We are around the same place with someone like 'Gail's' which is a traditional British middle class bakery, we are around the same price as them. We might be a little bit more expensive because we feel like we have a premium product and you know I think we fit quite nicely in with 'Paul's' and things like that, but we are a bit more expensive than them, but for a reason. You know, we do have a more premium product and I think the environment that you come in is.. you know; beautiful crockery, everything is made by hand, we got a great breakfast offer that we do as well which is really reasonable priced. So I think what you do is you got a premium environment, a premium product with a great price, which is kind of where we were aiming it. You know we want to be quite democratic you want everybody to come whether you are in flip flops or a tuxedo we wanted them to come in and just use us like you would want to use us.

**I: Yeah, the next thing we wanted to ask you about is if you do have a specific segment that you are aiming for, in terms of customers?**

R: No I think, in Denmark you are incredibly democratic and we brought that mindset with us you know that it doesn't matter whether you are a 5 year old boy and looking for a bun or a 70 year old lady who would just like a nice cup of coffee and a toastie. Really you know we have an environment that is not trying to be cool but it is naturally a Scandinavian cool environment with I think actually we provide an oasis away from the craziness, and we make sure the staff makes people feel like that as well. So I think you could be very specific about them on demographics, but I think we have we have different sites with different segments. We have a site in St. James' where it's the local

business guys who are quite wealthy. Then you got Richmond, which is very very much for the locals, the mom's with their small kids. Then you got Wigmore Street, which is for shoppers and the local business types. So you got a real mixe there and because of our very open style, and very calm, and not shouty style we end up attracting all sorts and they all use us the way they want to use us.

**I: Alright, we also want to hear why you have chosen not to franchise but have gone in with a whole ownership?**

R: I think Franchise, I think is a really easy way of moving with full speed in terms of rollout. We are not interested in doing that, we want to do it properly. We love and absolutely believe in this business and I think sometimes when you give away the business to other people the concept can get very watered down and it will start cutting corners because it just becomes about the bottom line and we're not just about the bottom line we are about building a legacy of something that is long term. we feel that the best way to do that is A) take on lots of partners like myself and Gabriel in the States, but also to own the business outright and drive the project ourselves.

**I: Ok, are you planning to expand outside of London in the future?**

R: Yes we are, we are actually going to New York in October.

**I: Oh yeah I'll just rephrase it - we know you're going to New York because we already talked to Gabriel.**

R: Oh yeah, we do have other plans. I think we need to focus on you know, we have just had two of the biggest territory possibly in the world we need to focus on there, but we have got in mind some other places, but we are very focused on getting New York and London right as well.

I: Yeah, so in the UK are you planning on going into other cities in the UK or are you just going to focus on around the London area?

R: At the moment there is enough space in London for us to just operate in London and to do it to at least 20 to 25 baking businesses in all shapes and sizes. So there's plenty of place for us here. And also we need to be within an hours drive of the bakery as well.

**I: Yeah, of course. Ok, so we wanted to hear just a little bit more about how Lagkagehuset has changed into Ole & Steen, in terms of like your brand concept in order to fit into the market in London, you already touched touched upon it a little bit. But what are the specific concept changes you made in regards to; interior, product range, staff, and marketing, when you moved the business to London from Copenhagen?**

R: So first of all you know obviously we did the name change to Ole & Steen. And it is still about the pastries and the bread but what we have introduced in a certain amount of aspects of it is suddenly the coffee is now a huge progress. We have a big big following on the coffee to go along with the pastries. We built a food business around so you can get you know smashed avocado and eggs. We have a kitchenette in every site, with chefs cooking and making food for people. We make all the salads on site and you know everything that we make in terms of the food offer is going back to the breads, or the pastries, or the cakes. So that's really important to us, it can't sit exclusively on its own and it kindon the sites in the morning it works as a bakery. And you know we work



in the evening as well, so softer seating, lighting, we're looking at nice little touches that we can turn on too. So it feels a bit more evening as well. We've introduced alcohol into the business, so people can come in and have a glass of wine or a glass of Prosecco out on you know some of our business sites have outside seating where you can drink a bottle of rosé or work together, but equally you could also get a nice strawberry tart with cup of coffee at 10 o'clock at night. So we have also extended the opening hours so we do not just see ourselves as a bakery business that closes down at 7, we operate till 10:30 at night. The staff uniform we changed we tweecked it a little bit. But I think that you know you still see the Tiffany jewellery counter so you can actually look into that, so you still get a lot of the elements of Lagkagehuset, we just rather than changing stuff we added stuff to add to the journey of the Lagkagehuset - Ole & Steen customer.

**I: Yeah, I just wanted to ask a bit about coffee again, because in Denmark obviously you can get coffee at Lagkagehuset, like what are the changes that you have made?**

R: So when I first, the first experience I had with Lagkagehuset - Ole and Steen, nobody offered me a coffee. Which I thought was really strange, it was very focused on the bakery side of it. You know in London it's a very sophisticated coffee scene, so I thought it was a real opportunity for us to build a coffee business around the customer coming in for cake and tea. And you know some of the other venues you go to the coffee doesn't match the quality of the cakes and breads. So I just thought that for us it's such an opportunity, so we did that. We worked with Kontra, who are in Denmark it's a really intense training with the team, and since then we now have invested in our own coffee business and all our managers are trained to head barista level, so they completely understand coffee as well as bread because they are also trained bakers and it is you know such a major.. it just plays such a big part of our business.

**I: Yeah, is that something you are planning on taking with you to New York?**

R: Very much so, ya.

**I: Because that's a big coffee scene as well?**

R: It really is big scene, ya.

**I: Alright, do you see Ole and Steen London making any more changes to the concept in the future?**

R: Yes, I think we probably do, we are learning all the time, we are evolving the business, but I think we always have to remember who we are, because otherwise you end up confusing the customer. So yeah, we will do, in time we absolutely will do.

**I: And would that be in terms of concept or on the product range or?**

R: We are always looking for products we can introduce, but we are also very careful to fit within you know our brand ethos and values. So yes, I mean look, in terms of look and feel, yeah there will be some subtle changes. You still will be able to recognise it as Lagkagehuset - just have to be evolving the design and see how the customer journey works and how they use us. We have to move with the times because if you don't you get caught and people start going somewhere else, you have to be quite nimble in the London market.

168 **I: Yeah, we also want to ask a bit about the consumers in London. Do you see if**  
169 **there is any specific consumer behaviour, or culture, or food tendencies, that are**  
170 **different from Denmark to London?**

171 R: How do you mean Simone?

172 **I: Just like in terms of food preferences you already talked about the coffee but**  
173 **maybe in terms of what people like to eat or what their perception of health is.**

174 R: Oh yeah, I mean I think the biggest selling pastry is the 'social' which I think you call  
175 here 'kanslagger', its a big long pastries that you buy.

176 **I: Yeah, it is the kanelstang**

177 R: That's it that's the one. So that's one of our, I mean it's just been, it's our Hero product  
178 really. People just come for it, we sell one every two minutes in St. James'.

179 **I: Wow.**

180 R: Yeah so we can never really have enough in store it sells out constantly. It's  
181 something that has kind of taken on a life of its own really. And we call it 'the social'  
182 because we wanted people to socialise with it. We also wanted people to pick it up and  
183 take it to their offices, and share it with their friends, and we developed its own box for  
184 it as well. So yeah it really has taken on a life of its own really. Bread I think the rye  
185 bread in particular, the chia rye as well, people really do like that product, it's just so  
186 unique. So yeah I think the UK public has really fallen in love with our product range  
187 and we kind of understand what they want, but also I think that we always want to  
188 challenge ourselves and the customers as well. Because you know they trust us, they  
189 know that everything, you know what I always say to myself and my team, the most  
190 important thing is that the customer really just need to get any one of our products in  
191 their mouth and taste it, because we believe in everything that we do.

192 **I: Ok, so how would you describe Ole and Steen as being different from your**  
193 **closest competitors in London, in which way do you differentiate?**

194 R: Well we are Danish. Look I think we got some great competitors, 'Gail's' and  
195 'Patiserie Valeire'. Our products are different a lot of of the cakes and the bread because  
196 they are so uniquely Danish. There is the style of service there's a difference. For  
197 instance at 'Gail's' everything is on display you can pick it up, whereas with us it's  
198 behind the counter, so you look at it like at Tiffany's, Tiffany diamond, and that's the  
199 way we want people to look at it. And so, you get your own member of the team helping  
200 you and they should be super knowledgeable and be able to take you on a bit of a  
201 journey, that's very important to us. The ticketing machine, that is very unique to us,  
202 and you know some people absolutely love it, and some people just have a bit of an  
203 issue with it they understand how it works that we don't do queue that you just come  
204 and get a ticket and relax and then enjoy the experience. Rather than the very English  
205 experience of just getting in a queue to avoid worrying if you're going to get served next.  
206 I think the design as well that is very Scandinavian, you know it's very clean edges, it's  
207 very comfortable but very usable, and I, it really stands out from many of our  
208 competitors in terms of it's a very ... we spent quite a lot of money on our sites, and you  
209 can feel that when you walk into them as well, the quality of them. I also look for good  
210 restaurant managers as well because I think they really understand service in terms of

211 what we are trying to look for. So you know I think you can learn something from  
212 everybody. Both in retail and in life so we are always looking at how we can do things  
213 and how can we do better.

214 I: Ok, the last question that we want to ask you is actually about the Danish  
215 Scandinavian heritage of Ole and Steen. Do you think first of all that it is an advantage  
216 that you are Danish and secondly do you think that the people in London are seeing any  
217 difference, like is it the same being Danish or Scandinavian is that the same?

218 R: Neither actually. We are not using it as a USP that we are Danish, we don't even think  
219 about that half the time. I think that as CEO Jesper Friis, is very keen to not shout the  
220 fact that we are Danish because you know it really is about just being us and creating an  
221 environment which is super friendly, happy, calm, generous, and somewhere you do  
222 look forward to going to. You know you get on the train in the morning, for half an hour,  
223 because you want to get to an Ole and Steen and have breakfast with us. So no we don't  
224 really but you know I think the perception of the UK consumer is what is played on as  
225 well you know the things have quality and being generous that something we really take  
226 very seriously that we want to be everything that we put on a plate or in a cup it has to  
227 be super high quality so in a way that is what we are about rather than just being Danish  
228 and I think people find out that weird Danish in Scandinavian. But whether it is a Finish  
229 or Scandinavian, a lot of people don't know that we are Danish we don't shout about it.  
230 We do have a lot of Danish girls come over and work with us. We also have a very strong  
231 Danish following over here it reminds them of home. A lot of people would struggle to  
232 see any branding that says we are Danish.

233 **I: Okay, I think that was it Alastair, thank you so much for helping us.**

## APPENDIX 3

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### Transcription: Gabriel Sorgi – Operations Director US

**I: We just have a couple of questions that we kind of wanna go through. Can you start out by telling us a little bit about yourself and your background and what you are doing with Lagkagehuset today?**

R: I will start with my background. I'm working with the direction operation for the US. I am in charge of bringing the brand over to NYC - it's our first stop. And I've been with Lagkagehuset for almost 2 years, since November 2016. Our process is that we like to immerse the person in the culture before they actually start working on their project. So what I did was spend several months in Denmark, and several months in London opening up our first stores there - understanding the brand, understanding the product, understanding the people. And understanding our design, and how everything functions. And I did that during my first year at O&S. So the next 8-9 months after that I spend in the US, and during that time, developing the business plan for the US. And during that time we sold the company - last May - so doing the actual business case for the sale of the company. There were a lot of other things involved and not just opening up a new operation in NYC. And just to bring you up to speed; currently we are sourcing real estate. We are in the construction phase in our central production area, and we are sourcing other pieces of real estate for the pipeline for next year as well. And now we are at the stage of dealing with PR companies, digital agencies and recruiting and getting ready to open in the fall.

**I: So you're kind of the country manager of NYC? Or what is your exact role?**

R: The exact role is: US operations director.

**I: We are kind of wondering about what kind of processes you went through with picking the NYC market, out of all the American markets there is and like, what kind of consumer behavior research or any other researches you have done?**

R: Yes, we have done quite a bit of market research. In London we started doing interviews with US customers to understand the US market. And so we can better understand how they adapted to the brand - what they liked, what they did not like. And we did the interviews in our stores in Richmond, St. James at the beginning. And we would single out US visitors. They would be businessmen and -women, tourists and stuff stopping by. And that's how we were gaining the inside into how we should adapt to the US market. That was one thing we did. We did a lot of that.

**I: We saw a report with a bureau called the Answer. It sounds like it is the same research.**

R: It must be the same report - you spoke to Jesper Dixen?

**I: Yeah we did. So it must have been the same. It looked really interesting.**

R: Yeah.

**I: So did you do any research in NYC - or maybe that is why they chose you and your background?**

R: That was one of the reasons why they wanted someone who understood the US market. I can kind of point everybody in the right direction. But we did do some consumer research in the US. One of our owners hired a company. We did hire a company to do some consumer research for us in the US. However, it was more of a broad US research in general - it was not NYC specific. And we all thought afterwards that NYC is just very different than what we have in the rest of the United States. We did not do that much while we were in NYC of consumer research.

**I: How would say that NYC differentiates from the rest of the US?**

R: So you have a bunch of different cultures in NYC. A lot of people from other countries. That work here or expats from Europe. NYC is definitely more sophisticated than other parts of the US - not all - but many other parts of the US. So that was one of the reasons why we decided to come to NYC first. And not just because of the consumer - the type of consumer. But also because of the population. So if you think of the populations in terms of .. What are you 4 million people in Denmark?

**I: 5**

R: 5 million. We have 8,5 million people living in NYC. But we have another 8,5 million people coming into the city Monday to Friday to work. So we have 16 million people during the day Monday through Friday. So the density. It's the most dense population in the US. Many real estate brokers have told us that - even with a bad concept you'll do well on the right corner.

**I: Right, interesting. So compared to competitors in NYC is Ole & Steen premium in terms of price and product?**

R: Okay, good. As far as pricing is concerned, we're a premium with only what we do well. So we are premium with pastries and bread. We are premium with coffee, but we have lowered some of our pricing in like the salads and sandwich sector. Just to be more competitive in the market. So with the traditional Lagkagehuset menu, we are at the premium pricing.

**I: Ah okay. So you decided to do the 100% ownership in NYC. How come you did not do franchising or local bakeries that could do the large scale production?**

R: Good question. Well as a company philosophy we do not believe in franchise. Especially at this point. Then we would lose control over our product and dilute our brand. We feel that we are so passionate about what we do, that we do not want anyone else touching our products. So for now it's not for discussion.

**I: You said that for now you're in NYC - are you already planning on expanding outside of NYC or do you know when or where that would be?**

R: Yes. Okay. We haven't released the cities that we wanna go to. But we have a plan to expand to other cities in the US. And we have a short list of cities that we would like to go to. Timing wise we need to get opening in NYC right first. Once we do that we'll set a plan time wise, to go to other cities. We will start looking at them in the next couple of years. But nothing has been set yet.

