DIPLOMSKO DELO

Marketing in the New Europe: opportunities for Slovenian small and medium sized companies

Marketing v novi Evropi: priložnosti za slovenska mala in srednje velika podjetja

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ZAHVALA

"Če želimo živeti z namenom, moramo poiskati tisto, kar najbolj goreče ljudimo, dati vse, kar imamo, nato pa to predati naprej kot štasteto tistim, ki nam sledijo."

Prva in posebna zahvala je posvečena starima staršema, Miranu in Albini Horvat za vso podporo in pomoč v celotnem procesu mojega šolanja in osebnega zorenja. Hvala vam za to kar sem. Prav tako se zahvaljujem staršem, za vso podporo in za to da sem, kjer sem. Rad Vas imam.

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FOREWORD

European market has changed significantly since the creation of Single European Market in the year 1993. New forces are creating a market place where the need to be flexible, creative, innovative and internationally oriented is of big importance for survival of SMEs. Although it looks like opening of market and creating single economic space in broader Europe brought a lot of threats for Slovenian companies, specially the small and middle size ones, it has also brought more opportunities. These opportunities arise by marketing in New Europe to all Slovenian SMEs that have the courage to take the risks of internationalization and seize the opportunities that arise with new market conditions.

Markets in New Europe brought to us new theories of internationalization that were never before concerned by theoreticians. Previously it was considered that internationalization is the thing of big multinational companies that take advantages of economies of scale by introducing their goods to more countries around the globe. The new theories, like “born globals” and “hidden champions”, as also some others, are proving today that also SMEs can take the opportunities of global markets and compete as successfully, or even more, as huge multi-nationals on the global level.

To consider internationalization is of vital meaning for Slovenian SMEs as we are nowadays facing strong international competitiveness on home market, on one hand, and opportunities that arise in international market on the other. Furthermore, the smallness of Slovenian market can produce growth only to some extent to SMEs, and as the most successful SMEs are usually niche oriented, what is also related with a degree of specialization, this market can not produce enough consumer potential for taking the full advantage of good, creative and innovative ideas that come from successful SMEs. In this way this companies should be flexible enough and look for the way to internationalize their business.

Importance of strong SME sector, and the meaning of internationalization of SMEs, was taken into consideration by European Union shortly after the creation of Single European Market. Unfortunately this does not apply also for Slovenia as this trend is showing strongly only in last years with the reforms that are meant to encourage entrepreneurship and competitiveness of SME sector. Business environment for Slovenian SMEs, in the process of internationalization is slowly developing, but we have still a long way to go to reach the place where SME sector should represent the backbone for successful Slovenian economy and be a creator of more and better jobs.

For one we can say that the creation of European Union is creating forces that are strongly pushing towards pan-European marketing. Although on demand side the forces are not so successful for reasons like the trend of “global individualism”, which arose with the increase of wealth and because of some degree of nationalism, these forces are very successful on supply side. More and more similar products are offered through Europe, the prices and becoming more convergent, distribution channels are becoming multinational and advertising is possible through “European” advertising agencies and media. The trend of pan-European marketing is strong and will only grow in future, so it is offering a lot of opportunities for companies that will take advantage of it.
At the end we can say that there are already some Slovenian companies that took advantages of marketing in New Europe and can be presented, not only as an example for other Slovenian SMEs, but as an example of good practice for all SMEs around the globe.
# TABLE OF CONTENTS

1. INTRODUCTION ................................................................................................................7
   1.1 Definition of research area and description of the problem .............................................7
   1.2 Purpose, aims and basic statements ................................................................................7
   1.3 Presumptions and limitations of the research ...............................................................8
   1.4 Research methods .........................................................................................................9

2. THE IMPORTANCE OF SMALL AND MIDDLE SIZE ENTERPRISES .................10
   2.1 Definition of small and middle size enterprises ..........................................................10
   2.2 The meaning of SMEs for Slovenia .............................................................................12
   2.3 Historical look at the development of SMEs in Slovenia .............................................13

3. INTERNATIONALIZATION OF SMEs.........................................................................15
   3.1 Theories of internationalization...................................................................................15
      3.1.1 Uppsala model of internationalization ................................................................15
      3.1.2 Network approach .................................................................................................17
      3.1.3 Born Globals .........................................................................................................17
      3.1.4 Hybrid model of experiential learning and planning ..........................................19
   3.2 Reasons for internationalization of SMEs ....................................................................21
      3.2.1 Benefits of international strategy ..........................................................................21
      3.2.2 Drawbacks of International strategy .....................................................................22
   3.3 Internationalization of Slovenian SMEs ......................................................................23
      3.3.1 Level of internationalization of Slovenian SMEs ..................................................23
      3.3.2 Type and motives for internationalization of Slovenian SMEs .............................24
      3.3.3 Obstacles for internationalization of SMEs ............................................................25
      3.3.4 Push and Pull factors for Slovenian SMEs.............................................................25
      3.3.5 Lessons for economic policy .................................................................................27

4. BUSINESS ENVIRONMENT IN THE PROCESS OF INTERNATIONALIZATION AND INSTITUTIONAL SUPPORT FOR SLOVENIAN SMEs .................................................................................................................28
   4.1 Ministry of the economy ...............................................................................................28
   4.2 Slovenian enterprise fund-SEF ....................................................................................30
   4.3 SID- Slovene Export and Development Bank .............................................................31
   4.4 JAPTI - Public Agency of the Republic of Slovenia for Entrepreneurship and Foreign Investments ..........................................................................................................................31
   4.5 The Chamber of Commerce and Industry of Slovenia - CCIS ....................................32
   4.6 Euro Info Center ..........................................................................................................32
   4.7 Institute for Entrepreneurship and Small Business Management (IPMMP) ..................33

5. PAN-EUROPEAN MARKETING ...............................................................35
   5.1 Background ..................................................................................................................35
   5.2 Segmentation ...............................................................................................................36
   5.3 Drivers of European convergence ................................................................................36
   5.4 Impact of European convergence on marketing and marketing mix ............................38
      5.4.1 Product .................................................................................................................39
      5.4.2 Price .....................................................................................................................39
      5.4.3 Distribution ..........................................................................................................40
      5.4.4 Promotion and advertising ...................................................................................40
   5.5 Strategic options for a pan-European marketing approach ...........................................41
   5.6 Implications for Slovenian small and middle size companies ......................................42
6. OPPORTUNITIES FOR SLOVENIAN SMEs ................................................................. 44
   6.1 Hidden champions .............................................................................................. 44
      6.1.1 Examples of hidden champions ................................................................. 44
      6.1.2 Example of Slovenian “hidden champion” Akrapovič d.o.o. ...................... 47
   6.2 Market in Central and Eastern Europe (CEE) .................................................... 51
   6.3 Internet ................................................................................................................. 52
   6.4 Competing with giants ....................................................................................... 55
   6.5 Born Globals ....................................................................................................... 57
      6.5.1 Slovenian SME examples of born globals (Seaway, Hyla and Goltes) ........... 58
7. CONCLUSION ............................................................................................................ 62
8. POVZETEK V SLOVENŠČINI .................................................................................... 64
   8.1 Uvod ....................................................................................................................... 64
      8.1.1 Namen, cilji in osnovne trditve ................................................................. 64
      8.1.2 Predpostavke in omejitve ............................................................................ 65
      8.1.3 Metode raziskovanja .................................................................................. 65
   8.2 Pomen malih in srednje velikih podjetij ............................................................... 66
      8.2.1 Definicija MSP ............................................................................................. 66
      8.2.2 Pomen MSP za Slovenijo ............................................................................ 66
      8.2.3 Zgodovinski pregled razvoja podjetništva v Sloveniji ............................... 67
   8.3 Internacionalizacija MSP ..................................................................................... 67
      8.3.1 Teorije internacionalizacije ........................................................................ 67
      8.3.2 Razlogi za internacionalizacijo ................................................................. 69
      8.3.3 Internacionalizacija slovenskih MSP ........................................................ 69
   8.4 Poslovno okolje in podporne institucije v procesu internacionalizacije slovenskih
      MSP ......................................................................................................................... 70
   8.5 Pan-Evropski marketing ..................................................................................... 71
      8.5.1 Ozadje ............................................................................................................ 71
      8.5.2 Segmentacija ................................................................................................ 72
      8.5.3 Sile ki oblikujejo Evropsko konvergenco ................................................. 72
      8.5.4 Vpliv Evropske konvergence na marketinški splet .................................... 72
      8.5.5 Strateške možnosti za uporabo pan-Evropskega marketinga ...................... 72
      8.5.6 Implikacija za slovenska MSP ................................................................. 73
   8.6 Priložnosti za Slovenska MSP ......................................................................... 73
      8.6.1 Skriti šampijoni ........................................................................................... 73
      8.6.2 Trg srednje in vzhodne Evrope ................................................................. 74
      8.6.3 Internet ......................................................................................................... 74
      8.6.4 Tekmovanje z velikani ............................................................................... 74
      8.6.5 Rojene multinacionalke ............................................................................. 75
   8.7 Zaključek ............................................................................................................. 75
9. BIBLIOGRAPHY ...................................................................................................... 77
1. INTRODUCTION

