
OUTI UUSITALO • PROFESSOR • UNIVERSITY
OF JYVÄSKYLÄ

MAIJA RÖKMAN • LECTURER • UNIVER-
SITY OF TAMPERE

Effects of Foreign Retailer Entry in the Host Country – A Model of Stakeholder Reactions

The purpose of this article is to describe and analyze the entry of the first foreign grocery retailer – the German hard discounter Lidl – into Finland. We explore this entry from the perspective of the various stakeholders in the host country.

The globalization of retailing also influences the Finnish grocery business. International operations have been conducted in procurement and supply relations, but the expansion of stores across borders has not been common. The K-group and S-group have opened outlets in the Baltic countries and Russia. The internationalization of Finnish grocery retailing entered into a new era when the German hard discounter Lidl established its first outlets in Finland in Autumn 2002.

This study applies the case study method. Secondary data is collected from various

sources, including newspaper and business journal articles and other existing documents, such as the minutes of municipal board meetings.

We propose a model that can be used to analyse the reactions of the various groups that affect or are affected by a new entrant. This model aids in understanding more profoundly the effects that the entrant has in the host country. Our model incorporates the model of the internationalization process proposed by Vida and Fairhurst and the stakeholder attribute model developed by Mitchell, Agle and Wood.

Internationalization is viewed as a continuous process in which the internal and external forces affect the strategies and decisions of the firm. This process is divided into three stages: the antecedent, operational and settling stages. In each of these stages the entrant encounters various stakeholders in the host country. These stakeholders in turn have various roles, which are determined by the stakeholders' attributes. Three stakeholder attributes are especially crucial: power, legitimacy and urgency. The various stakeholder groups can have one, two or three of these attributes, which will vary in the different stages of entry. It is proposed that in order to strengthen their position, stakeholder groups seek to obtain more attributes.

The study highlights the interests and reactions of the various groups in the host country that arise on the entry of a new grocery retailer. The model deepens our understanding of the motives of stakeholders as well as their ability to act in a new competitive situation. The ability of the stakeholders to present their views seems to be related to the stakeholder attributes that they possess. ■