**I: In term of the brand we know that you are more or less taking the brand concept from London to NYC. But are there any changes that has been made or do you foresee that you will have to make some changes?**

R: There is differences in some of the food culture in London to NYC. I think we're more in line of what Danes are used to with food. So we are going to have. We have our standart selection of items that we serve now in London, that we're bringing. So what we decided to do is to take the standard probably 95% of what we do in London, implement that into NYC. However, within the same categories as London we will create a different selection of sandwiches and salads. Forward this Skyr, toppings and selections. We are gonna increase the level of quality here in NYC with those items. And then we are bringing in a few other breads and pastries and cakes that we are not doing in London, but we do, do in Denmark. Because I feel like NYC will like some of those products, that we did not bring into London.

**I: Which ones?**

R: The festival roll, the cream puffs, the muesli bread, that one we are gonna bring here. We don't have that in London. But I feel like they will like those items here.

**I: Is there any local products that you have to make to please the local customers or will you just keep to the Danish?**

R: We're gonna stick to what we do best. I just send our new culinary director to Copenhagen. Actually his last day is today - he's been there all week. To eat around and to discover the Danish cuisine. And one of the things that I'm focusing on is the smørrebrød, the open-faced sandwiches as we call it here. Focus on that so we can do better than what we do in London. And in Denmark we don't even do those in our stores. So that's what we are gonna do here. So our culinary direction is going to keep increasing and innovating quality in what we do.

**I: So do you have some sort of autonomy to just change things over there without it being changed the other places.**

R: We have to make sure that the food cost and labor cost fall in line, with what we do. But from a branding point of view we have autonomy with the non-traditional Danish bakery items. We are not changing any of those in the beginning. We will have Danish bakers here and pastry chefs adapt some of the recipes or maybe developing something special here. That's for sure. But the salad and sandwiches and porridges. That we have focus on.

**I: Is it based on the research you did with the Americans visiting the London stores, that you have decided to make some changes in the products range?**

R: It has to do a little bit with that, but it also has to do with my perception as a New Yorker looking in to London. The good thing about having me in the London market for 7-8 months, that I was there, was kind of learn from mistakes which always comes when that kind of situations occurs. So some of the things that we maybe didn't do right, I'm just gonna capitalize on that, and just refine it and make it better. So you can think of London was the 2.0, and now we'll go 3.0 in NYC. And keep refining and keep innovating.

**I: What would you say is like the major differences in terms of consumers in London and NYC?**

R: London and NYC. They really like their mayonnaise in London. They have a lot of like traditional items - like heavier items. I think in NYC we tend to like lighter - especially in the spring, summer, fall - lighter, more flavour full. I think we like seasonal more than what I have seen in London. We'll change the food with the seasons more often. I mean that's it really. Where in London we don't do drip-coffee, we'll do that in NYC since that's 60% of the coffee that is consumed in NYC as opposed to espresso drinks.

**I: Is there a health culture in NYC since you say lighter?**

R: Yeah well. Lighter I would say .. Lighter in calorie intake and fat intake. I think it's a little bit more of a concern for people in NYC, than in London. Slightly.

**I: So it's okay with salads and sandwiches lighter, but then still indulge in cakes and bread?**

R: Yes. So they'll eat half the calories so they can consume it later in pastries and cake.

**I: Great strategy. So just a question regarding your marketing. We know that you don't do any traditional marketing, but there is a lot of social media channels and there has been made one for the UK. Will there be a new one for the US as well? And will it be different which channels?**

R: So as a physical person, we will have a marketing manager in NYC - we don't have that role in London right now, because we handle it from our Copenhagen office. But we are a little too far away over too many time zones. So we are in the process of making that personnel decision now, and we will handle it all centrally but it will be overseen by me and my counterpart Mads Brinks in Copenhagen.

**I: Will it maybe be more twitter, and will you create your own content or will it be more or less the same as we are used to?**

R: Well we are gonna follow the same type of guidelines and parameters that we have in London. However we will create our own copy in content. So the branding itself will be the same. Photos and logos and that, but the copy will change to the region.

**I: The last couple of questions is about the Ole & Steen Danish background, and weather or not it's been a competitive advantage or benefit to you. Or if it even matters in NYC?**

R: Yeah I think it is. I think in the past few years .. especially in the food and beverage world it started off back when Noma first opened. And that inspired a lot of chefs around the region in US, in NYC especially. And that kind of grew into this mini Nordic invasion of food and beverage. And it inspired interest within general foodies around NYC. So when Claus Meyer came to NYC I think that actually helped up. Gain more tracking in that area. I think it was very important to have that as part of our opening. I think coming into NYC without that knowledge of Denmark, would not help us at all. So I'm glad that it started a few years ago. And that people are interested in what we all do in Denmark.

**I: Do you think that there is an understanding of Denmark and not just Scandinavia, that New Yorkers differ the two?**

165 R: I think there is a heightened awareness. I don't think overall people understand the  
166 difference between Denmark and just Nordic in general or Scandinavia in general. But it  
167 is helpful that more people now understand what's going on with Denmark. I think  
168 there is a larger percent of people that understand Denmark than 3-4 years ago.

169 **I: And you think that is because of Meyer? Meyer is quite well known?**

170 R: I think it is because of Meyer, yes.

171 **I: Okay cool. We are trying to get an interview with them , so it is funny that you**  
172 **mention them.**

173 R: I think he helped not only because he opened the bakery, but he opened up  
174 restaurants and a food hall in NYC. So yeah that's been helpful for us. We have to thank  
175 him I guess.

176 **I: Just as a finishing question in terms of this differentiating in the NYC market,**  
177 **because I could imagine there is a lot of bakeries. Is there any other ways than**  
178 **just being Danish will kind of be different from the average bakery?**

179 R: Yeah so. I wanna tell you quick story. When I first was put in front of Lagkagehuset  
180 back in 2015 actually, a recruiter approached me and asked, are you interested in  
181 speaking to these people from Denmark. And I said, oh cool what restaurant company  
182 are they? Because all I knew was Noma, right. And he said, oh it's not a restaurant  
183 group, it's a bakery. I said, listen I have only done restaurants so why are you calling me  
184 for this? I don't do bakeries. She said, believe me you'll like these people. You'll get along  
185 with them. You are very similar, just take the meeting. So I said alright, I've never been  
186 to Copenhagen, so I'll take the free flight to Copenhagen and see the sights and come  
187 home. But when I went there.. Oh and the other thing was, I did not think we needed any  
188 more bakeries in NYC. I really felt we had plenty of French and Italian, and hip bakeries.  
189 I said, well if they wanna be that aggressive and open in NYC, I said. I don't think it's  
190 gonna work. Anyways, I go to Copenhagen. I meet with everybody. And that was Ole and  
191 Steen and Jesper Friis. We hit it off. We really fell in love with each other. And then I  
192 went into the bakeries and tasted the bread and the quality. I said: we have nothing like  
193 this in NYC - nothing. So what we have is. There is a segment of the market in NYC that  
194 is missing high quality breads and pastry and cakes. We don't have that. And we  
195 certainly don't have a premium style in design, place for people to relax and enjoy  
196 themselves, and enjoy the premium design that we bring to the table as well. It's a very  
197 unique concept from all ends. And then it's our philosophy around, you know .. how we  
198 treat people and the karma and love we bring to, not only what we do with the artistry  
199 with the bread and the pastry, but also through the training and the people. And so that  
200 segment in NYC is missing right now. I really believe that we are gonna fill it and do very  
201 well.

202 **I: It sounds really interesting. We talked to a guy from Joe and the Juice, just a couple of**  
203 **days ago, and he said he'd talked to someone about it as well, and he works in the NYC**  
204 **department and he thought that sounded really interesting as well. He saw a whole**  
205 **market just for high-end bakery. So it does seem like there is a tendency there.**

206 R: Oh, that's good to know.



207 **I: We went through all the questions. It was super interesting to get your point of**  
208 **view. Thank you for taking the time to talk to us.**  
209 R: You're welcome. If you have any other questions, feel free to reach out.

## APPENDIX 4

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### Transcription: Kasper Garnell - Partner, 'Joe & The Juice

**I: Vi skriver speciale om danske virksomheder, som internationaliserer og primært dem som tager denne her London --> New York rejse. Og vi skriver med Lagkagehuset som case, fordi de også er ved at flytte til NYC nu også. Så det vi godt kunne tænke os at høre lidt om, det er denne her internationaliseringsproces I har lavet, og hvordan I har ændret ting, eller ikke ændret noget som helst. Men hvis du lige til at starte med kunne fortælle os lidt om dig selv, din rolle i firmaet, og hvor længe du har været her?**

R: Ja, jamen jeg hedder Kasper Garnell og jeg har været i virksomheden i lidt over 10 år. Jeg har lavet hundrede ting siden jeg startede, men nu er jeg ligesom kommet full circle og faktisk sidder med det, som jeg rent faktisk læste på CBS, i form af alt vores branding/marketing. Det jeg har med at gøre er events, sociale medier og vores websites og generel PR, når vi åbner nye markeder osv. Det er hovedsageligt det, jeg beskæftiger mig med.

**I: Kan du køre os igennem jeres proces i denne her internationalisering - hvor startede I henne og hvorfor har I valgt de forskellige markeder?**

R: Yes, vi startede i København og faktisk lige derefter åbnede vi London som første udenlandske marked - sjovt nok fordi andre folk ville nok have valgt andre skandinaviske markeder som minder meget om København i natur. Men vi valgte London fordi vi bare gerne ville .. vi følte at vi havde en international kant på vores brand, og så følte vi at London ligesom var det første. NYC har altid været en drøm - det var sådan top of the bucket list, men London var ligesom en måde at få testet konceptet ud på, på mere internationalt plan end hvis vi bare åbnede i Oslo eller Stockholm. Og det var derfor at vi faktisk valgte London som entry market til UK. Også fordi at vi har fundet ud af, at vi som brand fungerer bedst i metropol areas. Vi fungerer bedst, hvor folk bor i høje koncentrationer, i stedet for at åbne i Liverpool eller Leeds eller noget i den stil - åbne et sted hvor der er høj koncentration af mennesker. Også folk med normalt flere penge, højere indkomst. Så man bygger et brand blandt den målgruppe.

**I: Når du siger NYC er top of the bucket list. Hvordan kan det være, at det lige er NYC og ikke et sted i Asien f.eks?**

R: Det er nok fordi at den brandværdi, der er i at have et koncept i NYC, der rent faktisk fungerer - det er selvfølgelig noget lort, hvis det ikke fungerer - hvis man har et brand der rent faktisk fungerer i NYC, så giver det en blåstempling. Især fra investorer osv. det er noget som både .. kan man sige. Vi kan også se det på hjemmemarkedet. I Danmark der havde vi alligevel eksisteret i små 8-9 år før vi rent faktisk åbnede den første i NYC. Og vi kunne mærke en hel anden respons i forhold til da vi åbnede .. Vi åbnede i Singapore først, vi åbnede Island, og vi åbnede Oslo og vi åbnede Stockholm. Og det var slet ikke det samme respons. Men da vi åbnede NYC, så kom vi pludselig på TV og så

blev vi lige pludselig verdenskendt i Danmark, som kalder det. Så blev vi lige pludselig kendte i Danmark. Og var det lige pludselig som om, at Joe & the Juice havde fået sin anden coolness fordi, på det tidspunkt var vi meget mainstream, folk var lidt trætte af os, vi havde været i København og i Danmark i det hele taget i en del år. Så da vi lige pludselig tog springet og vi gjorde det godt og havde en succesfuld forretning så gav det selvfølgelig, i forhold til resten af USA et sindssygt godt springbræt. Fordi hvis du kan vise, at du har success i NYC, så er du per automatik allerede lidt foran andre brands, som er startet i nogle mindre byer, kan vi se historisk.

**I: Og du sagde, at I åbnede relativt hurtigt i London efter at I var startet i DK - hvor hurtigt efter var det?**

R: Det har været vi været åben i jeg vil skyde på, 4-5 år. 5 år tror jeg. Der gik rigtig lang tid fra vi rent faktisk begyndte at ekspandere. Det var meget organisk i starten. Den første butik lå der i halvandet - to år, før vi begyndte og åbne nogle andre butikker. Og så kom der stille og roligt en butik om året ca, derefter. Så det var meget organisk og meget langsomt i starten. Så da det så endeligt, så tænkte vi netop at .. Egentlig, hvis jeg skal være helt ærlig, så var der ikke de store strategiske arbejde bag vores åbning i London. Det var mere fordi vi tænkte meget i brands; hvor er det cool at være, hvor vil vi gerne som brand .. ud og bygge et brand, som er vigtigere for os, end måske at bygge den sikre omsætning. Hvor skal vi så hen? Og så var det okay, NYC er stadig for stor en mundfuld, men London det var til at overskue på det tidspunkt. Og det var derfor, netop at sige London var en mini-version af NYC, så hvis vi ved, at vi gør det godt i London, så er der også en reelt større chance for at vi gør det godt i Manchester og Liverpool osv, hvis vi har tænkt os og ligesom branche ud i de andre byer i UK.

**I: I holder jer også til de her lidt større metropoler så, når I åbner nye butikker?**

R: Det har vi faktisk gjort lidt trial and error på, og vi har været nødt til at lukke nogle butikker rundt omkring, netop fordi at de simpelthen kom for langt ud i forhold til netop, kan man sige. Groft har det nok også noget med indkomst at gøre, fordi at det er et brand som bare fungerer bedst i områder, hvor folk har lidt ekstra penge at bruge på at forkæle sig selv.