1.1 Definition of research area and description of the problem

Small businesses have long found opportunities in the international economy; and as international business has expanded, these opportunities have grown in proportion. Today, however, globalization is doing more than creating a new global market that is merely a larger version of yesterday’s marketplace. New forces and economic structures are combining to produce global business opportunities that are qualitatively different as well as quantitatively greater. Beside opportunities there are also threats that come with opening the borders and the threats that come with not following the global trends, if the competition does so. To operate most effectively in the modern world economy, small firms need to develop an awareness of its changing nature.

In my diploma thesis I will analyze the opportunities for small and middle size enterprises (SME), focusing on the ones from Slovenia, in marketing in new Europe. I will pay most of my attention on SME and the market in European Union, and other countries in Europe, that are not in EU, but their geographic position places them in the broader definition of Europe. As environment in European and Slovenian market has change significantly in the last decades, I am suggesting and presenting some new theories and ways of internationalization for SMEs that were not considered in the past, because of different market conditions. As information about foreign markets are hard to get for SMEs, as they usually lack resources for broader researches of the foreign markets, special attention is also put on supporting institution that help SMEs in the process of internationalization. Use of Pan-European marketing in some industry sectors is largely discussed topic nowadays and the knowledge and proper use of it can greatly contribute to the internationalization of Slovenian SMEs. Finally there are some successful Slovenian companies that have already taken advantage of global market and some of them are also shortly presented here as the examples of good practice.

1.2 Purpose, aims and basic statements

Purpose

From the definition of area and description of the problem we can see also the purpose of the diploma paper; which is to analyze opportunities for Slovenian SMEs in marketing of new Europe, which has changed significantly in the last years.

Aims

Aims of the research are as follows:
- debate the importance of SME sector,
- discuss the internationalization theories most suitable for Slovenian SMEs in Marketing in New Europe,
- represent the reasons behind internationalization of SMEs,
- represent the level of internationalization of Slovenian SMEs,
- represent the business environment for Slovenian SMEs in the process of internationalization,
- represent the theory of Pan-European marketing and its drivers, impact and implications for Slovenian SMEs,
- represent the general opportunities that arose with the market of New Europe,
- represent some examples of Slovenian successful international SMEs.

Basic statements

Writing of diploma paper will be based on next basic statements:

- small and medium size enterprises (SMEs) are of extreme importance to economy,
- there is a need for newer theories that define internationalization of SMEs in the new global place,
- strong institutional support is of vital importance for SME process of internationalization,
- there is a positive net effect of European drivers supporting European products and brand strategies, especially standardized offerings; this trend has increased in the last years,
- within Europe there are now fewer obstacles to European cross-border pricing approaches in most product markets,
- despite the persistence of entrenched national or local preferences in more context-specific markets, there has been a positive trend towards increasing pan-European consumer behaviour in many product markets,
- there are more opportunities and threats for Slovenian SMEs in the market of New Europe as it was before entering in EU,
- Slovenian SMEs have the potential to be considered as the most successful SMEs in the new internationalization theories.

1.3 Presumptions and limitations of the research

Presumptions

- The importance of SMEs in Slovenia will grow in the meaning in the future.
- There will be a greater number of international SMEs in the future.
- SMEs do not follow the same patterns in internationalization process as large companies and face different weaknesses.
- There is a need of strong institutional support for SMEs in the process of internationalization.
- Drivers supporting pan-European marketing will be even will grow in proportion in future.
- There are a lot of opportunities for Slovenian SMEs to conquer the market of New Europe.

Limitations

- The research is based on definition of small and medium size enterprises as defined by European Commission.
- The research is limited to market in European Union and other countries that are included in the broader definition of Europe.
- For the need of the research I will use a broad definition of entrepreneurship, which means: whatever attempt of individual, a group or existing company to create a new company or business activity, whatever it goes for a self-employment, new venture or a widening of already existing company.

1.4 Research methods

With this economic research I will present opportunities for Slovenian SMEs in marketing in New Europe, so we can say it is a business analyze. As the research involves the global market, there are more companies and countries involve, we can say that is a macroeconomic research. With analyzing some Slovenian companies that are successful in global market, the research is microeconomic as it involves the company only. I will use dynamic economic research as I will research economic factors in period of time and the process that is still underway. In some parts the research will also be static as I will research economic factors in defined time. While writing my diploma paper, I will use a descriptive approach in research, and in this frame the method of description, comparative method, historical method and method of compilation. I will gather all the needed data through study of Slovenian as well as foreign business literature (books, magazines, course books and readers) and especially through data gathered during course of Marketing in New Europe, which is taught by my co-mentor Arnold Schuh in Vienna University of Economic and Business Administration. I will try to gather the data from companies through internet, different magazines, and with the help of knowledge of employees in the company.
2. THE IMPORTANCE OF SMALL AND MIDDLE SIZE ENTERPRISES

Small and medium-sized enterprises (SMEs) are the motor of the economy and the main drivers for achieving sustainable growth and more and better jobs. At every level, the governments of the countries should try to develop a comprehensive SME policy, which aims to ensure that policies and actions are small-business friendly and contribute to making the country a more attractive place for setting up a company and doing business.

Small and medium-sized enterprises – in principle firms with fewer than 250 employees, with annual turnover of less than €50 million, and independent of larger enterprises – make up the backbone of the European economy. Across the EU, there are around 23 million SMEs; that is 99% of all enterprises. And SMEs account for about 75 million jobs. And in some key industries, such as textiles, construction and furniture-making, they account for as much as 80% of all jobs (European Commission, 2007, p.7).

2.1 Definition of small and middle size enterprises

In a single market with no internal frontiers, it is essential that measures in favour of SMEs are based on a common definition to improve their consistency and effectiveness, and to limit distortions of competition. This is all the more necessary given the extensive interaction between national and EU measures to help SMEs in areas such as regional development and research funding (European Commission, 2005, p.6).

In 1996, a recommendation establishing a first common SME definition was adopted by the European Commission. This definition has been widely applied throughout the European Union. On 6 May 2003, the Commission adopted a new recommendation in order to take account of economic developments since 1996. It entered into force on 1 January 2005 and applies to all the policies, programmes and measures that the Commission operates for SMEs.

Micro, small and medium-sized enterprises are socially and economically important, since they represent 99% of all enterprises in the EU and provide around 65 million jobs and contribute to entrepreneurship and innovation. However, they face particular difficulties which the EU and national legislation try to redress by granting various advantages to SMEs. A legally secure and user-friendly definition is necessary in order to avoid distortions in the Single Market. The percentage of people employed in SMEs is also relatively high as in 2003 it employed around 67% of all employed people in Europe, as it can be seen in the figure below (European Commission, 2007).
The main purpose of new definition of SMEs is above all in reduction of administrative obstacles regarding acquiring funds from different sources, acceleration of growth of SMEs, acceleration of investments, research and innovations.

**TABLE 1: THE NEW DEFINITION OF MICRO, SMALL AND MEDIUM SIZE ENTERPRISES**

<table>
<thead>
<tr>
<th>Enterprise category</th>
<th>Headcount</th>
<th>Turnover or Balance sheet total</th>
</tr>
</thead>
<tbody>
<tr>
<td>medium-sized</td>
<td>&lt; 250</td>
<td>≤ € 50 million ≤ € 43 million</td>
</tr>
<tr>
<td>small</td>
<td>&lt; 50</td>
<td>≤ € 10 million ≤ € 10 million</td>
</tr>
<tr>
<td>micro</td>
<td>&lt; 10</td>
<td>≤ € 2 million ≤ € 2 million</td>
</tr>
</tbody>
</table>

Source: European Commission, 2003 or Ministry of economy Slovenia, 2006, p.6

Whilst the European Commission invites the Member States, the European Investment Bank and the European Investment Fund to apply a common definition of small and medium-sized enterprises, the Member States and the two financial institutions are not obliged to comply with it. Compliance with this definition is, however, compulsory when it comes to State aid allowing SMEs to benefit from preferential treatment over other enterprises, when such treatment is authorized by Community regulation.

Each enterprise must be independent and 25 % of the capital or the voting rights may not be owned by one enterprise, or jointly by several enterprises, falling outside the definition of an SME or a small enterprise (European Commission, 2005, p.16). This threshold may be exceeded in two cases. Firstly if the enterprise is held by public investment corporations, venture capital companies or institutional investors, provided no control is exercised over the enterprise, or secondly if the capital is spread in such a way that an enterprise can legitimately declare that it is not owned up to 25 % by one or more enterprises falling outside the definitions of an SME (ibid., p.18).
The definition of small and middle size companies in Slovenia was defined in The Company Law in the year 1993. By the development of entrepreneurship this law has gone through some corrections. In the Program of measures for stimulating entrepreneurship and competitiveness for the years from 2007-2013, which was excepted on July 7, 2006 by Slovenian Ministry of the economy it is clearly defined that for the definition of micro, small and middle size companies the measures of EU should be in use, although there is a little difference in the field of independency as it is 20% of the capital or the voting rights may not be owned by one enterprise, or jointly by several enterprises, falling outside the definition of an SME or a small enterprise, instead of EU percentage which is 25%.

(Ministry of the economy, 2006, p.6-7)

2.2 The meaning of SMEs for Slovenia

Meaning of SMEs in Slovenia is not growing as fast as in Europe. SMEs represent the important source of new and old working places, are instrument for acceleration of industry competitiveness and usually a back bone of regional economy. Also they represent important source of innovation, which enables them a lot of flexibility on the market.

In the year 2006 there were almost 122,000 persons involved in entrepreneurial activity. This is around 9.04% of all active working persons, who are about 1,345,000. Because there are also new venture entrepreneurs involved in this figure, from which many of them won’t realize their entrepreneurial goals, is this figure relatively lower, regarding the valued death of entrepreneurial initiatives, which was in the previous years around 2,14 and 2,72. So regarding this we can conclude that real figure for the year 2006 would be around 9%, so that means around 100,000 people (GEM 2006, 46).

The number of units of SMEs in Slovenia is comparable to other economies although we have to small number of companies with a large development potential. This is the reason that the basic direction of strategy of development of SMEs should have a focus on these companies. Slovenian government is slowly realizing the importance of strong sector of small and middle size enterprises, which is the field that Slovenia has to focus on if we wish to achieve faster economic growth. There have been many reforms and institutions developed in the last years to promote entrepreneurship and growth of SMEs and also to promote their internationalization (like JAPTI) and we can only hope that this reforms and institutions will be successful in promoting the development of Slovenian SMEs.

Regarding promotion of SME development, there is a crucial role of government in creating supporting Institutions that can accelerate SME development and help them in the process of internationalization. Of vital meaning is also regional support for SMEs in the form of incubators and other forms of support (information, education, conferences, fairs, etc.). Slovenian sector of SMEs has still a long way to go to capture SME sectors from more developed countries. Although some positive steps have already been made, we can sadly conclude that there is still a long way to go to have a really developed and strong SME sector, which can serve as a backbone for our national economy.

Growth for firms in Slovenia is difficult due to the country’s small domestic market. Firms looking for growth have little choice other than finding and developing international
markets. Slovenian SMEs have the potential to become export oriented due to their geographic location on the transport routes from South-western to Eastern Europe.

2.3 Historical look at the development of SMEs in Slovenia

Structure of Slovenian economy had significant differences already in the time of former Yugoslavia regarding other former Yugoslavian countries. Proportion of SMEs, which were doing business with developed West European countries was not to be undermined and we could see, that a lot of Slovenian SMEs started early to develop business strings with developed countries. The fact that had also positive affect on development of SMEs was also that in Slovenia as in the whole Yugoslavia there was higher percentage of companies organized in the meaning of small trade than in other East countries.

Tradition in the field of small business in Slovenia reaches the long way in past. There were around 15.000 small business units in Slovenia at the middle of 19th century (Glas-Drnovšek, 1999, p.2). This number eventually rose to 20.000 at the beginning of 20th century and then leaded to stagnation. Because of the both world wars, economic crises and later also the nationalization of property, the number felt under 12.500 small business units until 1970. The conditions were improving after 1980, so in the middle of 1980 it raised to about 26.800 small business units. On the doorstep of Slovenian independence there were about 35.699 small business units already. The government allowed that some sectors, including transportation and commerce, could organize as a small business unit, what eventually lead to development of numerous private companies (ibid., 1999, p.3)

In the time of socialism in Slovenia there was proportional goodwill towards small business production, but there were limitations regarding the ownership. Small business, with a system of countries ownership was limited basically on private small business activity as there were only a few small business units in public sector, that we could nowadays count them as small enterprises. Slovenia began in the beginning of 1980 with development of entrepreneurship infrastructure in the form of advising jobs, learning centres and entrepreneurial incubators. In the linkage between existent infrastructure, which was offered by Small business and market chamber, better conditions for the development of entrepreneurship were offered. The last serious obstacle for the development of Slovenian SMEs was removed with the law about companies in the year 1988, which allowed the private ownership in companies. Law frames were completely defined with the Company Law 1993(Zakon o gospodarskih družbah) and The Craft Law (Obtrni zakon) 1994, which had in the less than two year defined present organizational-law structure of small economy (ibid., p. 4-13).

The number of registered companies had increased from 2.500 to 23.000, just in three year in that time. By the end of 1996 there were already 52.000 registered companies and by the end of 1999 already around 56.000. The reasons for this fast growing can be looked up in many fields. Firstly, the slow process of privatization has encouraged a lot of Slovenian managers to create their own firms. A lot of individuals felt personally limited in country owned companies. Furthermore, the slow amount of capital needed to create a company and proportionally undemanding legislation also played a big role for this fast growing phenomenon. The consequence was that there were only 60 to 65% of all registered companies actually actively working in the middle of 90s (ibid., p.4).
The transition to open economy has led to important business and society processes, like restructuring and privatization of large companies and the creation of new ones, mostly small and middle size business units. This new processes discovered also a lot of weaknesses, like critical lack of knowledge in development and creation of enterprises. Better understanding of the role of entrepreneurship demanded and still demands the acquirement of appropriate entrepreneurship knowledge (Glas et al, 2000, p.1).