**I: Hvis vi lige holder den lidt til det her med London og NYC. Hvad for nogle erfaringer gjorde I jer, da I åbnede i hhv. London og NYC?**

R: I London gjorde vi os den erfaring - og det var også nogle dyre lærepenge, som vi fik rigtig tidligt, hvilke jeg også tror var sundt, men det kostede selvfølgelig også. Men det var netop at vi troede at vi var et fastfood-koncept. I Danmark er vi et sundt fastfood-koncept. Men i London kunne vi slet ikke eksekvere hurtigt nok til rent faktisk at være et fast-food koncept. I London der har folk frokostpauser på 8-9 min. eller sådan noget, så de skal løbe ned, hente deres ting og så gå ud. Så det er derfor at sådan nogle koncepter som Pret A Manger, hvis i kender det fra London, har kæmpe success fordi gennemsnitstiden fra en person går ind i butikken til at de kommer ud igen med sandwich og en kaffe, det er 45 sekunder. Folk er sindssygt hurtige til at komme ind, tage deres ting, og komme ud igen. Og det er noget de lige kan nå, fordi de skal tilbage til deres office station og arbejde videre. Hvor vi i Danmark er vant til, at der har du lige en halv time, nogle har endda en time, hvor man lige kan snakke lidt med dine kolleger og

83    vente på din juice bliver lavet. Hvor vi kunne mærke, da vi åbnede i London, der kom  
84    folk ind og bestilte en juice og en sandwich og efterfølgende var sådan: "hvor er den  
85    henne", og vi måtte sige: "vi skal lige lave den", og de sagde: "det har vi ikke tid til at  
86    vente på". Så det gjaldt ligesom lidt om at tænke anderledes over sit eget koncept, på en  
87    måde. Og det krævede lidt at vi bare omlagde vores strategi lidt, også i forhold til hvor vi  
88    åbnede vores butikker osv. Og det var en af lærepengene der - det var at sige at: okay  
89    men vi skal bare vide, at sådan som vi så vores eget koncept, sådan så andre det ikke i  
90    andre markeder, fordi der er en anden kultur for hvordan du indtager din frokost - og vi  
91    er meget et frokostkoncept. Og i NYC var vi meget, meget overraskede over hvor  
92    positivt folk tog imod vores brand. Der er rigtig mange stadig i NYC, som tror at den  
93    første Joe & the Juice, den åbnede i Soho i NYC, fordi de simpelthen kender det fra Soho,  
94    og de har aldrig hørt om det før. Så mange tror at det er en Amerikansk koncept i USA.  
95    Hvilket egentlig ikke gør os så meget, fordi de er meget sådan du ved, de siger det er  
96    meget Skandinavisk indrettet osv. Men de tror stadig, at den første af dem, den stammer  
97    nede fra Soho. Det jeg kan se, i et af jeres spørgsmål i mailen var om vi lever lidt på  
98    vores Skandinaviske arv? Og det gør vi helt sikkert i nogle markeder. Det kommer lidt  
99    an på igen. Det kommer lidt an på markederne, vil jeg sige. I USA nu der synes jeg, nu  
100    hvor vi har fået fat derovre - vi har flere butikker. Så begynder folk efterhånden at  
101    kende vores historie, og så synes de også at det er fedt, at kunne komme ind og  
102    genkende nogle af de Skandinaviske design møbler osv. Så der er også lidt Scandinavian  
103    cool over vores brand i nogle sammenhænge. Og så er der andre som ikke, kan se over  
104    deres egen næsetip, og stadig tror vi er åbnet i USA.

105    **I: Hvad med produkterne - er det noget Dansk over det?**

106    R: Ja, vi prøver meget at bruge nogle unikke og også til tider skandinaviske produkter,  
107    som vi nu har, som havtorn osv. som nødvendigvis alt sammen bliver dyrket i  
108    Skandinavien men det er meget skandinavisk at bruge et produkt, som blev  
109    verdenskendt, fordi Noma brugte det i mange af deres retter bl.a. Og det er noget hvor vi  
110    har den eneste juice, har jeg i hvert fald set i USA, har på menuen. Og den shake kalder  
111    vi "The Nordic", for ligesom at spille på det, så der er helt sikker noget i det, hvor vi  
112    prøver at holde fast i vores arv og kultur på den måde.

113    **I: I forhold til de konkurrenter I har i NYC, hvordan er I så placeret prismæssigt,  
114    og med de produkter i har osv.**

115    R: Der vil jeg sige, at vi ligger faktisk ret jævnt lige i midten i forhold til andre juicebarer.  
116    Og faktisk også med kaffe. Hvis du går ind og sammenligner vores kaffe med Starbucks  
117    eller med Blue Bottle eller nogle af de andre, så ligger vi faktisk lige i midten. Vi er  
118    overhovedet ikke premium - premium. Men vi er heller ikke de billigste. Vi ligger faktisk  
119    relativt lige i midten. Hvilket jeg også tror, er en af grundene til, at vi faktisk fik relativt  
120    stor success fordi at vi ikke havde prisfastsat os så meget, som der er mange af koldpres  
121    juice barerne bliver nødt til at kræve en højere pris for deres produkter, fordi at hele  
122    logistikarbejdet bag at lave koldpresset juice - det er dem i flasker. Lave koldpresset  
123    juice, få den transporteret ud i butikkerne. De har et stort spild, fordi de ikke får solgt  
124    dem alle sammen. Så for at kunne indhente det tab, som de har på det, så bliver de nødt  
125    til at prisfastsætte deres produkter højere. Hvor fordi vi køber produkterne ind, laver

126 alt frisk foran dig, så har vi næsten intet spild. Fordi vi er så gode til at styre, vi ved  
127 præcis hvor meget vi skal købe ind for at lave femten af de juice om dagen, fordi vi kan  
128 se, historisk set der solgte vi sidste år ca. 15 af den samme juice. Så vi ved, at vi er meget,  
129 meget gode til ikke at smide ting ud, og ikke havde meget spild. Og det gør at vi kan  
130 være skarpe på prisen.

131 **I: Den approach i har taget i jeres internationalisering - det er franchise ikke?**

132 R: Faktisk ikke. Vi ejer alle sammen selv - på nær Sydkorea og Island. Vi prøvede  
133 franchise, men vi købte dem tilbage igen. Vi havde franchiset oprindeligt i Singapore,  
134 Hongkong og i Schweiz, men valgte at købe dem tilbage igen. Simpelthen fordi at vi er så  
135 gode til at styre vores operation selv, så det giver ikke nogen mening for os, at lade  
136 nogle andre overtage vores forretning på den måde. Så økonomisk set, der har vi meget  
137 bedre styr over hele vores operation. Vi styrer den selv. For vi er utroligt stærke på at  
138 styre alt fra vores leverandører til vores bygning af butikker, til hyring af personale. Og  
139 alle de ting. Så så vi, at når du lader dit koncept franchise, så bliver det tit franchiset af  
140 en større virksomhed, som havde en 7-8 andre brands også. Og så bliver du bare én i  
141 mængden, og så gav de ikke brandet den kærlighed som det kræver, for at styre et  
142 koncept som Joe & the Juice. Fordi vi er så meget .. som noget af det første du selv  
143 kommenterede på, det var vores personale, ikke. Det ved jeg ikke om du gør i så mange  
144 andre brands, fordi vi bruger Så meget tid på at uddanne vores personale, og sørge for  
145 at de giver folk den rigtige oplevelse, når de kommer ind.

146 **I: Hvad så når I ikke har haft noget samarbejde. Hvordan er I så kommet ind på**  
147 **markedet?**

148 R: USA var nok det første marked, hvor vi lavede rigtig store forbrugerundersøgelser. Vi  
149 samarbejdede med nogle store retail virksomheder, som har været vant til at hjælpe  
150 andre udenlandske brands ind på markedet. Så vi har siddet sammen med dem, og lavet  
151 markedsundersøgelser, af de forskellige markeder vi godt kunne tænke os at åbne i. Og  
152 så brugte vi lidt en strategi, hvor det marked vi kommer ind i, om det er Miami eller LA,  
153 eller NYC eller hvor det er henne, så finder vi et sted hvor der er aller, aller flest  
154 mennesker. Hvor der er rigtig meget fodtrafik og så åbner vi det, som vi kalder en  
155 flagship store, der midt i det hele. Og så ved vi, at hvis den kommer til at fungere, så ved  
156 vi ca. at så kan vi åbne 2-3-4 butikker inden for 5-6-7 blokke. Alt efter butikken, alt efter  
157 hvad algoritmen er for den specifikke by. Vi kan gå ind og se, at vi har en brand builder,  
158 en flagship store her, og så kan vi bygge nogle mindre butikker ved siden af, som ikke er  
159 nær så store, og som ikke koster nær så meget i husleje. Og tjener vi pengene der.

160 **I: Hvad så hvis de havde sagt i en undersøgelse, at I skulle åbne i Miami først - ville**  
161 **I så have lyttet til det, og hoppet over NYC?**

162 R: Eeehm, det er et godt spørgsmål. Heldigvis skete det ikke, så det ved jeg ikke. Jeg vil  
163 nok sige, vi kiggede rigtig, rigtig meget på Miami. En af vores største juicebar  
164 konkurrenter, Dr. Smooth, jeg ved ikke om i kender den. Det er en dansker, der har  
165 startet det også. Han valgte at åbne i Miami først, og har haft relativt stor succes  
166 dernede. Men da han så åbnede efterfølgende i NYC, har han brændt nallerne lidt. Fordi  
167 det er to relativt forskellige markeder, så jeg tror det er rigtig godt at starte med at åbne  
168 i et marked, der er så hektisk som NYC. Så kan du næsten ikke blive overrasket over de

169 andre markeder, fordi der er - der er ikke andre steder i USA, hvor der er så stor  
170 koncentration af mennesker på så lidt plads.

171 **I: Er der noget i har lagt mærke til i forbrugeradfærd - nu sagde du med London**  
172 **tingene skulle gå meget hurtigere, end hvad I havde været vant til. Er der andre**  
173 **ting, I har lagt mærke til, måske i NYC at der er noget med forbrugeren derovre,**  
174 **som I måske ikke var klar over da i startede?**

175 R: Længere åbningstider. Folk spiser meget mere ude i det hele taget. Jeg vil sige det  
176 sådan, vi har meget mere i USA, især i Soho - faktisk alle vores butikker næsten på  
177 Manhattan - har åbent fra 6 om morgenen til 10 om aftenen. Simpelthen fordi, at der er  
178 folk hele dagen. Der er folk på gaderne hele tiden - folk går tidligere på arbejde. De har  
179 flere forskellige pauser i løbet af dagen, sådan så den samme person kan godt komme  
180 ned flere gange i løbet af dagen end de normalt vist gør i København. Og det er netop  
181 fordi, at folks dage bare er længere, og der er bare flere folk, så du har nærmest flere  
182 hold af mennesker, der kommer ned i løbet af dagen og skal have frokost, og skal have  
183 juice og kaffe osv. Så det fandt vi ud af - hvor vi i Danmark stadig er meget koncentreret  
184 fra kl. 11 ca. til kl. 2-3 stykker, hvor folk generelt indtager frokost. Der har vi lidt  
185 længere - vi kalder dem trading hours, der har vi lidt længere trading hours i de andre  
186 lande, hvor der er flere folk. Det siger næsten sig selv. Men det var nok den adfærd vi så  
187 mest. I det hele taget så har vi jo 99% den samme menu i hele verden. De steder hvor vi  
188 ikke har det, det er simpelthen de steder, hvor vi ikke kan importere de produkter. Bl.a.  
189 i Sydkorea, de har nogle strenge importregler. Så vi har nogle gange problemer med at  
190 få mandelmælk ind til vores shakes eller sådan noget. Men ellers så kører vi 99% den  
191 samme menu i hele verden. Også fordi så gør vi det lidt lettere for vores egen ansatte. Vi  
192 har mange ansatte, som rejser rundt mellem butikkerne og arbejder, og træner nyt  
193 personale, og hvis de skal lærer - vi er i 15 forskellige lande - så hvis de skal lære 15  
194 forskellige menuer, så bliver det lige pludselig et kæmpe arbejde. Så vi prøver at holde  
195 det så stringent som overhovedet muligt, så du ved at vi kan godt tage en fyr her, som er  
196 rigtig talentfuld, og så sende ham til Sydney hvis de lige pludselig står og skal åbne en  
197 butik, og han er god til at træne personale op, uden at vi skal lære ham så meget andet  
198 end at sætte ham på flyveren, og sørge for at han har et sted at bo.

199 **I: Det var nemlig også en af de ting, vi ville spørge om. Om I har lavet om i nogle af**  
200 **tingene i jeres koncept eller brand? Nu sagde du at i fandt ud af, at I ikke var så**  
201 **fast-food agtige.**

202 R: Ja, præcis. Og det har vi så også lidt taget til os, og faktisk nu her. Vi starter med det i  
203 USA, men vi begynder også at gøre det - nu kan der ikke være så mange flere butikker i  
204 Danmark. Men vi begynder at segmentere vores butikker lidt, alt efter hvor de ligger  
205 henne. Så f.eks. hvis du åbner en butik i Hellerup, så kommer den til at være mere  
206 lounge, måske ikke så høj musik. Lidt mere en stille og rolig playliste, og du får serveret  
207 din juice i et glas, du får dine kopper i porcelæn osv, fordi det mere er et sted, folk sidder  
208 og slapper af med barnevogn og hygger osv. Hvor hvis vi åbner en butik som i Magasin  
209 f.eks. som er en af de travleste vi har i DK, den vil nok være bygget mere så det er let for  
210 folk at komme ind og få deres ting, og stemple ud igen. Alt er i to-go materialer, der er  
211 ikke så mange lounge områder, der er mere nogle højborde, hvor folk hurtigt kan stå og

212 spise deres mad, og så tage afsted. Så vi prøver meget at dele vores koncept op i tre  
213 forskellige segmenter, alt efter hvor de bliver placeret henne, og hvilke type mennesker  
214 der kommer i dem. Og det er noget vi begynder fremadrettet, fordi vi godt ved, der er en  
215 anden stemning i butikken i Hellerup end der er i den på Wall Street i NYC. Og det må vi  
216 ligesom, i stedet for bare at have det samme koncept over hele linjen, så prøver vi at  
217 differentiere os, så vi tilpasser os det klientel der kommer.

218 **I: Vi har egentlig lidt været inde over det her med, om det har været nogen fordel**  
219 **at have det danske/skandinaviske med i bagagen.**

220 R: Jeg tror absolut ikke at det har skadet os i hvert fald. Men jeg har ikke nogen  
221 decideret eksempler på, hvor det har hjulpet os. Udover at vi kan mærke, at folk tit roser  
222 os for vores design.

223 **I: Måske lige et sidste spørgsmål. Nu siger du, det her med at I er blevet så store,**  
224 **så I kan i DK. Og når I så tager til NYC, så er I sådan cool og nye. Men er målet så**  
225 **at være sådan lidt Starbucks agtige, og hvordan bibeholder I så det cool?**

226 R: Vi er kæmpe store fans af Starbucks, men som brand vil vi hellere være Virgin end vi  
227 vil være Starbuck. Ment på den måde at vi vil rigtig gerne være mere set som et  
228 livsstilsbrand end en juicebar. Og det er derfor vi prøver at brancheførste skridt på  
229 vejen i den næste 3-5 års plan, er for det første at segmentere de her butikker så folk  
230 kommer ind på Joe & the Juice og ikke altid ser det samme. Ser nogle forskellige ting. Og  
231 så prøver vi ligesom at bygge videre på det, hvad betyder det så. Vi åbner vores første ..  
232 vi kalder det. Vi kalder det Joe House, det bruger vi så ikke. Ved I hvad SoHouse er? Det  
233 er sådan en members club der rundt omkring i London. Vi har taget sådan et meget,  
234 meget stort lokale, hvor vi bygger køkkenet bagi, så du rent faktisk kan komme ind og du  
235 kan få noget rigtig morgenmad. Du kan sidde og spise med kniv og gaffel. Vi prøver  
236 ligesom at tage den stemning du får i en Joe & the Juice bar og tage den lidt mere over i  
237 restaurant segmentet, så du rent faktisk kan komme ind, og så er der loungeområde, der  
238 er en bar, du kan sidde og hygge. Men du kan også sidde og få noget rigtig mad og sidde  
239 og spise. Vi har udviklet en menu sammen med Klaus Meyer, så der også kommer noget  
240 Skandinavisk/Nordisk islæt i det. Og så vil vi ligesom prøve at bygge videre på det  
241 koncept, så i sidste ende, når folk tænker på Joe & the Juice, så er det ikke kun fordi de  
242 tænker, at det er når jeg skal have juice og kaffe. Det er også at man kan tage ind og få en  
243 middag, eller tage ind og hygge med mine venner. Og så prøve at blive mere et  
244 livsstilskoncept end bare mad og drikke.