In the last decade we can see a strong move towards service sector, where an added value is not made by production or sale of physical product, but with an offer of service, which is based on knowledge and experience. There is more and more emphasis on human resources and organizing of them and among them. Development of information technology has led to easier cooperation between individuals and companies on different locations and has led to development of new business models and so-called virtual companies. All in all this has led to extended internationalization of companies and the formation of global market (Rebernik et al., 2006, p.13).
3. INTERNATIONALIZATION OF SMEs

Internationalization is one of the most difficult choices to make because it implies numerous risks for the small and medium-sized enterprise (SME), which is already very limited in its resources. Many SMEs, which act prosperously locally, fail in foreign markets. The SMEs are deeply affected by the rapid globalization. SMEs, which are newcomers of the new economic order in the majority of the emerging market economies as well as in countries in transition, have to be prepared to the challenges of the opening market economies, especially for the consequences that are taking now, with the enlargement and opening of borders of EU. In this chapter we will take a look at some theories that fit the internationalization of SME the best and reasons behind internationalization and finally internationalization of Slovenian SMEs.

3.1 Theories of internationalization

The concept of internationalization has been changed in the last two decades. At the beginning the internationalization processes took place mainly through export-imports and foreign direct investments. Today, there are more ways to interact in foreign markets.

The different theories about internationalization analyses the choosing among the various ways on which the firm can execute international activities, summarized in direct investments, export activities, concession of licenses on manufacturing goods or franchising services like fast food restaurants. International strategies differentiate between exportation, licensing, joint venture and the establishment of foreign subsidiaries. Of these activities exportation is the most common.

Based on the development of economy and international cooperation, there has been developed a number of models of internationalization. Especially Scandinavians were really active in the developing the models of internationalization. For small countries that are still on the transition point as Slovenia this models apply better than the existing American literature, which is more broadly use, but applies better with multinational large enterprises.

3.1.1 Uppsala model of internationalization

In the 70s, a different theoretical body emerged to explain the internationalization process of smaller firms. It is known as “The Uppsala Internationalization Model”. It explains the internationalization process as an incremental process that involves a number of stages, where firms develop their internationalization like “rings in the water”, trying to gain market knowledge in a gradual way and therefore reducing risk and uncertainty about nondomestic markets. According to the Uppsala internationalization model, companies gradually increase their international involvement. The two key concepts of the model are knowledge about foreign markets and operations, and an increasing commitment of resources to foreign markets (Johanson and Vahlne, 1990, p. 11).
Principally, four theoretical works define the Uppsala Model of Internationalization. These are the following: Johanson and Wiedersheim-Paul (1975), Johanson and Vahlne (1977), Johanson and Vahlne (1990) and Vahlne and Nordström (1993).

The basis for this theory is that the accumulation of “experience and knowledge” is the factor that allows firms to commit a major volume of resources to international trade activities. According to this approach, there is interplay between the developments of knowledge about foreign markets and the operations in it. If firms gain more knowledge about non-domestic markets there will be an increasing commitment of their resources to them. This model shows that the accumulation of experience and knowledge reduces the risk and uncertainty of working in other markets.

The model shows that firms often develop their international operations in small steps rather than by making big foreign production investments. According to Johanson and Wiedersheim-Paul (1975, p. 44) exports in firms develop by taking the following steps in external markets, firstly no regular exports, than exports through agents, later founding of an own overseas sales subsidiary, and at the end overseas production.

The internationalization process is divided into state aspects (market commitment and market knowledge) and change aspects (business activities and commitment decisions). The current state of the company affects its decisions regarding future change – decisions to commit resources and decisions how to perform business activities. The change aspects, in turn, affect the company’s market commitment and market knowledge at the next stage. Market knowledge is gained mainly through experience in international operations, and this experiential market knowledge is the driving force of the internationalization process (Johanson and Vahlne, 1990, pp. 11-12).

The model implies that the company’s internationalization process progresses in small steps of increasing market commitment. There are, however, three exceptions:
1) If the company is large and has abundant resources, the relative consequences of individual market commitments are small. Thus, a bigger company can take larger internationalization steps.
2) If market conditions are stable and homogeneous, it is possible to acquire market knowledge also in other ways than just experience.
3) If a company has acquired significant experience in one market, it may be possible to transfer that knowledge to other markets with similar conditions (Johanson and Vahlne, 1990, p. 12).

The Uppsala internationalization model explains two patterns in the internationalization of the firm: operation modes and target markets. The companies commit resources to foreign markets in small but increasing steps following the so called ‘establishment chain’: no regular exports – exports via independent representatives – own sales subsidiary – manufacturing plant. Second, companies enter new markets starting from countries similar to their home country where the psychic distance (differences or similarities in e.g. language, culture, political systems) is lowest (Johanson and Vahlne, 1990, p. 13).

However, the Uppsala Model is not applicable in every situation. The origin country of the firm, as well as the industry in which the firm operates, may question the usability of the
model. Therefore, as already mentioned, there are other models developed of which some are based on the Uppsala Model and the others emphasize different kind of way to internationalize the firm.

### 3.1.2 Network approach

A deficiency of the original Uppsala Model was that it viewed the company as isolated from others. In reality, however, the company operates in a network, connected with relationships to several companies such as customers, competitors, or suppliers. An extension of the Uppsala model takes into account this network aspect, because the increasing internationalization of the network has strong implications also for the internationalization of a particular company (Johanson and Vahlne, 1990, pp. 18-19).

According to the network approach, a company is initially engaged in a network which is primarily domestic. Internationalization can then occur by developing relationships with networks in other countries in three different ways:

1) International extension: a company establishes relationships in country networks new to it
2) Penetration: the company develops further relationships in those networks

The firm’s activities in industrial markets are cumulative processes in which relationships are continually established, maintained, developed and broken. Because of this cumulative nature of the market activities, the market position is an important concept. Each firm has certain positions which characterize its relations to other firms. There is a difference between micro-positions (a relationship with a specific individual counterpart) and macro-positions (relations to a network as a whole or a specific section of it). We also look at a firm’s positions in the network as partially controlled, intangible ‘market assets’. The firm also has tangible internal assets, which it can control. These internal assets are used in production, marketing and other activities (Johanson and Mattsson, 1988, pp. 292-295).

Johanson and Vahlne (1990) emphasize the importance of personal relationships in the development of business relationships. Social aspects are especially strong in the early establishment of relationships, and also in turbulent, high technology industries (Johanson and Vahlne, 1990, p. 20).

### 3.1.3 Born Globals

These firms adopt an international or even global approach right from their birth. This means that the Born Globals do not follow the traditional stages pattern (the Uppsala model) in their internationalization process. Nevertheless, the Born Globals can be partly understood and analyzed using existing models of internationalization, for example the network approach (Madsen and Servais, 1997, p. 561-562).

According to the Uppsala model, the companies internationalize in small steps. However, Born Globals do not follow the traditional stages pattern, but they operate in global markets right from the start. Many basic assumptions of the Uppsala model (the stage and
change aspects) are also valid for Born Globals, but the experience of the founder and the high degree of internationalization in the market accelerate the process (Madsen and Servais, 1997, p. 570).

Based on nine case studies, Madsen and Servais presented some propositions of what are the necessary and sufficient conditions for the birth of a born global company:

- A strong entrepreneur with a strong international experience is needed.
- Born Globals are more common in highly internationalized markets.
- Born Globals are more specialized and niche oriented.
- The founders’ past experience affects the choice of the country where the company will be established.
- Born Globals use more often hybrid structures, such as close relationships, network partners, or joint ventures.
- They are often highly innovative and work in close collaboration with international partners.
- Born Globals may be more common in countries where the domestic market is small or where there are a high number of immigrants (Madsen and Servais, 1997, pp. 574-579).

Firms that internationalize shortly after their inception (“born globals”) pro-actively exploit the foreign market and reach a relatively high degree of internationalization at an early stage of their international engagement. Similarly, even firms that have less than 10 employees are able to attain a high export-sales ratio. However, this requires that the firms possess firm-specific assets in order to overcome barriers to entry into the foreign market. These firm-specific assets may be acquired via conducting own R&D activities, buying novel technology from other companies, or by employing internationally experienced managers. It is important to note, however, that there is a considerable heterogeneity within the group of young and/or small firms. This implies that apart from those very small exporters that pro-actively exploit the foreign market, there are firms that gradually increase their international engagement, attaining a high export-sales ratio only after they raised their number of employees. Thus, for the latter group of firms the export-sales ratio may be causally linked with the firms’ size. Nevertheless, for a large proportion of the firms size and age are not prerequisites for realizing a high degree of internationalization, which leads to insignificant coefficients in the regression equations (Fryges, 2004, p. 24). If young and small technology-oriented firms in Europe acquire the necessary firm specific resources, they will have the best qualifications for becoming successful exporters, or, as Simon (1992, p.115-122) called them, “hidden champions”.

There are several driving forces for the rise of Born Globals: (1) new markets conditions; (2) technological developments in the areas of production, transportation and communication; and (3) more elaborate capabilities of people, including the founder of a born global firm. The first one, the new market conditions enable the company to enter many markets very fast. Second, there have also been technological changes in several areas. New production process technologies have implied that small-scale operations may also be economically reasonable; that is why specialization, customization and niche production are practical alternatives in today’s markets. Transportation of people and goods has become much more frequent, reliable and cheaper than before, which means that cost barriers for an international approach have been removed. This is a result of developments also in the area of communication. This means that world markets have
become more accessible at low cost by the use of, for example, fax machines and e-mail. Third, more elaborate capabilities of people means the increased ability of human resources to exploit the possibilities of the technological changes on the international market (Madsen and Servais, 1997, pp. 565-566).

The most distinguishing feature of the “Born Global” company that we sum up from reading about these companies is that they tend to be managed by entrepreneurial visionaries, who view the world as a single, borderless marketplace from the time of the company’s founding.

The world has changed significantly since the Uppsala internationalization model was developed and, therefore, it does not describe Born Globals accurately. The born global phenomenon is not limited to high technology companies, contradictory to some previous studies. The motivation and the experience of the founder have a strong impact on the development of a born global. It must be expected that the phenomenon of Born Globals will become more widespread in the future. Most likely the driving forces mentioned are going be even stronger in the next years (Madsen and Servais, 1997, pp. 566, 580-581).

3.1.4 Hybrid model of experiential learning and planning

Li et al. (2004) develop a hybrid internationalization model that is particularly suitable for small and medium-sized enterprises. The model is based on three existing internationalization frameworks and consists of three phases: antecedents, planning, and execution (Li et al., 2004, p. 93).

There are three reasons why small and medium-sized enterprises (SMEs) need a model specifically tailored to their needs. First, these companies usually have limited resources to gather information and knowledge about foreign markets and, thus, cannot go through a systematic planning process. Second, SMEs are more inexperienced internationally than large multinational corporations. Third, many small companies exist in a global environment right from the start and have to respond to international market opportunities very rapidly (ibid., 2004, p. 94).

Li et al. (2004) divide existing internationalization models into three categories:
1) Experiential learning
2) Systematic planning

The experiential learning perspective emphasizes the gradual accumulation of foreign market knowledge and experience as the driving force of the company's international expansion. The most widely known of the models in this category is the Uppsala model by Johanson and Vahlne (1977). It has been used as a basis for later models, e.g. innovation-related models which perceive internationalization as an innovation and describe the process of internationalization like the process of adopting a new technology (ibid., 2004, p. 95).

Systematic planning perspective models, assume that companies act rationally, and by adhering to a systematic planning sequence, their international performance is enhanced.
Li et al. criticize that given today's increasingly turbulent business environment, the need for a lengthy planning sequence is highly questionable (ibid., 2004, p. 96).

The contingency perspective does not view the firm's internationalization process as isolated from the environment but instead suggests that contextual factors need to be taken into account. Both the network approach and born global models belong to this category (ibid., 2004, p. 97).

**TABLE 2: THE EVOLUTION OF INTERNATIONALIZATION MODELS**

<table>
<thead>
<tr>
<th>PERSPECTIVE</th>
<th>TIME FRAME</th>
<th>DRIVING FORCES</th>
</tr>
</thead>
<tbody>
<tr>
<td>Experiential Learning</td>
<td>1970's to early 1980's</td>
<td>• fragmentation of international markets</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• elementary information technology</td>
</tr>
<tr>
<td></td>
<td></td>
<td>→ difficulties in obtaining relevant information about foreign markets</td>
</tr>
<tr>
<td>Systematic Planning</td>
<td>Late 1980's to early 1990's</td>
<td>• rapid advances in information technology</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• integration of international markets</td>
</tr>
<tr>
<td></td>
<td></td>
<td>→ foreign market data easily available and transferable</td>
</tr>
<tr>
<td>Contingency Perspective</td>
<td>Mid to late 1990's</td>
<td>• market volatility and environmental turbulence</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• shorter product life cycles</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• economic liberalization</td>
</tr>
<tr>
<td></td>
<td></td>
<td>→ ad hoc internationalization processes needed</td>
</tr>
</tbody>
</table>

Source: Li et al. 2004. p. 97-100

The authors argue that experiential learning models neglect the planning phase and ignore firm specific motivation (Li et al., 2004, p. 108). The systematic planning perspective is too rational, and while it is necessary to plan before market entry, in practice and particularly in SMEs, the internationalization process is more unsystematic, multi-directional and less sequential (ibid., 2004, p. 109). Li et al. (2004, p. 109) conclude: “Our fundamental point is that experiential learning and systematic planning are two separate but semi-sequentially interrelated components in the internationalization process of the firms. Neglect of either would be misleading theoretically and harmful in practice.”

The hybrid model of internationalization is particularly useful for small and medium-sized companies. In Li et al.'s (2004) opinion, neither the experiential learning nor the sequential planning perspective provides an appropriate view of the internationalization process. The contingency perspective is needed but as such it does not provide a coherent framework. The hybrid model is not a replacement of the existing models but rather provides an enhancement that can serve as a road map for managers and as a basis for future research (ibid., 2004, p. 112).

As can be seen above, the emphasis of the research of the internationalization process of companies has changed during the years, and certain models have dominated in different times. For example, the Uppsala model was dominant in the 1970’s. Nowadays the
emphasis is on the contingency perspective (including the network approach and Born Globals).

The global market place has changed significantly since the introduction of first theories of internationalization. We don't have a lot of theories that could present the phenomenon of born globals, hidden champions or rapid internationalization because of usage of internet. Although there are explanations for each of these segments, there seems to be a need for a common theory that would describe internationalization of SMEs in the new global environment and would even further developed the modern theories.

3.2 Reasons for internationalization of SMEs

The purpose of this chapter is to identify and explore a number of changes affecting global potentials for companies in general and specially for SMEs. Most of the chapter is based on Yip’s article of Global Strategy...In a world of nations? That has been largely discussed during the courses of Marketing in New Europe in Economic University Vienna by professor Schuh with attempt from the author to implement theory on SMEs in Slovenian market.

3.2.1 Benefits of international strategy

Slovenian entrepreneurs should realize the benefits of international strategy, which in general are:
- cost reduction
- increase competitive leverage
- improved quality of products and programs; and
- enhance customer preference (Yip, G 1989, 33)

By going international, a company can increase the benefits of economies of scale by pooling production or other activities for two or more countries. Furthermore, company can cut costs with exploiting lower factor costs by moving manufacturing or other activities to low-cost countries, which would in Slovenian case be very appropriate to other countries of former Yugoslavia, such as Bosnia or Monte Negro. Exploiting flexibility with moving production from county to county to take a advantage of lowest cost at the time and enhancing bargaining power with suppliers, workers and host governments are also benefits of international strategy.

International strategy nowadays provides more points from which to attack and counterattack competitors. By more and more competition that we are facing nowadays in our Slovenian market, our small and medium size companies will have to realize that they will have to forecast the international competitor moves and also expand to foreign markets in order to take all advantage of global strategy and survive the competition of open market in EU.

A small business possesses a competitive advantage when it offers a product or service that is superior to those of competitors. However, the firm's strength in the home market may translate well to international markets that are uniquely suited to the product offered. The
cost of developing a competitive advantage is rising, reflecting the increasing cost of technology and demand for sophisticated products. Because fewer consumers in the home market would be interested in a highly-differentiated (and often more expensive) product, it may become necessary to search for international markets with the same unique demand to increase sales and recover product development costs. Therefore, some small firms find that international expansion is now essential to performance.