245 **I: Betyder det så, at I kommer til at lave menuerne om alligevel?**

246 R: Det gør vi, når vi laver de nye koncepter, så vi vil stadig beholde de samme menuer i  
247 vores juicebarer, men når vi laver de større koncepter, hvor der kommer noget mere  
248 restaurant lignende tilstande, så vil vi selvfølgelig udvide menuen - det er klart.

249 **I: Er det noget I så primært vil køre i de rigtig store byer eller?**

250 R: Som udgangspunkt ja. Så starter vi i USA, selvfølgelig også i London tænker vi. Vi  
251 testede det lidt for sjovt, bare for at se om folk var klar på det, nede på Sankt Anæ, der  
252 har vi lavet sådan en konceptbutik, hvor du kan få omeletter og sådan noget. For at se  
253 om det var noget. Der har folk taget det virkelig godt til sig, der er rigtig mange der  
254 kommer derned og får en omelet om morgenen og bare sidder. Bare for at se om folk

255 har lyst til at spise deres morgenmad på en Joe & the Juice, for det kan jo godt være, at vi  
256 bare havde ramt totalt ved siden af, og bare måtte indse at når folk tænker på Joe & the  
257 Juice, så tænker de på kaffe og juice, eller en sandwich - det er altså ikke et sted, de gider  
258 at sidde og spise deres morgenmad. Starbucks testede jo f.eks. også i deres butik i  
259 Chelsea i NYC begyndte de fra kl. 6 om aftenen at servere rødvin og tapas og sådan  
260 noget. Og det fungerede ikke, fordi folk .. jeg sammenligner ikke Starbucks, når jeg skal  
261 sidde og nyde et glas rødvin. Der er jo ikke nogen sammenhæng rigtigt - så det blev de  
262 nødt til at lukke igen. Og det var derfor - det er meget sjovt lige at prøve at teste det  
263 først, inden vi går ud og bygger et eller andet sindssygt restaurant, og så er der ikke  
264 nogen, der gider sidde der alligevel.

265 **I: Det er meget interessant - for det vil Lagkagehuset jo også. De har også vin og øl**  
266 **sådan noget. Det bliver spændende hvordan det bliver taget imod.**

267 R: Ja, absolut! Jeg så lige et par stykker af dem i London derovre - der var ret mange  
268 mennesker derinde, så jeg håber det går godt for dem i NYC. Har I snakket med nogle af  
269 dem fra Lagkagehuset.

270 **I: Ja, Lagkagehuset snakker vi med løbende. Så er det meget sjovt at du nævner**  
271 **Meyer, for dem arbejder vi også på at få et interview med. Men tak for snakken -**  
272 **vi sætter stor pris på din tid.**

273 R: Det var så lidt. I skal være velkommen til at kontakte mig på mail, hvis I har  
274 yderligere spørgsmål.

275 **I: Tak, det vil vi gøre.**



## APPENDIX 5

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**Transcription: Ben Hon – Influencer** *Instagram: “stuffbeneats”*

**I: Thank you for taking the time. So the reason we want to talk to you a little bit is to hear more about the food consumer in New York.**

R: So I was just looking at the Instagram you sent to me. It's a little tough to pronounce in New York.. ok so I'm at the page right now do you guys have any association with the Instagram page?

**I: No we don't. We are just using Ole and Steen as a case. We just have a contact there.**

R: So my thoughts of their page you know it's pretty, it's nice if they show their products I like that when I go to someone's page, a restaurant or bakery, I want to see what they are offering some pages are different you know a lot of people especially bakeries like lifestyle type stuff, like you having a coffee you know it's very challenging. I actually run a bakery Instagram myself this is a little bit different from mine, mine is more about food and he wanted more lifestyle as well and you kinda need some feminine hands for this, you know girls with nail polish, handbags that kind of stuff, it's tough. you can take a look at it later if you want, it's called Black Star bakery. But anyways, I think it is not bad, there are some videos that a little bit darker that I wish was brighter but the feed is pretty consistent it's not bad.

**I: It seemed like similar Concepts in New York?**

R: I mean avo(cado) toast is everywhere here; muffins, focaccia, yeah let's see if I see anything out of the ordinary on the Instagram page. There is this that looks like a tart, it looks unfamiliar it's a custard tart.

**I: oh yes this is a Danish pastry, a Danish.**

R: Oh so maybe we do, yeah I don't think anything too out of the ordinary not anything that would kind of be viral on make people go unless the only thing that will make people interested in New York is if it's good. we have a ton of bakeries here and some not so good ones, but I think when people start talking about how good it is, well made and executed with taste fresh and light and not too dense, that's when people kind of go to it. There's a couple of places that are staples here. Once you're on the lists, you know like best bakeries in New York City, once you are on these lists you're good. There's a guy I think from Copenhagen, Claus Meyer do you know him? He has opened the great Nordic food hall and it's supposed to be very good, it's one of those places you don't hear a lot about it but it's supposed to be very good, you know what I mean and he is a super super talented guy and he owns a few restaurants and I heard they're really good, there's a bit of buzz about them.

**I: That is good to hear, it warms our little Danish hearts.**

R: He is a cool dude I met him once.

**I: Cool! could you tell us more about you and your Instagram account and what you're doing?**

R: I grew up in the restaurant industry and everything since I was a little kid growing up through to College I worked in those restaurants. I would always go to work with my mum and sleep on top of the freezer and just hang out and when I was old enough to work she would make me answer the phones and take the takeout orders. So all through elementary school to College I would help out in the restaurant I would help out in the weekends for years it was rough but that's where I met some of my best friends it taught me a lot of life skills how to deal with different personalities, how to talk to people, how to handle really stressful situations and you know it was a great learning experience for me. So food and hospitality has always been my passion it's always been in my blood so even when I went to school and graduated with a finance degree, I was in finance for a while I got out of finance in 2013 to figure out what I wanted to do. In finance I was doing a lot of spreadsheets and you know talking with really stupid people like high level executives, that I just didn't want to talk to. It wasn't me I'd rather talk to people, I wanted to be more client facing and talk to people. So I got out of it in 2013 so I started shooting for some places and then I started doing real estate in 2014 selling and renting apartments in New York City, this started off as a kind of a new career but I didn't want to do that either because it was a lot of hustle it is very competitive and cut throat. Going back to the food thing in 2015 my ex and I had a little pastry shop in New York City for few months and it was very successful it was a pop-up because my best friend she was leasing a place and she wanted to get out of it so we had it as a pop up dessert shop and it was very successful we met a lot of really talented people who are Instagrammers which opened my eyes to Instagram. These people came in to take great photos of our pastries and decor and they did an amazing job I thought I might pay more attention to my own pictures I've always had food photos in my life as personal memories. I took pictures I never looked at it I just had it on my hard drive all these years and when I met those friends we started eating out more. I started taking more photos one of my friends was an Instagrammer and I asked how people like those photos right after I shared them - and it's all about hashtags. It really is how people discover you that way. The three tips she gave me was, be consistent if you're going to take photos or post photos you have to post every day if that's your goal, don't just post sporadically like when you feel like it people expect to see stuff from you just keep posting. Number two, was to engage with people, like other people's photos, comment on the photos it's necessary you don't want to just be perceived like not giving back on comments. And the third, was take good photos. So it was three things that kind of stuck with me and in 2016 I just focused on photography and focused on getting better and better. I started getting more and more followers 50 a days, then 100, then 200 a day and then before you know you have 12000 followers and then I got this email from this publication refinery29 they're very big in the States. A big Media publication and I got featured on this list of best instagrammers in New York City which was very cool. I was thinking how did I get so many followers there's so many other Instagramers out there, it gave me a vote of confidence that I was doing something good that has opened up a lot

of doors, and after I got there all these restaurants and PR companies and cool things start happening. like 'Ben we would like for you to come to Mexico to promote beef', haha. As you go to more events as you meet more PR people and your network grows and grows and grows. And I started meeting chefs, restaurateurs, owners, you know. That has become the best thing that has come out of this I have never done it for free food or fame you know some people do do it for the thrill of just eating and that stuff. I have a different look at it because of my mum's restaurant I know how hard it is to own a small business and I really want to help support these chefs to succeed. New York is super tough, I don't know if you know, the fail rate but the fail rate for restaurants is 90% within the first year in New York City so it's pretty hard and there is a lot of places that pop up and go and it said because they spend so much money on rent, on interior so if I can do anything to help them succeed by doing post or giving them some photos that's what I do.

**I: Do you live off your Instagram or doing work on the side as well?**

R: Yes and no, so I'm getting some pretty good gigs these days which pay pretty nice but not enough to live off of that. I'm not a full time instagrammer even though it feels like it, I do go out to eat like twice a day and combined it with photo shoots for clients my main source of income today is doing social media for 5 different restaurants in the city and also shoot for another that I do not manage but I do photography, so six restaurants in NYC.

**I: What kind of food trends do you see in New York at the moment?**

R: I see a lot lot more Mediterranean, last year was Filipino, this year it's kind of Mediterranean, and like pizza is always continuous nothing crazy but in terms of trends this year there were a push for the whole Norwegian thing a year or two ago but that's kind of quiet down.

**I: Not Norwegian. haha.**

R: Yeah that was when Claus came over that that was big.

**I: So what kind of trends in terms of health or indulgence where's the vibe now.**

R: Health is always a big thing for example "sweet greens" a salad place, is very popular and they have opened up a few places in the city, where you can make your own salad. there is a ton of places like it here but for some reason they are killing it. and you know "by Chloe" is doing a lot of vegetarian stuff.

**I: So if there's a lot of health trends, how come everything on Instagram is very indulgent?**

R: That's a great question it's because it's still what people like, they're still into food on like in your face 'pizza porn' and 'egg yolk porn' it is the shock factor that attracts people and actually gets people's attention. I don't really like it but to each their own. Just to add, whenever I post it is to post the nicest photos possible that look good, it is hard.

**I: Now you said the thing about the Nordic cuisine what would your immediate association be when we say Denmark?**

R: I would expect quality I would expect freshness, looking at Instagram that picture where she is handing the bag to you, that's what I would expect from people from there.

124 it looks like a cool page I would go there based off their Instagram i would go there and  
125 eat their food so that's a good sign.

126 **I: when you say Denmark is there any difference if we say Denmark or the**  
127 **Nordics?**

128 R: well I said Norwegian before so I honestly don't know, I just know the kind of  
129 general area so whether it's Scandinavian, Nordics, or Denmark. I just know people are  
130 very passionate about food over there and passionate about work ethic and being  
131 healthy, that's what I'm associating it with. Is it true?

132 **I: yeah we would say so. It is also similar countries so it's understandable being**  
133 **from the States it's hard to make the differences.**

134 R: You guys are from Sweden right, Copenhagen?

135 **I: Yeah Copenhagen which is the capital of Denmark.**

136 R: Nice, ha ha.

137 **I: but it is interesting that people don't really differ between Scandinavian**  
138 **countries.**

139 R: yeah, I just know that I love the culture and the food and the people.

140 **I: Thank you. so if a product is from Denmark or Scandinavia does it make it more**  
141 **or less attractive to you?**

142 R: it's more attractive to me. Because as I said I associate the food with quality and care  
143 I feel like they put a lot of care into their food for example if I went to the bakery I would  
144 have high expectations to the high level of quality I wouldn't expect mediocre food.  
145 Expectations would be very high I have a lot of respect for what they do and I will hope  
146 it's good so that's my feelings on that.

147 **I: So about you, do you know who your followers are?**

148 R: I try to, I get a lot of direct messages, like yesterday I got one from a tourist in New  
149 York there was asking for recommendations. I answer every day and every email just  
150 like you guys, you have to make time for people that reach out. I've been in contact with  
151 five people from university, I had one person follow me around for a podcast one time.

152 **I: So you said women a lot, is it mostly women that follow you?**

153 R: so I think it's about 60% women and 40% men, which is a bit surprising but I don't  
154 mind. Anyways I really do like helping people whether it is restaurant owners or  
155 students, you know the people that want to interview me they said they really like my  
156 stuff and this one guy did a whole five minutes statement on me and another girl did her  
157 final on her podcast assignment on me and others have done phone interviews with me.  
158 how did you find me again?

159 **I: We've looked at finding someone that knew more about food culture than the**  
160 **general consumer. We are also talking to two other food bloggers Alexia and**  
161 **Marisel, "bread and butter" and "Eating NYC".**

162 R: I actually know both of them we meet up often as instagrammers in New York.

163 **I: So the last question you said you work with companies what kind of companies**  
164 **and why?**

165 R: so Instagram advertising is more effective, ads might get thousands of views in a TV  
166 or magazine commercial but the reason they reach out to us is for something more

167 personal, at least that's what I do with sponsorships. I only do stuff, first of all I only  
168 post food that I like I'm not going to post anything no matter how pretty it is if I don't  
169 like it it's the same with sponsors for example I got sent this cold brewed coffee I  
170 thought I was going to like but it was awful and sour and I told them I said 'I'm sorry I  
171 can't post this because I don't like it'. They said 'are you sure you didn't get a bad batch?'  
172 I tried them again somewhere else I just didn't like them. So for me I really have to like  
173 the product to post it. It gives you some authenticity as well so that's why they do  
174 sponsorships. I work with some Italian wine brands recently I worked with Whole  
175 Foods, I work with a couple of wine companies, maybe you heard of it Valser Water it's  
176 popular in Sweden it has a green bottle. Intercontinental Hotels I just did, I've done  
177 work for some Boards like Hawaiian Tourism. I didn't get to go there. When I got the  
178 email I thought oh my god, but it was when they had an event in New York and asked if  
179 'will you join'. So yeah there is some pretty cool gigs that I have done.

180 R: So for my stats it's 60% women 40% men, and then the age range is biggest age range  
181 is 25-34 year olds that's 44% of my followers, the next age range is 18-24 that's 24%,  
182 and then 35-44 that's 19% and then the rest is spread out. So the biggest part of my  
183 audiences is in the 25 to 34 range which is another reason it's more appealing to Brands  
184 because they are young professionals right.

185 **I: Do the brands that you work with know these stats?**

186 R: No but a lot of them will ask for them afterwards, to see how the stories go or posts  
187 go. So most of my followers are based in New York, next up London and then Los  
188 Angeles. The country stats are: the US, this is a huge chunk, then the UK, Brazil, then  
189 Canada then Australia.

190 **I: I think that's all, thank you so much Ben.**

## APPENDIX 6

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Transcription: Alexa Mehraban – Influencer *Instagram: “eatingnyc”*

**I: So we are talking to a couple other influences but you are the first one so we're very interested to hear your perspective on this as you are probably a little bit closer to the consumers.**

R: Well yeah I looked at the Instagram account and the food looks great and I think I guess I'll try and answer your question that you want to hear about first opinions about it later.

**I: Yes please, we would love to hear your opinion on it.**

R: So I think everything looks great and I think that for the most part, you know people in New York they are pretty adventurous eaters. But I think the food looks very nice for the most time I see there is avocado toast and pastries which is super popular here and I also see further down I've had it before it's like a Scandinavian cinnamon bun, I don't know what it's called.