By using an international strategy, companies usually focus on a smaller number of products and programs than under a domestic strategy. This concentration can improve both product and program quality (Yip, G 1989, 33).

International availability, serviceability, and recognition can enhance customer preference through reinforcement. By focusing on one special and quality product, which has a lot of competitive advantages, Slovenian small and medium size companies can achieve this by enhancing customer preference on European market and later maybe on global market. The example for this can be seen by examining the company Akrapovič from Slovenia.

3.2.2 Drawbacks of international strategy

International strategy can of course have some drawbacks as well, so every company should decide for themselves if there are more pros or cons for their strategy of internationalization to foreign markets. Internationalization can incur significant management costs through increased coordination, reporting requirements, and even added staff. It can also reduce the firm’s effectiveness in individual countries if over centralization hurts local motivation and morale.

Product standardization can result in a product that does not entirely satisfy any customer. When companies first internationalize, they often offer their standard domestic product without adapting it for other countries, and suffer the consequences (Yip, G 1989, 34).

Integrated competitive moves can mean sacrificing revenues, profits, or competitive position in individual countries, particularly when the subsidiary in one country is asked to attack a global competitor in order send a signal or to divert the competitor’s resources from another country. Furthermore so-called uniform marketing can reduce adaptation to local customer behaviour.

Slovenian small and medium size companies should find the balance between over globalizing and under globalizing. The ideal strategy matches the level of strategy globalization to the globalization potential of the industry. More and more experts’ opinion suggests that far more businesses suffer from insufficient globalization than from excessive globalization.

Furthermore, when we talk about industry globalization drivers, they provide opportunities for Slovenian small and middle size companies to use global strategy levers in many ways. This is of course special for every segment of industry, but we have to realize that more and more industries are developing globalization potential, specially nowadays with open EU market and emergence of possible Pan-European market.
The motivations and also barriers for small businesses to go global are numerous, but the ultimate incentive is this: If one business fails to seize an international market opportunity, another business will. Under these conditions, the best defence is a good offence. If a firm establishes a position outside of its domestic setting, this may pre-empt rivals from exploiting the same opportunities and using them against the former in the future.

The traditional motivations are still powerful forces pushing small businesses in the direction of international business. Small firms can achieve and enhance profits by expanding their markets internationally, obtaining needed resources in other countries, and reducing costs. These forces have driven some measure of small-firm global business for centuries; however, the changing global marketplace now offers opportunities that go beyond those that existed in years past. Some of the significant opportunities identified arise from the changing configuration of world markets and the potential for expanding a firm’s competitive advantage, the opportunity to achieve economies of scale and learning-curve efficiencies, and the attractiveness of special locations. By exploiting these opportunities, small businesses can reap benefits that supplement traditional returns and make global business increasingly attractive.

3.3 Internationalization of Slovenian SMEs

3.3.1 Level of internationalization of Slovenian SMEs

We can judge about level of internationalization of SMEs in Slovenia only on the basis on balance sheet of companies and only a few researches (Rebernik et al., 2006, p.76 based on Burgerand Svetličič 2004, Ruzzier 2004,). Also our research here is based on Slovenian entrepreneurs observatory 2005, with the chapter of Internationalization of small and medium size enterprises (Rebernik et al., 2006, p.69-80), that is a paper from Institute for entrepreneurship and business management, that is based at my home university. If we can say that the field of SMEs internationalization is not so well researched in global environment, I have noticed that this field extremely lacks research in my home country Slovenia. Luckily there are Institutions like Institute for entrepreneurship and small business management that conducts some researches that are broadly used also by Slovenian government. If we judge the level of internationalization based on percentage of income made on the foreign markets, we can say that the level of internationalization of Slovenian SMEs is relatively low. Almost two thirds of companies are only selling on domestic market and only one third also on foreign. This are successful companies that are employing almost a quarter of employees (71,4% in the year 2003) and make the most part of common yearly income (78,6%) and added value (77,3%) (Rebernik et al., 2006, p.76).

On the other side, the data is showing that Slovenian SMEs are becoming more and more internationalized from the perspective of selling goods and service on foreign markets, based on the income on foreign markets, which is increasing every year. Most export based are large companies, who create on the foreign markets around the third of their income (32,9% in year 2003), less medium sized companies (23%) and the least small companies with a little more than 12% of income on foreign markets (ibid., p. 76).

Data based on GEM (Global entrepreneurship monitor) are showing that the percentage of companies in Slovenia that have more than three quarters of their costumers abroad is less
than a third. The least internationalized are new ventures, which have in average 70% of them less than a quarter of costumers outside of Slovenia (Rebernik, Tominc, Pušnik, 2006, p.29). Between the entrepreneurs that are only started to build the company, there are around 17,3% of the ones that attend to have more than a quarter of costumers abroad. Furthermore, between companies that are in business less than three years (new ventures) this percentage is only five and a half.

3.3.2 Type and motives for internationalization of Slovenian SMEs

Slovenian SMEs usually use basic forms of internationalization that are direct export, import and export over agent and only rarely use more complex forms of internationalization, leak franchising and direct investments. The results from questioning of 161 of internationalized and 86 of not internationalized Slovenian SME in the year 2003 (Rebernik et al.,2006, p.78, based on Ruzzier 2004) are showing, that almost three quarters of companies are internationalizing using one or two ways of internationalization. The main internationalization for Slovenian SMEs is exporting their goods and services (66%), than importing (27%), export using an agent (15%) and contract cooperating (12%).

The main economic and strategic factors for internationalization of Slovenian SMEs are not usually based on long term strategic motives. Conclusions from the research of 180 companies from Slovenia, Czech Republic and Poland from year 2002 (Rebernik et al, p. 78, based on Burger and Svetličič 2004) are showing that SMEs decide for international investments mostly because of business reasons. Second most important factor for them is fulfilling the market niches that lead to satisfying customer demands and wants. Least important motives for internationalization are seizing the opportunity because of sealing at the lower price and opportunity of lowering costs of operations. One of the reasons for this can be that SMEs are more directed on market niches, where products and services are more differentiated, where they satisfy specific needs of known customers and demand is less price elastic (Rebernik et al., 2006 p. 78, based on Burger and Svetličič 2004).

Slovenian SMEs are operating on relatively small number of markets. Most of them are selling their products or services in one or at most in three countries (39,8%) and only 4,3% of SMEs in 21 or more countries. In the most cases Slovenian SMEs are present in Italy, Austria and Germany, following by the countries from former Yugoslavia and Russia and other countries from EU. Relatively small number of markets is a result of low complexity of internationalization and low level of (practical) knowledge in Slovenian SMEs (Rebernik et al., 2006, p.78).

For the start-up of activities of internationalizing Slovenian companies need in the average about one to two years, during what their income of sales on foreign markets does not exceed 5 or 10% of made income. On the other side, some SMEs are counting quick growth of yearly income from sales on foreign markets: in the average 10% a year in first two to three years and 20% from third to fourth year. In these companies their income from sale on foreign markets represents an important share in the structure of incomes (Rebernik et al., based on Ruzzier 2004).
3.3.3 Obstacles for internationalization of SMEs

Slovenian SMEs are facing a lot of obstacles when they are trying to reach international markets. One of the most important obstacles is the shortage of practical knowledge in Slovenian SMEs, growth ambitions of Slovenian entrepreneurs and their low technological equipment (Rebernik et al., 2006, p.79).

Rebernik et al., also stresses out that the level of needed practical knowledge with internationalization in Slovenia is low in comparison with developed countries. As process of acquiring this kind of knowledge is hard to plan and takes a lot of time, as it is a long term process that entrepreneurs will have to take it more intensively, also with the help of government policy that has to provide useful information about global market and examples of good practice, all in the goal to help entrepreneurs to stay competitive in today global market place.