**I: So they are cinnamon snails or cinnamon socials.**

R: I think that's more traditional from where you guys are but I think that people like to try things that are a bit different, that will be really well received and you know in New York presentation of the food is so competitive here. It's not just the food has to be good but also the plates and the presentation. The plates have to be like trendy looking and instagrammable and also the interior of the restaurant, there is just so much that goes into a restaurant success, apart from the food I think here. So I think you know just based on a first glance I say I think the cafe will be quite well received. Do you know when and where they will open in New York?

**I: We are not quite sure but I think they are looking for the places for the shops but they are right now finding the place for the bakery itself, because it is their key concept is that they are a bakery but also serving lunch and dinner as well. But they need this production place for the bakery, so that is what they are in the process of finding right now and then they will look at places to open the shops where people can buy the things.**

R: So I would say also location in New York is so important, it does not just have to be in the right neighborhood but also the right block in the right corner of the block because it just makes such a difference here. But I think also another interesting company you can look at it is an Australian cafe it's called Bluestone Lane. It's an Australian cafe and restaurant they have some locations that are just a cafe and some other restaurant. They came from Australia to America a couple years ago and now they have like eight locations here and they are quite popular.

**I: I just want to ask you an additional question because you said that it was very important to be on the right block in the right corner. Are there any areas that are in particular popular for being at?**

R: Yeah I would say in general downtown is super trendy. Yeah I would say downtown is very trendy all the popular restaurants are opening downtown. I would also say the West Village is very popular - the same for Staten Island, it is very popular in those areas, but there are also blocks that do not get much foot-traffic and there are others that do so really it depends on exactly where you are. We have a lot of great restaurants open and close very quickly just because they are not getting enough foot traffic, even if they were in a good general area they really do have to be in the perfect spot.

**I: Ok so we skipped the first part that we were going to ask you. Can you tell a little bit about yourself, where do you live, your occupation are you a full-time influencer?**

R: Yeah ok sure so I started "Eating NYC" about 4 years ago and at the time I was working as a writer for a lifestyle magazine and then I actually went into the hospitality industry and worked at an agency that does PR and marketing for restaurants. So I was there for 2 years and then I actually went in-house for a restaurant doing their marketing and communications, so a similar kind of role but a bit different from being on the other side in the agency. So I was doing that for about three years and then last year I decided to start doing my blog and Instagram full time so it's been little bit over a year now doing this full-time and it's been really really great it's been awesome.

**I: And what is the main focus on your Instagram and blog?**

R: So it's definitely food based and restaurant based in New York but also, lifestyle and fitness and is trying to make it a little bit more personal about my life. I also show people all the places I'm going outside of New York, so little bit of travel blog as well but primarily focused on restaurants.

**I: Ok are there any food trends right now that you see in New York at the moment?**

R: Yeah for sure so I think some of the trends that have been popular here and everywhere in general trends if you know: matcha flavoured foods, activated charcoal, turmeric has been very popular, turmeric latte and turmeric drinks. I'd say the whole restaurant industry has been a lot more fast casual and quick casual concepts. So you know people a lot more want to get the best quality that they can quickly and I also think that there is a general trend fine dining is not as popular. People will rather instead of spending hundreds of dollars at a fine dining restaurant, they would rather spend it at a restaurant that serves elevated comfort food. People like to see how you can take a burger or a pizza and make it fancy. So you put like foie gras in the burger or truffle in the pasta, it ends up being just as expensive but people really like to see innovative comfort food, that's a real trend here. Yeah I would say those are pretty general trends here in New York specifically people are pretty, you know, they like either to indulge or eat super healthy. So one of the things you see on Instagram that is very popular here is very indulgent over the top milkshakes of burgers or desserts or on the other end of the spectrum it is super super healthy or vegan, so there is definitely quite a split there.

**I: What about your Instagram account? That is not super healthy but you say you're still incorporating some did you say like fitness and stuff like that, are there any trends or is it moving in a direction where it is ok to indulge as long as**

**you do fitness or is it more a balanced way of living. Or would you still say it is like one way or the other?**

R: I think people here definitely strive for balance I think you know the workout culture here is really big people take fitness very seriously do a lot of classes. I think general people are posting on Instagram they're putting their delicious meals and then they post their workout - that is two things people really value here. So I think finding balance in talking about balance is really important. Because people really care about food and eating at good restaurants and they think that working out is really important too. For my Instagram account I think it's my goal to show people the newest and best restaurants and give them you know an honest review and be like a loyal guide for people that they can trust so it's not all about showing you know the food porn, it is not just about that. I try to give people, you know, the first review on a new restaurant and tell them if they should go there. It's really trying to be a guide to people who are in New York or visiting New York.

**I: Ok after looking at Ole and Steen's Instagram account would that be a place you would consider paying a visit?**

R: Yeah for sure! I think the food looks great. You know it looks simple it looks like you can be healthy if you want but also indulge. It really does remind me of this place "Bluestone Lane" I think this is what it is similar to. I think in New York a lot of the allure of going to a restaurant is if the restaurant itself looks instagrammable. You know you'll see there is a lot of these restaurants in New York City opening restaurant chains and part of the reason why they are so successful is not actually because of the food but because of how it looks inside. If you look at some places that I could example "By Chloe" it's a vegan chain. They have a very nice aesthetic inside and another place called "Cha cha matcha" and there is a lot of places like this that just have ... you look at the pictures and you want to take an Instagram there because of how the plates look and the design it is so important in getting people to want to go places in New York.

**I: It's really interesting that you're saying this. It definitely clicks with some of the things we've been looking at so far. We will definitely have a look at some of these places thank you. I have another question, actually, it is just in terms of the quality of the food you said that people would like to eat the best places they can, but as quickly as they can. Does the quality of the food matter a lot?**

R: Yes for sure. I think everything is about the quality. You know the first thing you read about the restaurant, is the chef and about the food. Where they are getting their ingredients from, if they're serving meat or fish, what farm are they getting it from? I think people really really care about that here. I think any restaurant thats serving meat or fish needs to mention right away who they are working with, to get that food from.

**I: Ok. These questions that we're going to ask you now are a little bit different. The bakery that is going to open is from Denmark and we just want to hear what your immediate associations are when we say Denmark.**

R: I haven't been, I don't really know all that much. I guess the best association I have is I think of Scandinavian food for some reason is those cinnamon rolls, smoked fish,



125 liquorice candies, I don't really know that much but that is the first things that come to  
126 mind.

127 **I: So if you think of associations with Scandinavia as a whole, would that be**  
128 **different things you would think of or is that the same?**

129 R: I guess quite similar.

130 **I: Right so you would put Denmark and Scandinavia in the same box - you**  
131 **wouldn't differentiate between the two?**

132 R: Yeah, but this is because I'm really not familiar with the area.

133 **I: No that is perfectly fine. What would you expect from a Danish/Scandinavian**  
134 **bakery in New York if you had not looked at the Instagram that we showed you. If**  
135 **we just said there was opening a Danish Scandinavian bakery in New York what**  
136 **would you expect from it?**

137 R: I think I would expect in terms of aesthetics I would expect it to be very modern and  
138 clean, and white and sleek, and very minimalistic, that is kind of the vibe that comes to  
139 mind. I would expect it to have some specialty food from the area but also keeping in  
140 mind what people like in New York. You know, do something familiar but also new and  
141 interesting. But anyway I think that cinnamon bun idea is a great example of this.

142 **I: What does it mean to you that a product or a brand comes from Scandinavia or**  
143 **is branded as being Scandinavian. Does it make it more attractive or is it uncool**  
144 **or a benefit or not a benefit, doesn't matter?**

145 R: I think if the product is made in that country I think I will expect it to taste very good,  
146 you know if it was a gingersnap cookie made in Scandinavia I would expect it to be the  
147 best gingersnap cookie I've ever had. But otherwise it wouldn't make such a big  
148 difference.

149 **I: Ok we just have a few question about your social media so what social media**  
150 **platforms are you on today?**

151 R: So yeah I have my website, my Facebook, Twitter account, but my Instagram is  
152 definitely the most popular and where most of my followers are on.

153 **I : So how often are you on the different platforms and what do you use them for**  
154 **mainly, I guess you kind of answered this question?**

155 R: Yeah I go on Facebook and Twitter like once a day just to respond to people and push  
156 my post out and share any news but I spent the most time making content on Instagram.

157 **I: So we're really interested in this idea that you are a full-time influencer. Do you**  
158 **collaborate with companies or how does that work do you have any criteria?**

159 R: Yeah I typically work with brands and larger food and beverage companies and  
160 things like that and it really just have to be a fit for me you know something that I am  
161 interested in and basically I will create advertisements for them for the products or  
162 campaign so they will pay me to create an advertisement.

163 **I: And why do you think big companies find Instagram so interesting and**  
164 **instagrammers so ideal?**

165 R: Yeah I think it's because they are guaranteed to be reaching the audiences that they  
166 want and I think you having an advertisement or promotion come through a voice

167 people trust can be more effective than seeing an advertisement on the internet or on  
168 TV I think it has a bigger impact.

169 **I: When you work together with a company do you - I'm just not quite familiar**  
170 **with the rules - but I know a lot of instagrams in Denmark need to to make it very**  
171 **clear that they are collaborating with this company and they are probably getting**  
172 **paid for doing that post or commercial. Is it the same rules that apply in the**  
173 **States?**

174 R: Yes so whenever you are... I work with a brand and they are paying me to post  
175 something there is usually a contract and guidelines that you have to follow the STC  
176 guidelines that make sure that you were disclosing that it is an advertising.

177 **I: So do you think it still makes a difference then for people to see. Even if they**  
178 **know it is advertisement, but because you created your profile and have your**  
179 **personality and credibility that is what is going to sell the product for the**  
180 **company rather than just doing a normal advertising?**

181 R: Yeah I think that the general idea is, that people will be more interested and pay  
182 more attention to the advertisement coming from me and also in general you know my  
183 followers are primarily women in their 20s and 30s in New York, so it is as pretty  
184 specific audience. So the brands know if that's who they want to reach, putting an  
185 advertisement on my platform is probably going to get them very specific targeted  
186 advertisement. It's very niche - better than putting it on TV, this is super targeted to  
187 who they are trying to reach so I think in a lot of ways it is more effective to them.

188 **I: Do you have any suggestions - having the knowledge you have about**  
189 **restaurants in the food industry New York - do you have any recommendations as**  
190 **for how a new company can be successful in spreading the word that they have**  
191 **opened a new store in terms of branding marketing like getting to the right**  
192 **people?**

193 R: So inviting influencers is always great getting people to talk about it. I feel like I said  
194 before really the aesthetic of the restaurant is so important so you know the more  
195 appealing the restaurant looks and instagrammable the more people will be willing to  
196 try it out, and you know especially if they have a dish that is especially photo-worthy or  
197 they do something that is very unique or different. Maybe coming up with like you know  
198 this traditional Scandinavian cinnamon bun but maybe come up with some cool new  
199 flavours or do something different about them that catches on. You know it's all about  
200 coming up with one or two things that is a little bit different and that I think really can  
201 go a long way.

202 **I: Well I think that's what we were looking for, thank you so much for taking the time.**

## APPENDIX 7

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### Transcription: Marisel Salazar – Influencer *Instagram: "breadbutternyc"*

3 R: I I'm excited to hear about the project you're working on with Ole and Steen, which  
4 used to be lagkagehuset?

5 **I: Yes that's correct.**

6 R: so as a rebranding?

7 **I: Yes they are actually, well they are kind of changing the concept a little bit from**  
8 **what it is in Denmark, how they have to change something's in the concept in the**  
9 **brand in order to succeed. And that is actually what we're writing the thesis**  
10 **about, how they have to change something's in the concept in the brand in order**  
11 **to get into London and New York. and that's why we want to speak to you as you**  
12 **seem to have some insight to the food scene in New York.**

13 R: Yes absolutely that is what I have been working on, and in, for the past four-five plus  
14 years. Actually I'm fortunate enough to also work with a Scandinavian company here.  
15 How did you guys get connected with Ole and Steen?

16 **I: We actually just wrote them an email and explain to them about our project and**  
17 **the reasons why we want to collaborate with them because our main subject is**  
18 **actually internationalisation of Danish companies who do the transfer from first**  
19 **to London and then to New York and they are right in the middle of this process**  
20 **right now, so that is why we found it particularly interesting to talk to them.**

21 R: nice so a 'Joe and the Juice' type of company as well.

22 **I: yeah we actually did an interview with them just last week so it's kind of**  
23 **interesting to know how they go through these processes it's very similar**  
24 **actually.**

25 R: Who else have you been speaking with so we have been speaking to?

26 **I: A guy called Gabriel Sorgi who is also American and in charge of the expansion**  
27 **into the the market in New York. So that was very interesting as well and he has**  
28 **been in London for a while to get to know the Brand and he was in Copenhagen as**  
29 **well, so he had a lot of insights and the business side of it. And we're trying to get**  
30 **in contact with Myers as well and we tried to talk to a couple other people from**  
31 **Instagram, we were supposed to say hi from Ben Hon.**

32 R: Oh really, well say 'hi' we know each other very well with working together.

33 **I: Yeah he told us.**

34 R: We actually did a Scandinavian Water commercial shoot.

35 **I: Yeah I was quite funny he asked us if we had done any other interviews with**  
36 **influencers in New York so we said we were going to talk to you and we talk to a**  
37 **girl called Alexa eating NYC.**

38 **I: Yeah it's quite funny how you all know each other.**

39 R: Yeah, it's quite a similar world from the influencer side. So by day what I actually do I

work as a food writer, social media is also half of my work. I'm also going on a press trip to Mexico tomorrow to do some writing. so I will be offline the next couple of days so I'm happy I got to talk to you now. so how did you guys find me?

**I: We found this article, I think the name was '33 food bloggers from New York that you need to follow', something like that. We went through the article and picked out the ones that we thought was most suitable for this purpose.**

R: what's this from refinery29?

**I: Yes I think so.**

R: ok I was just curious if you had seen any of my food writing, or just how you found me. So what questions do you have for me?

**I: Ya, so tell us a bit about your Instagram and your life as a foodie and about your primary occupation.**

R: So I started out as a food writer here in New York City four or five years ago and it has to also do with my Instagram as when I wrote my articles I would also take pictures and when I didn't have anywhere for these photos to live I started to post them on Instagram just as an extension of my online portfolio as a writer. So I wrote stories for 'Tasting Table' and other places. I would post photos on my Instagram and caught people's attention and I started to grow a nice little audience and so I became what it is today. And the reason why I call myself "breadbutterNYC" it's because of the English idioms 'your bread and butter' in the way of living in food will be my bread and butter how I make my money writing about it taking photos about it. As I grew as a writer so did my Instagram and now I spent 1/3 of my time pure food writing, for publications and going on press trips. I was just on a press trip in the UK and that is actually when I went to Copenhagen for a little bit. I'm going on a trip to Mexico now and later to Italy this summer to do stories and I do social media work, working with brands on my Instagram. Posting about the places that I eat, where did I like? what am I doing? what am I eating today? It's almost like a food diary and then the other side component which is less public but may be quite interesting to your thesis is that I do consulting for restaurants. so I actually, I don't know if I'm allowed to say for my NDA(non disclosure areement) but I actually work with a Scandinavian restaurant group here in the United States. It was founded here in the United States and born in the United States. We have locations in New York City and in Florida, the owner and operations are all Danish and from Copenhagen.

**I: that is super exciting what is the name can you tell?**

R: I don't know if I can I might have to speak internally with the team but I can say that they are like an adult Joe and the juice.

**I: Ok, do they have places in Denmark or is it only an American brand?**

R: Only in America, but they are also looking to potentially expand but I do consulting with restaurants, with food related brands, meal kit delivery services. On how to position themselves with communications in the market. For the same reason you girls reached out to me is why brands contact me. How do we position ourselves on social media? how do we make our website sound - you know are we clear are we articulating our mission statement appropriately? Does the Millennial generation understand our

purpose, are we exciting, boring? So I help brands rebrand communication and position themselves to fit the market that they are targeting, so millennials, gen Z and older audiences. Usually it is more affluent audiences, which I understand, Ole & Steen is a high end bakery. It's hitting the demographic that has some more explosive income and goes to places like this bakery and that is what I do those are the three sets of services i do: food writing, social media and communication consulting. It is very interesting I don't think I could ever stick to one because all three of them support each other and feed into each other.

**I: We were wondering if you see any food trends in New York at the moment like are there anything trending right now?**

R: I can position it in two ways, long term trends and shorter terms trends. In terms of the long-term trends I always say the proliferation of the Scandinavian cuisine scene and Scandinavian shops for the past two years, and this is thanks to Claus Meyer, you know big thanks to him for bringing Scandinavian food to the United States through his restaurants and his bakeries. Also my client as well, that I cannot expose, saying right now that it's like 'Joe and the Juice', dr. Snood these are all places that have really been strengthening the Scandinavian food scene and creating a long-term trend. Because it's been about 2-3 years since these places have really been making their mark on New York City and they are only growing stronger you know they are not disappearing. So definitely the Scandinavian food trend. The second trend, that I actually did a conference on with and I don't know how small place Copenhagen is, but he is the director of the Copenhagen Centre for Future Studies his name is Claus Kjeldsen. He and I did a talk actually on future studies this past year and the focus was on the rise of 'fast-fine dining' I'm sure you're familiar with fast dining places like Chipotle, you know not McDonald's, but places you can order at the counter sit down maybe someone will bring the food to you and always cleaning up, there isn't and drive through element. And across the world fast-casual is something that people will know. in New York what I noticed was something called fast-fine, what is fast-fine? Fast-fine has certain elements of fast-casual you know you go to the counter to order, you sit down, you might have it brought on a tray to you, but it's elevated. The design is very thoughtful and purposeful, the menu is curated by a chef and not just any chef but let's say he or she is a Michelin star chef working on everyday food. Food that you would go and eat for lunch and maybe bring back to the office. Not white tablecloth dining you see a lot of actual Michelin star chefs or award winning chefs looking excited to work in these more casual settings. A good example of that that I can site is called "Made Nice" so "Made Nice" is by the group behind 11 Madison Park by Will Guidara. Eleven Madison Park is like the best restaurants in New York, incredibly expensive Michelin-starred, but they decided to open a fast-casual concepts and they didn't necessarily use this famed chef, but originally the chef curated this fine dining was Daniel Hugh who curated the menu that was run by a different chef. As the chef cant be there in the kitchen everyday, but it is amazing the next time, if you come to New York City you have to, if you can visit 11 Madison park And then go to 'Make Nice' it is beautiful and the price points are maybe \$15 and below, but \$15 for chicken confit or something that might be sous vide, all of

**these fine dining techniques in a fast casual setting, that's what I call fast-fine** and you'll see a lot more of it in New York City. So that was my short term trend which was the fast-fine. In the long-term trend was the proliferation of Scandinavian food. Then of course you have all these what I call gimmicks, the Unicorn foods, the rainbow bagels, and the avocado latte. I wouldn't even call them trends because they are so short-lived, you know it is almost to get marketing and press, this place is serving a cappuccino out of an avocado it's not a trend that's you know that's a publicity stunt.

**I: How about in broader terms looking at health vs indulgence do you see any chance there?**

R: absolutely, it's funny that you say that because do you know what a boomerang effect is?

**I: The boomerang effect? no?**

R: So perfect, so you know when you are little kid, you want to eat a lot of ice cream your parents tell you you cant have ice cream it's not good for you, and then they say you know what you can have all the ice cream that you possibly want. You eat it all, you're sick of it, so you're boomerang so you actually don't want to eat the icecream anymore. It's almost like reverse psychology, so that's what I think what is what New York has been experiencing but in terms of health. I'm sure when you talk to a lot of these other influencers, I don't mean to say this in a negative way it's a term that we use in the industry they're food porn: a lot of food porn, cheesy, pulled stuff, big meats, Ice cream lots of drippy stuff. You know it's not healthy for you, it's food porn it's unhealthy and yes it's a delicious indulgence every once in a while but we get so overwhelmed here New York City with foodporn, because of Instagram and actually a lot of people are getting really tired of it even in instagrammers themself are actually quite healthy people when you meet them in person, because they/I are so overwhelmed by unhealthy food, that now all they want to do and eat when we are on our own is healthy food. So it's really fascinating. A lot of big restaurants have popped up where they have unintentionally in response to this food porn periode, you can call the past 5 years the food porn period. You know now there is a general shift into more plant based menus, focusing on vegetables you see that from a lot of places there's a great example from 'John Georges' you know really going back to food that is grown from the dirt, is a focus here in New York. Whether someone made a conscious decision or not I personally believe it is a response to this past five years of food porn. Because people are getting tired of it and they care more about what they put into their bodies and their understanding the importance of vegetables. New York unfortunately is lagging behind Los Angeles and San Francisco in terms of this. You know making health the centre of food and granted it will never be Los Angeles or San Francisco those are two different food personalities, but we are making a statement in the sense of saying hey we care what is going into our bodies and we are all a little bit tired of food porn to be quite honest. there is a great new restaurant that just opened up in Williamsburg, actually that has gotten a lot of people excited it's called Evantgarden there's one in Williamsburg and one in the East Village and it's funny, plant based restaurant and vegan restaurants are getting just as much excitement and attention these days as

places that are serving meats and cheese and what have you.

**I: I was just wondering because, so the focus is more on health right now but there's so many different kinds of health. Is it in terms of low calories - we don't want to gain weight, or is it mental health and having a balance in terms of - I can live a healthy lifestyle, but if I do want to have a burger once in awhile or I want to indulge in really nice piece of cake is it that kind of health where do you see it going right now?**

R: Funny that you say that and I love that you say that. Because I personally believe that health is a spectrum and what is healthy for somebody else may not be healthy for you, and I have experiences as a food writer in fact you know it's my job to try and pick up everything. I recently started working with an allergist because at home I eat quite healthy because of my work, but I wasn't feeling well and I realised I was having sensitivity to nuts and chia seeds also considered healthy generally speaking but they weren't healthy for me. So I think it is a very personal question but in the sense of New York City dining, I feel like the general consensus is we will offer things that are healthier, a healthier burger, the 'possible paddy', which is the plant based meat. So a lot of places are offering healthier versions, you know comfort food classics, maybe the protein is swapped out for tofu which to some people they don't believe that tofu healthy, but to other people who's not eating meat it is healthy for them. So in terms of health, to put it more concisely and precisely for your work, it's people are offering alternatives; an alternative to meat, an alternative to dairy, an alternative to cheese, and generally speaking those alternatives could be healthy depending of what your definition of health is to you. So there is a lot of New York restaurants that is "ok my place is healthy because it's dairy-free" which is great for someone who is dairy free and that is what they need for their bodies but maybe somebody else doesn't need dairy-free but instead they need a gluten free restaurant. So it's really finding the restaurant personality that works best for your body., with the overarching premise is not health and mental health it is health in terms of offering alternatives.

**I: Ok so what about quality of the food? Emma and I have discussed this that there was at least here in Denmark in Copenhagen a trend for meal bars and Diet Coke and stuff like that. It may not be as good maybe it's not as good for your body as if you just went out and drink one can of coke every fortnight instead of drinking a Diet Coke every single day, so it's more like in terms of the quality of the product that you assuming that if it is an indulgence meal and it can be high calories but the quality of the product is really good like it's made with a lot of care and high quality ingredients that is in the products. Do you see where I am going?**

R: Yes absolutely and I love that you say that, because I believe if you're going to sin, sin well, and New York City doesn't actually have that type of premise per se. The only place that I know, the healthiest restaurant to me, I know that is 100% USDA certified organic is Dr Smood, there is no other restaurant in NYC that is 100% USDA certified organic, that sources their food as carefully as they do. It is interesting because back to the previous question 'what is New York City doing in terms of health?' and I said OK they are not, health is a personal question in terms of health restaurant, they're offering

212 health alternatives, and if that alternative is working for you then great. Maybe those  
213 alternative isn't locally sourced or maybe it has fake sugar in it so alternatives are not  
214 also necessarily the healthiest things for you. For example there is a vegan restaurant  
215 out in Williamsburg. Williamsburg is a great area, there is a comfort food diner called  
216 'Champs' its vegan. Vegan must be healthy for me, but looking back to the food quality  
217 that you said, it's not organic, it's not locally sourced, there are fillers, and other things  
218 and that is really where New York City is lagging behind. Maybe in terms of the rest of  
219 the world that because of our definition of health is to offer alternative it doesn't  
220 necessarily mean that those alternative is good for your body. Like you were saying in  
221 terms of better to have a coke once a fortnight rather than a Diet Coke everyday and  
222 that's where we have an issue, we don't really take our healthy all the way.

223 **I: Ok that's interesting. I don't know did you have a chance to look at the Ole and**  
224 **Steen Instagram?**

225 R: Yes I did like 13,000 followers or something like that. That's great.

226 **I: What do you think of it? do you think it's a place that New Yorkers would like**  
227 **to pay a visit?**

228 R: Absolutely. Oh my goodness, yes, I mean I know I would absolutely love it. The  
229 reason is, in terms of branding, you have wonderful content or they have wonderful  
230 content. I don't know how close you guys are working together? Who is running this?

231 **I: we are all separate.**

232 R: But there is the process of videos, a beautiful pastry and lovely dishes just from  
233 Instagram alone New Yorkers would love to come there.

234 **I: Ok, well they're going to be pleased to hear that!**

235 R: well it's also because you know when I look at someones Instagram, as a social media  
236 influencer I immediately imagine could I get a photo there? And make it work for me  
237 and absolutely I could get so many beautiful photos. There's lots of variety in the  
238 content while still being elevated and I really appreciate that Ole and Steen for the  
239 Instagram haven't gotten you know it's too much on the food porn side, because I think,  
240 oh well there is one video.. you know it got quite a bit of views 1000, and it's the  
241 cracking the egg yolk over the smoked salmon. That might be fine once in a while, but  
242 you know, I think that if they want to maintain an elevated status as this high-end  
243 bakery I would shy away from doing things like that. Otherwise you know you might  
244 lose your target demographic, or you might attract a new one. But I think the food is  
245 really beautiful there's lots of.. is this user-generated content?

246 **I: I'm not sure I think they're running it pretty much by themselves, they have**  
247 **hashtags of course where people can put stuff up but I think they do a lot of**  
248 **content themselves. But some of it is user generated they will take pictures that**  
249 **they find as well.**

250 R: Ok yeah, I'm taking a peek right now and yeah it looks like a lot of regrams, which is  
251 good to engage with your audiences, people like being seen, people like being heard,  
252 and regramming is really lovely, because it's making people feel like they are actually  
253 connected to the brand and the brand isn't so cold or out of reach, which is really easy  
254 to do if you're trying to maintain a high and elevated kinda feel, but again it's striking a



255 balance between maintaining high and elevated and also reaching out to your  
256 community.

257 **I: Yeah, do you know if any similar, just from what you can see on Instagram, is**  
258 **there any similar concepts that already exists in New York?**

259 R: I would say you know to say not Scandinavian, 'Maison Kaiser' if you are familiar with  
260 that? 'Maison Kaiser' is one, I want to say 'Le Pain Quotidien' but they are not as  
261 elevated. Who else has a nice elevated bakery.. let me think but those were the first to  
262 the came to mind.

263 **I: I actually have another question, in Denmark a bakery is traditionally like this**  
264 **kind of small place where you can go and buy bread and cake but it's not a place**  
265 **where you want to stay and sit in and eat, it's more like you go and get your bread**  
266 **for your Sunday morning breakfast with your family kind of thing. Bakeries in**  
267 **New York, is that places like that or is it more a place where you can stay and eat**  
268 **whatever you're getting?**

269 R: That's a great question. We use the term very loosely, I think the more precise terms  
270 should be bakery-cafe because you know there is just exclusively bakeries as you  
271 mentioned in Denmark, that only serve the bread and the cake and there is no seating.  
272 They are also actually few and far between and the reason being a lot of bakeries offer a  
273 cafe menu to encourage people to come visit them. You know come stay, have a coffee,  
274 It's actually they ought to have just a stand-alone bakery that does not offer a coffee or  
275 sandwich or something you know that you put outside of the bread and pastry and the  
276 reason being so that they can attract a wider audience.

277 **I: Ok so yeah that makes sense. I don't know if you are a bit biased for the next**  
278 **question, it's about Denmark and Scandinavia, so we wanted to hear what your**  
279 **immediate associations would be when we say Denmark?**

280 R: Oh gosh, for the food or just in general?

281 **I: I guess both.**

282 R: Ok, I think I might have a recency effect, because I was just there. Immediately I think  
283 coffee and I suppose it's maybe a bit misguided, I just wrote a coffee piece for  
284 Copenhagen. So a lot of cafes and coffee places in Copenhagen really great coffee but I  
285 really think coffee pastry like tvebakker, what do you call it kannelsnurre pastry. I think  
286 cocktail, there is an amazing cocktail bar that I went to just by happenstance. I think it  
287 was called 1656 or something, I had a really good experience with cocktails while I was  
288 there. coffee, pastry, cocktails, those are the three that come to mind.

289 **I: So obviously these questions are a bit hard, because you know a lot about the**  
290 **man already but are there any associations that you put on to Scandinavia that**  
291 **isnt necessarily Danish?**

292 R: ok, sophos Scandinavia I think like: fish, smoked fish, just a lot of fish in general, and  
293 pickles, pickled elements. Uhh.. Fish, pickled elements, heavily salted things. yeah just  
294 three, without having to think too hard on it, those are the three gut reactions for  
295 Scandinavian cuisine.