Growth ambitions are from the view of internationalization very important for SMEs as the decision of internationalization usually bases on the willingness of entrepreneur to expand its company. Researches of entrepreneurship in Slovenia show that ambitions of entrepreneurs show high degree of motivation to grow in the start-up and less motivation as the company gets older. When in the average of 18,6% of new ventures expect that they will create 20 or more working places in the next five years, it is between the companies that are doing business for more than three years the percentage in the average only 15,7%. Between the developing, new and settled companies there is the most of them that in average expect to create five or less working places. Concerning this matter we can see that practical knowledge is leading to more cautious thinking. As we consider the barriers for internationalization regarding growth ambitions, we have to consider that most of SMEs are based only on domestic market also because of the barriers of entry to foreign markets are for SMEs larger than for large companies (ibid., 2006, p.79)

Internationalization of SMEs in Slovenia is slowed down with the low level of technological development of its companies. On the biggest extent Slovenian companies are using technology that is available for more than five years. This goes especially for developing and new companies where about 7% of entrepreneurs think that they are using technology that was not available one year ago. Between entrepreneurs that are starting a new venture this percentage is about 2% (ibid, 2006, p. 79)

3.3.4 Push and Pull factors for Slovenian SMEs

We propose this chapter on the researches done on internationalization from smaller emerging markets to bigger ones. The significance of emerging economies cannot be underestimated, given developed markets of the world increasingly suffer from economic stagnation, ageing populations and declining birth rates. Also Slovenia is in the frames of being the emergent market and can follow the same patterns as other emergent market countries. The chapter is based on research from Etemad (2004, p.1-21).

The process of firm internationalization is a complex one, and smaller firms from emerging markets have recently been expanding to the more developed markets of the world. Etemad
posed that there are factors “pushing” SME’s out of local markets and other factors “pulling” SME’s into the global marketplace, and the interaction between the push and pull forces result in what he calls the “mediating” forces that are dependent on the characteristics of the firm, the firm’s dynamics and its entrepreneurial mindset (Etemad, 2004, p.9). He defined the entrepreneurial mindset as “a lens through which the firm sees internal and external forces magnified, or as a filter that lessens the true impact of such influences” (ibid., p.9). The push factors as described by representing forces within the organization that exert pressure on the firm to internationalize. In reviewing extant literature, a firm’s history could act as a driver of internationalization.

Of particular importance to an SME, is the role the owner/manager. Often the owner and manager is a single person, hence their level of education, international experience, country of origin and ability to speak foreign languages either accelerates or hinders the firms internationalization process. Another strong push factor from within the organization is the presence of networks. Social bonds were found to create trust between parties, and act as a vital factor for the foreign firm to gain entry into the business network. Furthermore the entrepreneur’s social network was seen as a crucial resource, as the internationalization process is often depended on the owner/manager and his experience in a small firm.

Also identified forces influencing the internationalization of the SME described as “pull” factors are providing incentives for the firm to internationalize. These pull forces are external to the firm hence exist in the environment. One of the most influential pull factors is the opening up of economies and the evident borderless business world. The deregulation of economies has given small firms the opportunity to deliver products and services in regions other than the domestic market. Another dominant factor attracting SME’s to internationalize is the constant introduction of new technologies.

The existence of technologies such as the fax, email, videoconferencing and online business databases, have reduced what used to be insurmountable business costs for SME’s. The mediating forces are seen as an interactive influence between the push and pull factors, and are dependent on “the firm’s own internal dynamics, comprising the firm’s propensity to internationalize in terms of its entrepreneurial orientation (or management’s mindset)” (Etemad, 2004, p.9).

An additional barrier faced by SME’s from emerging markets is inadequate government support. However, government and trade organization was identified as essential to SME’s in order to help them keep up and be aware of the latest market trends, consumer preferences and technologies and make contact with potential buyers or agents.
3.3.5 Lessons for economic policy

Example of Slovenian international SMEs confirms the theories that understand internationalization as evolutio nal process on the basics of cumulative process of learning and un-learning, as well as on the level of individual as on company, regardless of fast changes in market (Rebernik et al., 2006, p. 80). In this way, the acquiring all three dimensions of learning (learning about customers, competition and markets, learning about institutional framework and knowledge of internationalization) and abolishment of institutional and other barriers for internationalization, important instrument with which we can divert the lever of internationalization for external to internal initiatives. Overlook of theory of internationalization of SMEs and conclusions of researches on internationalization of European and Slovenian SMEs, discover three basic elements for creation of measures of economic policy towards acceleration of internationalization of SMEs (Rebernik et al., p.80):

1.) Internationalization is much more than joust export. It includes broad set of activities which contribute to competitive advantages of SMEs. Measures of economic policy must in this way capture all different aspects of internationalization and broad set of activities for it.

2.) Time and knowledge of management are usually limited. Measures should therefore introduce concrete tasks regarding internationalization, especially for those SMEs that don’t have experience with doing business on foreign markets.

3.) SMEs need specific and goal based measures, like solution towards seeking foreign partners. Based on researches there are not a lot of supporting measures on SMEs because of the traditional trend towards measures on export. Regarding this, measures should focus more towards experience of entrepreneurs and developing of the competence in broader sense.

Practical knowledge plays an important role for internationalization of SMEs, which should be also very important knowledge for economic policy. Regarding this it is knowledge of customers, competition and markets, knowledge of institutional frames and cultural and society norms and values on targeted market and of course, knowledge how to globalize. Although this is about knowledge that is partly rotted in organizational culture and structural of company, it is an important role of actors in economic policy that with different activities encourage and support companies in acquiring this knowledge. Furthermore this is even more important as there are no obvious signs that Slovenian companies should in short term acquire this knowledge and in greater deal decide to internationalize and so the role of government stands important in providing useful information on foreign markets, provide services and training and provide sources to supporting institutions regarding internationalization of SMEs.
4. BUSINESS ENVIRONMENT IN THE PROCESS OF INTERNATIONALIZATION AND INSTITUTIONAL SUPPORT FOR SLOVENIAN SMEs

With increased globalization of international environment there is more emphasis on interdependence of individuals, companies and governments of the countries. In the last years there is also a different role of the country on this field (Svetličič, 2001, p. 72-247). The role of the government is to create an environment in which the globalization will perform individually in its country or together with other countries in regional or extended world frame. Developed countries initiate a lot of help to the companies that would like to internationalize and they develop institutional support and information infrastructure (Rezec, 2002, p.8-114). There are different business environments in which companies work in.

Because of the influence of many forces and actors of international environment on companies in the internationalization process, researches of foreign markets in environment analyzes, should pay a special attention to a broader dimensions of macro environment, that are of importance in the process of planning of strategies and controlling of changes (Jurše, 1999, p.39-40):
- social-economic environment: social-political system of the country, economic system of the county, cultural and social specialties of foreign environment, legal and financial environment
- technological environment
- ecological environment

As this information are hard to get for SMEs, as they usually lack resources and knowledge to conduct broader research of the foreign markets, special attention should be put by government of Slovenia and European Commission, in supporting institution that help SMEs in the process of internationalization and provide SMEs with valuable information and other support that helps them in their international activities. Slovenian entrepreneurs should be aware of this institution and take full advantage of their programs. In this chapter we will outline some of these Institutions that can help speeding the process of SME internationalization in Slovenia.

4.1 Ministry of the economy

Those Slovenian companies that wish to internationalize can find support of Slovenian government, its ministry and its organs. The help is given by ministry of the economy and agency for economic promotion of Slovenia and foreign investment and also with Euro Info centres. Ministry of foreign affairs has limited influence with development of government strategies in relations to foreign states, which is limited to political and diplomacy role and does not include linking role, what is known for ministry of foreign affairs in European commission. The ministry of the economy develops programs and measures for implementing strategic goal of economic development of Slovenia and increasing of competitiveness of companies and the country.
The underlying basics under directing the activities and use of financial means from ministry of the economy for encouraging investments and strengthening of competitiveness of economy is the Program of measures for stimulating entrepreneurship and competitiveness for the years 2007-2013, which was accepted on 06.07.2006.