296 **I: Ole and Steen is obviously a Danish brand, but a lot of Americans don't**  
297 **necessarily know a lot about Scandinavia. Like people do not really see any**

298 **difference between Denmark, Scandinavia, and the nordics countries, So we were**  
299 **just interested in terms of branding Ole and Steen. If it would be beneficial to**  
300 **label it as Danish, rather than Scandinavian, or maybe the other way around**  
301 **because our hypothesis is that people are probably more aware of the term**  
302 **Scandinavian then they would be with the Danish and the product being from**  
303 **Denmark.**

304 R: right, it is interesting that you say that, because I have even been at fault for but I had  
305 the fortune of one of my clients being Danish and having visit Denmark covering stories,  
306 but prior to that I couldn't tell you the difference between Scandinavian and Denmark. I  
307 actually think you can't go wrong and you can't go right, in the sense that most  
308 Americans will not know the difference between what is Danish and what is  
309 Scandinavian, but they are both passwords for us, at least in New York. if you say  
310 something is Scandinavian or Danish people get very excited because what they think,  
311 and this is from a general consensus, minimalistic design, very cool, fashion forward..  
312 And you know, I don't know if you guys were like this, but I was always so interested  
313 in what the French was doing like '50 things the French do for their beauty' or 'how a  
314 French person does this' or 'how French prison does that'...That is what Danish or  
315 Scandinavian are to us now.It is no longer the French who are cool, it is scandinavian  
316 and Danish things we are very interested in what you guys are doing, to dictate what is  
317 you know, what is trending and what is the future of cool.

318 **I: why do you think that is?**

319 R: I think it is honestly going back to Claus Meyer, he has really just helped by being the  
320 Ambassador, of Scandinavia cuisine and danish cuisine. He has just really positioned the  
321 brand of Danish and Scandinavian cuisine as cool. And it is because he himself has such  
322 a large personality. And then Joe & the Juice as well, has the positioning, danish or  
323 scandinavian it just has this overarching ness of cool. You just go into a Joe and the Juice  
324 and you see the design, This minimalistic you know copper lighting, it's cool and the  
325 people behind the bar I'll probably all aspiring models, and the music is cool. same  
326 thing with Dr Snooth, there's beautiful minimalistic design, it is elevated. yeah they  
327 really have cornered the market on what is cool. we see it and we want to be like that.  
328 because again because now there is a new leader of what is cool in the food scene. And  
329 that is why I think Ole and Steen, could make a very big impact here in New York City,  
330 as like a beta test. Because, if they don't go too far down the path of like foodporn, if  
331 they have just enough level of cool to be very attractive to New Yorkers. That also have  
332 to take into consideration how they design their cafes, are they instagrammable without  
333 being cheesy. How is the food presented, is a presented very elegantly while  
334 approachable, or is it foodporny which could bring it down to a childish level.

335 **I: OK that is very interesting.**

336 R: yeah I mean evening fashion all the fashion PR girls, like my girlfriends work in  
337 beauty and fashion PR, and we always talk about what 'oh are they doing in  
338 Copenhagen'. I remember going in shoe stores in Copenhagen and thinking wow I have  
339 never seen a Cooler selection of sneakers in my life I wanted every single one. I wanted

to buy something because I knew when I brought that back to New York, I would be Cool by proxy, it was very well curated and thoughtful.

**I: that's funny because a lot of people in Copenhagen would love to go to New York to do some shopping.**

R: and we would love to go there.

**I: This question is about social media, so you do sometimes work with companies why do you think that they would use Instagrammers for their promotion and not doing regular advertising instead?**

R: It's interesting, because you can put \$1,000 into adwords or cpc or a banner on your website...Why a lot of brands like using instagrammers instead off Facebook or Instagram advertising, were you spamming your wall and showing brands that you don't even follow. Using influencers is building a relationship with the product and the brand, and that results in more conversions and brand loyalty. that is why people love using influencers. Because I have had so many people posting things from a brand on my Instagram, I get so many private messages from people saying 'hey I bought this because of you' or 'you made me want to try.. This product, go eat at this restaurant,' people say 'oh you're my go to for breakfast' you know they use you as a resource and brands know that. That is why a lot of brands tap into instagrammers, because there is more engagement and the product can be sold more readily. Maybe it does not have the same amount of impressions as you know throwing \$1000 into a google ad. A google add might give you 10.000 impressions, but where are those impressions going? Are people buying the product? Do you see people engaging with it? Can you tell if people are excited? No. There is no more information qualitatively speaking that you can get, per se. Whereas if you throw that same \$1000 behind an influencer, you see in the comments section 'oh hey what a cool product' or 'does this really work?'. You see people talking and engaging with the brand. You know, do they like it enough to give it a double tap, are they saving it on their instagram, it really gives you a humanistic sense of how people will engage with your product.

**I: That is really cool to hear.**

R: and even I notice it for me, with the brands I work with, and with what i post. But i also feel it from the other end, the first place i go to for food is instagram. The first place i go for a beauty product, for fashion, you know it is instagram because its also they are not celebrities, its people like you and me. You know, you see Simone or Emma post about a product, I know you're a real person and like 'oh ok she is eating this food or using this product, and i like what she does, and what she is about because i have gotten to know her through her profile, i think i might like this too'. Whereas you see a celebrity and there is know.. It is a disconnect because they are so far beyond our realm. And not in a bad way, not like they are a better person, it's not that they are better than us, they just lead an entirely different life that is hard for us to reconcile.

**I: Yes true, well I think we pretty much covered everything we wanted to cover, it was super helpful. Thank you so much for taking the time.**

## APPENDIX 8 – DK OBSERVATIONS

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### Observation No. 1: Kultorvet

*Date: Wednesday June 6, 2018 // 14:00 PM – 15:00 PM*

**Cleanliness:** Fairly clean. Had to wipe crumbs of the table - crumbs on other tables as well.

**Staff:** Very polite and helpful - asks if it is to stay or to go. Young people behind the desk. One is on his phone behind the desk, which seems a bit odd and not very professional.

**People:** This shop is quite busy. There are tables available but a constant line. The customers are tourists, young people and middle aged. One girl is sitting with her drawing book, another with her computer. There's a mom with two babies, just having a coffee. People are eating lunch (sandwich + salad). Otherwise coffee and juice seems popular.

There are both couples of two people and some groups. Otherwise people sit here alone. There also seems to be a lot of tourists as many are speaking English and other languages.

**Atmosphere:** The atmosphere is very casual, people are relaxed and just enjoying themselves.

**Interior:** Dark brown wooden tables with "messaging" on the edges. Full wall of floor-to-ceiling photo in black/white of a baker cutting bread up close. This brings a focus to the handcraft behind the bread and pastries. Getting our sandwiches served on a cardboard paper plate - this brings down the premium feeling a bit. However it suits the concept, as people are not staying for long at the time. Also people who stay still get their coffee in a paper mug. There is an in-house bakery in this store. Big window where you can see the cakes getting glazed. You can see the drinks with mint being prepared, and see the bread being baked in the ovens. There are tables for people to sit outside.

**Product variety:** Well stocked - all windows are full of products as well as all disk areas. Looks nice and inviting.

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## Observation No. 2: Frederiksberggade

*Date: Wednesday June 6, 2018 // 15:00 PM – 16:00 PM*

**Cleanliness:** Some crumbs and left plates and cups on tables - but not unclean.

**Staff:** Two staff behind the disk - one boy and one girl. Both are young, maybe around high school and university age. One of them on their phone, as one also was in Kultorvet.

**People:** Not as busy as Kultorvet. Both Danish and foreign/tourist customers. Groups of young girls - high school age. Most customers leaves after their purchase and get their product to go. They do not sit down inside the shop.

**Atmosphere:** Lot of to-go purchases. The setting is not as welcoming as Kultorvet. The store feels sort of empty. Not as big a selection of products as in Kultorvet. Relaxed atmosphere. Quite a few buys coffee and cake (served on paper plate and mug).

**Interior:** Five high tables with four high chairs around. Three low tables with chairs and small lounge area with couch seating. Mirror on wall as well as colored large sized pictures of coffee and porridge/fruit. Self-service station. Everything is served on paper plates and to-go cups, even though it is i.e. coffee to stay.

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## Observation No. 3: Torvegade, Christianshavn

*Date: Thursday June 7, 2018 // 08:30 AM – 09:30 AM*

**Cleanliness:** It is obvious that it is a busy morning - there are quite a lot crumbs on the table which could need a wipe-over with a clean cloth.

**Staff:** 5 younger girls behind the counter all servicing customers. No specific person who is in charge of coffee - it is just made immediately by the person taking the order. Service is good and polite. Girls are smiling. No phones.

**People:** Mostly Danish speaking customers. Most leave after ordering, carrying briefcases or schoolbags - could assume they are on their way to work/school. Still, there are a lot of customers that do have the time to sit down and have their breakfast and read a newspaper, but they stay for around 10-15 minutes max. General orders include coffee, porridge and buns with butter and cheese. Mostly, people are sitting down alone or in pairs. One mum with her baby and a girl with her laptop out working.

**Atmosphere:** Busy place in the morning, constantly people waiting to get served. Grab and go vibe, but some newspapers available to sit and have the morning coffee and a read. Smells nice of cake and cinnamon. Music is playing but not loud.

**Interior:** This shop seems more light. The walls are painted light grey/white. Pictures on the wall of the bakers working with flour smiling - photos on the wall are in colors and not black/white as the other shops. The tables and counters are in the same dark wooden material as the other two shops, with "messaging" on the corners. Coffee gets

served in paper mugs. No in-house bakery. There are benches to sit on outside, but no tables - the location is very busy and facing a main road on one side, and a channel on the other.

**Products:** Very well assorted. All the selves and displayed are stocked up, and it looks very delicious.

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## APPENDIX 9 – UK OBSERVATIONS

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### Observation No. 1: Haymarket

*Date: Tuesday June 12, 2018 // 11:00 AM – 11:59 AM*

**Cleanliness:** No crumbs on tables. Staff often walk out from behind the service station and cleans left cups, plates and cups.

**Staff:** Very polite and professional. 5-6 people behind the desk at all times - both young men and women. Service is really great - the coffee girl spilled some coffee on my plate and immediately gave me a new and clean one, even though it wasn't a big deal. So the service level is really high. Also the staff seems more invested - no phones behind the desk. They are actually working. When a coffee is ordered, the staff sends the order to the barista who then makes the coffee for you, that you then pick up in the "coffee corner".

**People:** A lot of business people. Often sitting down in pairs having a quick coffee or lunch. Also some sitting on their own with computers out working. Maybe around 80% are in suits or work wear.

**Atmosphere:** Fancy. Bread is stacked very nicely with lights pointed on it, almost as an esthetic feature.

**Interior:** The color scheme is the same as in DK - dark wooden tables with "messaging" on the corners. It is a two level shop with tables and chairs on the top, and on the ground floor it has a more lounge like feel to it, with low legged furniture leather chairs. Also there is high table desks with high chairs. It is more cafe/lounge like than the shops in Copenhagen. There is a large wine montre in the store, which is quite noticeable. Coffee is served in nice porcelain cups, and so is the food on nice plates with cutlery to eat it. Big difference from DK. There is a much larger area outside for people to sit. The store is divided into three floors with a bakery in the 'basement'.

**Products:** Smørebrød, is a noticable difference from the danish stores. Wine is another big difference in product range, along with beer and cider. There is also a very big selectin and volume of products.

First impressions on differences from DK stores:

- During the hour we sat in the store four scooter and bike delivery men came to pick up orders, one was from deliveroo.
  - At the entrance table several cups of soup/stew was waiting for pick up when we entered the store. On the website it says soups/stews are only available for delivery/pickup.
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## **Observation No. 2: Bedford Street**

***Date Tuesday June 12, 2018 // 12:01 PM – 13:00 PM***

**Cleanliness:** No plates, cutlery or crumbs on tables.

**Staff:** Two danish staffs. 5-6 staff altogether.

**People:** Mix of people, some out for lunch - other are having meetings. Blend of business people and more casually dressed people, who are not working (it seems).

**Atmosphere:** Not as busy and businessy as Haymarket. More casually dressed people.

**Interior:** The shop is significantly smaller than Haymarket. Interior and feel is the same.

**Product:** No big cakes as there is a lot of office customers - they primarily get breakfast and lunch. In the evening they have wine and cheese plates. In the morning and until 11 o'clock they serve porridge and other more breakfast like foods - at 11 they rearrange and get lunch delivered from the 'bakery'. This means that the montres are filled with salads, sandwiches, open faced sandwiches and so on.

### **Mini interview:**

Talked to one staff, danish girl, who recognized our accent and asked us what we would like and started talking about what was different from the danish stores (we got caught in the act and admitted to writing about the store for the thesis). She went on to explain in detail about the store.

- First she put a lot of weight on the fact that O&S in London is a cafe concept and the quality is much higher than in DK.
- She mentioned the food is overseen by a michelin star chef and is very high quality, this is the way they differentiate themselves from the competition.
- The whole store food layout is changed throughout the day, in the morning it is porridge, juice, bread and cake in the serving area and around 11am they change it to more lunch breads, sandwiches, salads and open sandwiches. In the evening candles are put out and customers are ordering prosecco, wines and cheese platters and maybe a cake or two.
- She also said this store (Bedford) is more a business area with their most busy time being around lunch on weekdays. However her friend who works in Westfield (shopping center) is much busier on weekends and after work, and the customers are more likely to be moms and children.
- She called the bedford store the "Baby store" in London as it is a lot smaller than the others.
- She also mentioned that a pure bakery concept would not make it in London.



- Lastly, she mentioned O&S works as a meeting place for Danes in London and they often visit and meet in the stores.

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### **Observation No. 3: Wigmore Street**

***Date Tuesday June 12, 2018 // 14:00 PM – 15:00 PM***

**Cleanness:** 5 minutes after finishing our salad the plates were taken away, despite us sitting in the far corner of the basement floor. All other tables are cleaned and left with the O&S store flyer (in appendix).

**Staff:** Attentive and quick to service and guide the customers in selecting products.

**People:** Some sits in group with workwear and computers out, while others are sitting having a coffee with shopping bags all around. It does still seem to be mostly work related meetups. One group of businessmen sat down talking about how this is a scandinavian brand and danish and how it is authentic to what he has seen in copenhagen. While standing in line a man stepped in and a staff member recognized him and said his name and started chatting, mentioned it's nice to have a danish bakery in town and that he needed to order a othello lagkage next time he is in and it's good to have a place to get good rye bread.

**Atmosphere:** A mix of work relations and friend meetups, giving the store a busy but casual atmosphere.

**Interior:** Same as other stores in London, but with a large basement filled with seating spots. Lounge chairs and tables, but also a long sofa along the wall like in DK and the other UK stores. Using porcelain table settings for coffee and eating in.

**Product:** Same as bedford - we were here at lunch time, so the counter were primarily filled with salads, toasties, sandwiches and open faced sandwiches.

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### **Observation No. 4: NOVA Food, Victoria**

***Date Tuesday June 12 // 17:00 PM – 18:00 PM***

**Cleanness:** Very clean

**Staff:** Friendly - Two girls behind the counter.

**People:** Less busy. As it is almost end of the day people are relaxed and in their work close.

**Atmosphere:** Nice relaxed atmosphere, but definitely with a very high-end feel as it is located in the middle of the new high-end food area Nova Food. Moreover, candles was placed on tables to create the evening feel.

**Interior:** Similar to other stores. However a quite extensive outside area with tables and chairs.

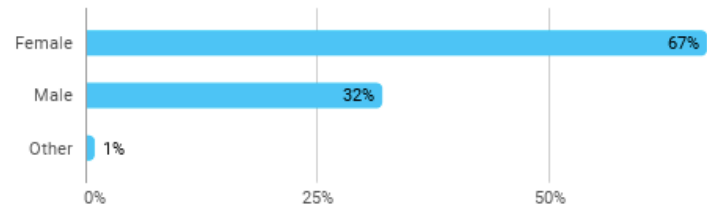
**Product Variety:** Had the same products as the previous UK stores. However, as it was a later time a day, they now had prosecco in the counter as well as cheese platters.

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## APPENDIX 10 – ONLINE SURVEY

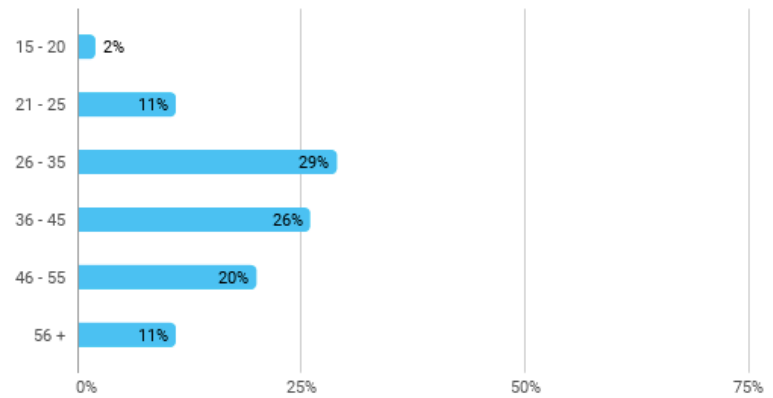
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### Gender



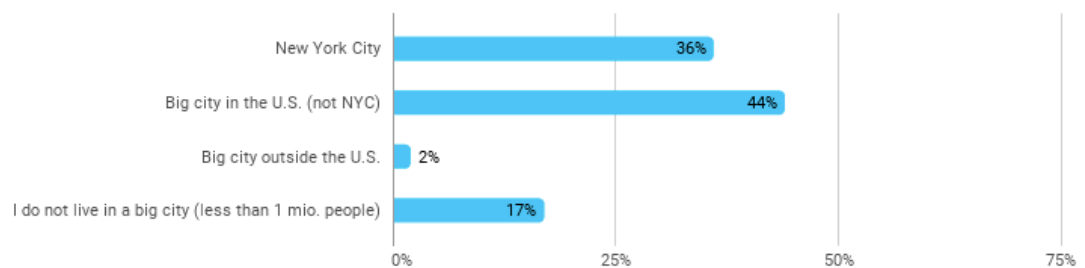
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### Age

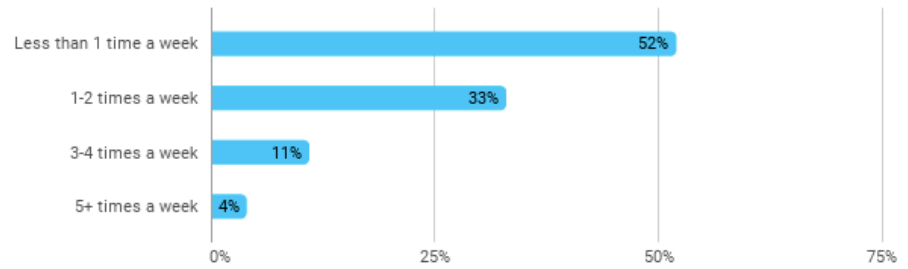


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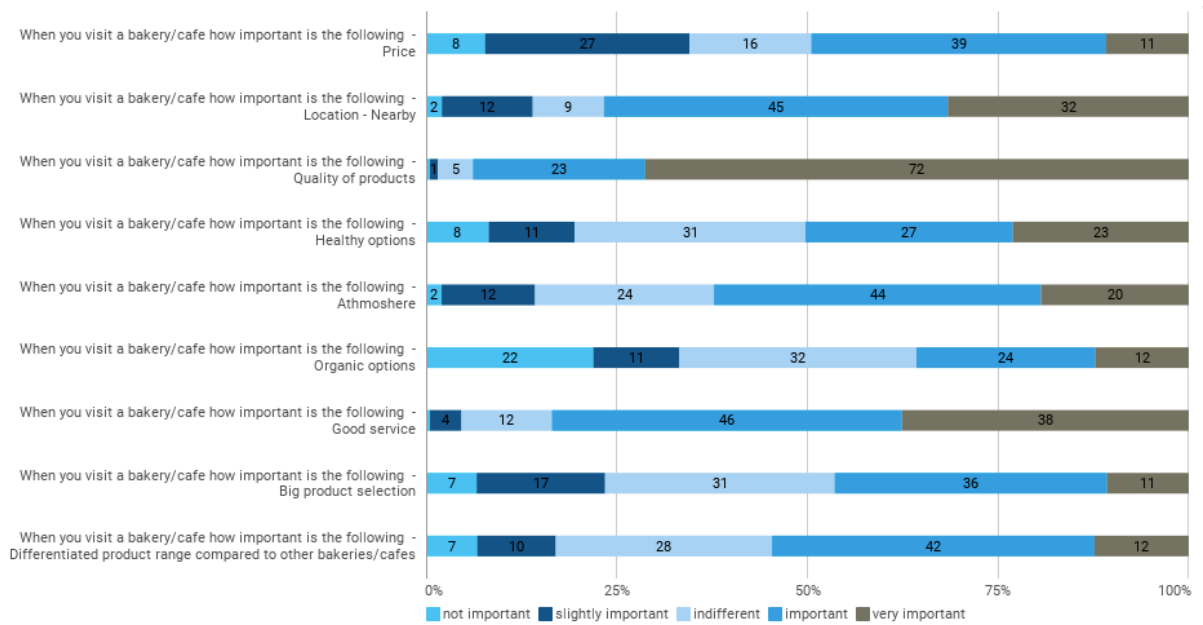
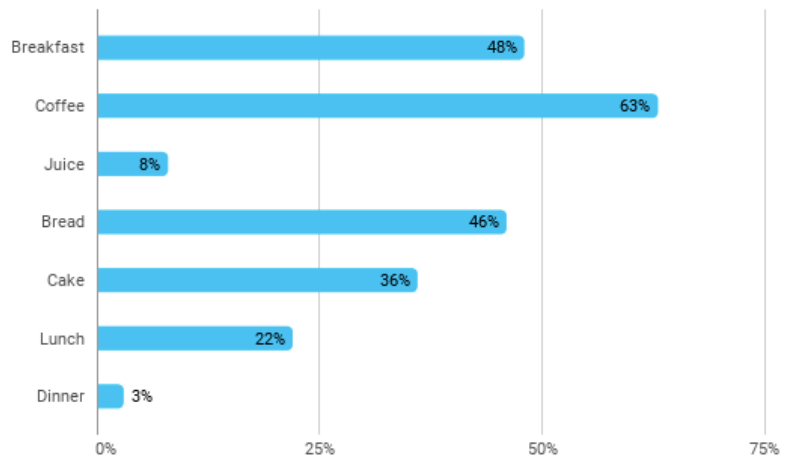
### Where do you live?



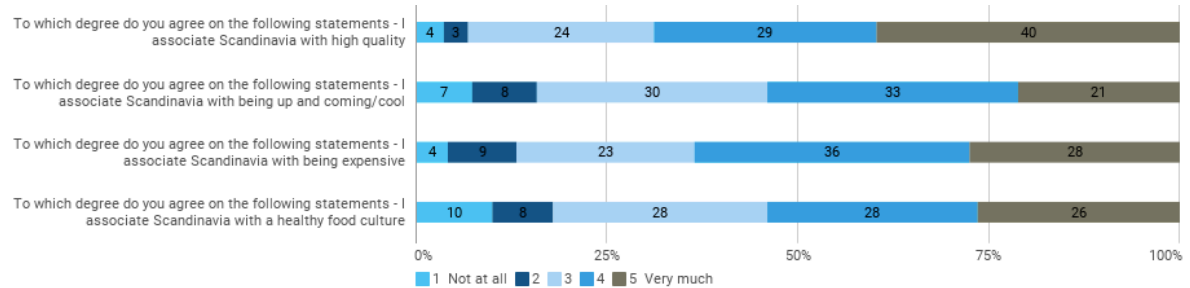
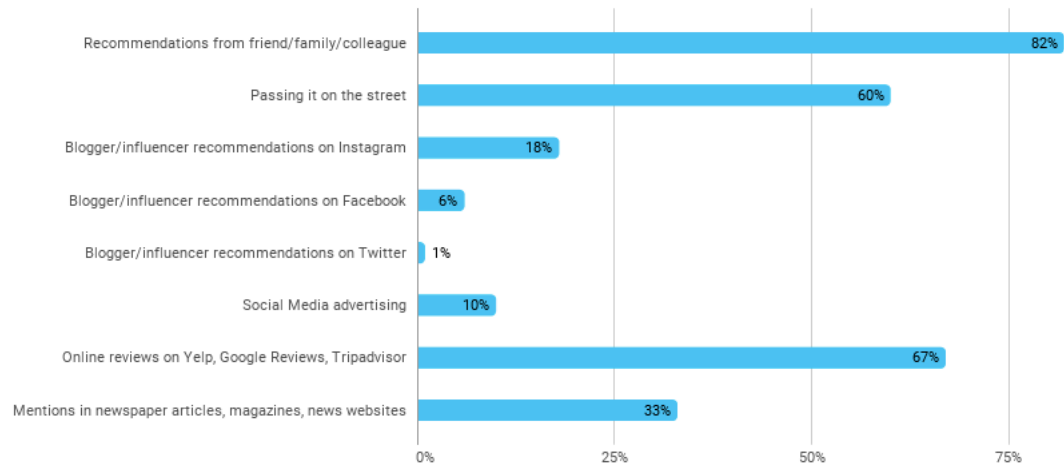
### How often do you visit a bakery/cafe?



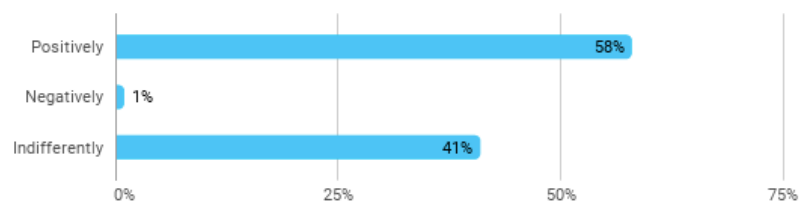
### What do you most often buy at bakeries/cafes? (Choose up to three)



### What makes you visit a new bakery/cafe (Choose up to three)



### In which way does it affect your opinion of a product, that it is of Scandinavian origin?



## APPENDIX 11 – LOGO DK & UK

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### Logo of Lagkagehuset DK



Source: (Lagkagehuset, n.d.)

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### Appendix XX: Logo of Ole & Steen UK



Source: (Ole & Steen UK, n.d.)

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## APPENDIX 12 – WINE DISPLAY UK

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Ole & Steen Haymarket // Tuesday June 12, 2018



Source: Own Photo

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## APPENDIX 13 – OPEN FACED SANDWICH - SMØRREBRØD UK

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Ole & Steen Haymarket // Tuesday June 12, 2018



Source: Own Photo

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## APPENDIX 14 – STORE FRONTS UK & DK

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Ole & Steen NOVA Food Victoria, UK // Tuesday June 12, 2018



Source: Own Photo

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Lagkagehuset Kultorvet, DK // Wednesday June 6, 2018





## APPENDIX 15 – OUTSIDE SEATING AREA UK

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Ole & Steen Haymarket, UK // Tuesday June 12, 2018



Source: Own Photo

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## APPENDIX 16 – TABLE SETTING UK

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Ole & Steen Haymarket, UK // Tuesday June 12, 2018



Source: Own Photo

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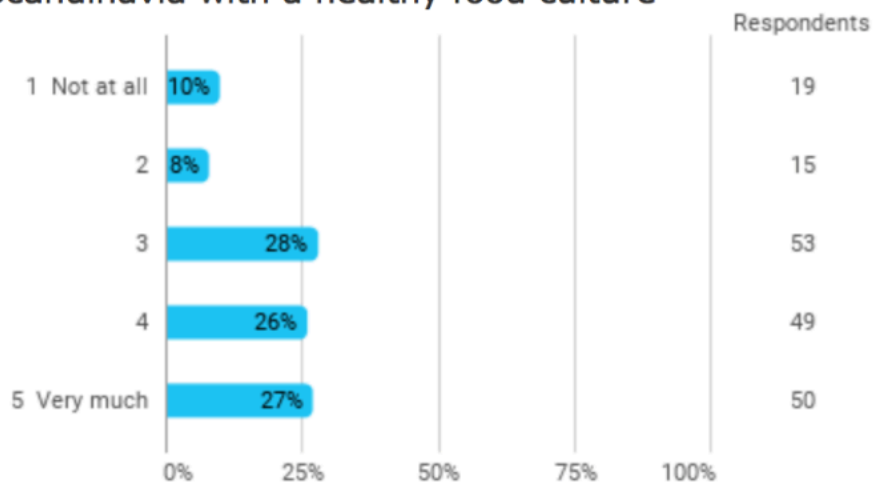


## APPENDIX 17 – TWO RESULTS FROM ONLINE SURVEY

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### Scandinavia associated with a *healthy food culture*

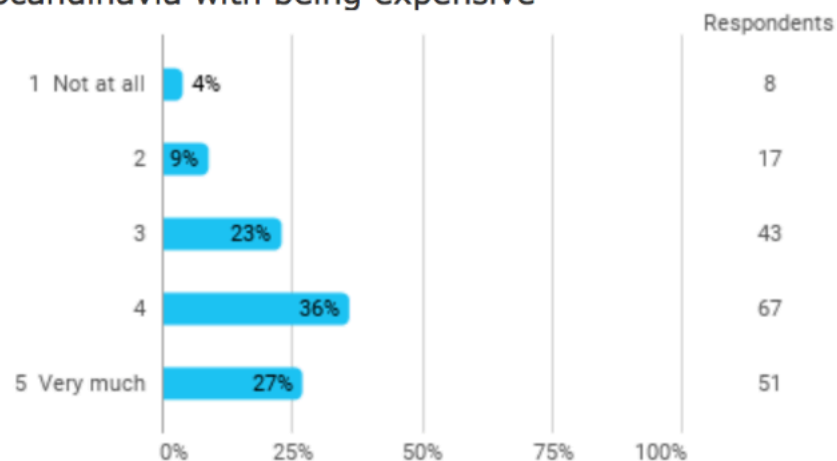
To which degree do you agree on the following statements - I associate Scandinavia with a healthy food culture



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### Scandinavia associated with *being expensive*

To which degree do you agree on the following statements - I associate Scandinavia with being expensive



## APPENDIX 18 – ONE RESULT FROM ONLINE SURVEY

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### Importance of a differentiated product range

When you visit a bakery/cafe how important is the following -  
Differentiated product range compared to other bakeries/cafes