The program contains and focuses on four strategic documents that concern the field of economic policy: Strategy for development of Slovenia in the years 2007 till 2013, Program of reforms for implementation of Lisbon strategy, Frame of economic and social reforms for growth of welfare in Slovenia and National research and development program for the years 2006-2010. The program of measures is an action program for actions that are demanded by all this documents and is based also on international comparison and researches about entrepreneurship and innovations (MZG, 2006, p.4). The core document is based around the research from GEM (Global Entrepreneurship Monitor), which was written by Institute for entrepreneurship and management of small companies at Economic and Business University of Maribor. The new program is based on the four chapters: Stimulating of entrepreneurship and creating good entrepreneurship environment, Knowledge for economy, Development and Innovation in economy, Financial mechanisms (MZG, 2006, p.2).

The document contains a lot of measures to develop and increase the meaning of entrepreneurship, which of vital meaning for Slovenian economy and we can only hope that most of these measures will be successful as the role and the status of Slovenian entrepreneurship is still far from good, comparing ourselves to other countries that are in the GEM research. Some of these measures are already given in the research itself and in Slovenian entrepreneurship observatory, which is also written by the same institute at Economic and Business University Maribor. Slovenian government is slowly realizing the need of strong field of small and middle size enterprises as they employ a substantial percentage of people and strongly contribute to country GDP. By reading the program of measures from Ministry of the Economy we can only hope that the government will be so capable to implement these actions into practice.

Although there are many subjects and frames to talk about we will focus on the field of internationalization of SMEs which is also represented in the document as the field that can bring an added value to Slovenian SMEs. The field of internationalization of Slovenian SMEs was also broadly discussed in the previous document from Ministry of the economy: The program of measures for promoting competitiveness and entrepreneurship for the years from 2002 till 2006 (MZG, 2001, p.1-23)

The goal of the field of the internationalization of Slovenian SMEs is quicker enrolment of Slovenian companies in international processes and encouraging inflow of direct foreign investments. Some of the key measures are:

**Encouragement of internationalization of Slovenian SMEs**

Intention of this measure is to co-finance the part of the expenses of small and middle size enterprises in their attempt to seize and strengthen the position on the foreign markets, acquiring of strategic alliances and establishment of business relationship with companies in foreign market.
Encouragement of export investments of Slovenian SMEs

Intention of this measure is to support Slovenian SMEs in planning and performing investments in other countries, which means the transfer of knowledge, cost reduction or strengthening of the existing and opening of the new markets and in the same time the strengthening of the development part of the company in Slovenia. The intention of measurement is to encourage companies in investment into new products, new technology and transfer of research and development results and new technologies in the whole economy exploitation.

Ministry of the economy is co-financing the costs of planning the investment, transfer of knowledge and helps the strengthening the R&D part of the company with co-financing the cost of non-material and material investments and costs of research work in the company in Slovenia.

Encouragement of direct foreign investments

The intention of this measure is to increase the attractiveness of Slovenia for direct foreign investments with lowering the income costs of investments that will have a positive affect on new employment, transfer of knowledge and technologies and encouraging of symmetry regional development. Ministry of the economy encourages the linking of foreign investors and Slovenian companies.

4.2 Slovenian enterprise fund-SEF

As already mentioned, there are some other institutions of public and private sector that offer different forms of support to Slovenian small and middle size enterprises in the process of internationalization. Some of them are under Ministry of economic, but I will mention them anyway. Slovenian enterprise fund (in continue SEF), which is national finance institution in the frame of Ministry of the economy, build mostly with intention to ease the access of Slovenian SMEs towards sources of financing R&D investments of the companies.

Mission of the SEF can be underlined in the six points (SEF, 2007):

- encouragement of investments from Slovenian SMEs in R&D projects,
- encouragement in creating new ventures especially in institutions in innovative fields,
- equalizing the credit and other finance measures between SMEs and large companies,
- entrance of the SEF in the financial market in the fields where bank market is not enough effective,
- encouragement of capital investments in every phase of development of SMEs with credit means, and
- encouragement of capital investments with different forms of warranty.

The main task of the SEF is to insure the coordination of sources for sequence circles of financing in SMEs (development finance, finance for early growth, finance in fast growth and finance for expenditure) and with this to secure the support and execution of most demanding strategic projects in the sector of SMEs. Preferences are on knowledge and innovativeness based projects that contribute the most added value.

To ensure financial support policies for small and medium sized enterprises, SEF receives funding from the national budget. These sources represent the earmarked capital which is equity of the fund. At the end of 2004, the equity (responsible own fund) amounted a total
of € 43.9 million. The provision fund for covering the investment risk amounted of a total € 2.49 million. As an independent institution, SEF is responsible for the investment policy regarding the equity and covers its own management and operating costs.

4.3 SID-Slovene Export and Development Bank

This is a Slovene export credit agency (ECA). It was established on the 22nd of October 1992 as a special private law financial institution for insurance and financing of exports, in accordance with the special Law on Export Insurance and Finance Corporation of Slovenia. SID Bank is registered for a broad range of activities aimed at the promotion of sales of goods and services and outward investments of Slovene companies abroad.

It works for two accounts and firstly on its own account, SID Bank finances international trade and investment transactions; issues guarantees for transactions of companies on foreign and domestic markets; provides credit rating information, consulting, assistance with collection of debts and performs other supplementary services.

And furthermore on account of the State, SID Bank: insures export credits against non-commercial risks; insures outward investments against non-commercial risks; insures medium-term export credits against commercial risks; insures short-term export credits against commercial (non-marketable) risks in non-OECD countries (SID, 2007).

4.4 JAPTI-Public Agency of the Republic of Slovenia for Entrepreneurship and Foreign Investments

JAPTI’s mission is to enhance Slovenia’s economic competitiveness through technical and financial assistance to entrepreneurs, businesses and investors. It is a point of contact for foreign investors, local exporters and importers, and it works closely with key players including the Slovenian Government and local authorities, as well as business associations.

It was established in 2006 by combining the capabilities of the Public Agency for Entrepreneurship and Foreign Investments (JAPTI) and the Slovenian Agency for Trade and Investment Promotion (TIPO). JAPTI strives to foster entrepreneurial spirit, give impetus to new undertakings, and help operating companies to improve performance. By promoting the business image of Slovenia, JAPTI tries to attract more inward FDI. The abilities and talent of its staff and the guidance and financing from the Ministry of the Economy are put at use to grow exports, attract and retain direct investment, and globally market the business image of Slovenia (JAPTI, 2007).

It has capacity to provide investors with information on investment opportunities and business operating conditions. This assistance aims to reduce investors’ start-up costs associated with site selection and includes investment-specific information and company counselling.

All services are free of charge and include critical information to develop foreign investment strategies, understand sector trends, assess locations, and make contact with authorities and supplier clusters. JAPTI offers the following services (JAPTI, 2007):
- Providing information on legislation, taxes and incentives;
- Providing information on Slovenian suppliers;
- Organizes fact-finding missions;
- Handpicks industrial sites to suit investors' needs;
- Providing links with industry and local authorities;
- Offering advice and gives a hand in practical matters;
- Remains investor's partner even when project is running at full steam.

We can see that JAPTI is a new project and can bring much good in the entrepreneurial area if it is carried on with the mean that is described in its mission.

4.5 The Chamber of Commerce and Industry of Slovenia-CCIS

It represents the business community, provides support and advice to companies as well as a full range of professional services aimed at strengthening competitiveness of its members. This blend of features and functions are intended for fastening the economic growth of Slovenia. In the first place there is a promotion of Slovenian economy abroad and highly developed information systems that connects all the members. Every year they do over 120,000 counselling, 300 seminars and organize over 40 business conferences.

The main tasks of the Chamber of Commerce and Industry of Slovenia are especially representation of member companies and look after their vital interests, to provide expert information and professional support and to serve the community by performing other tasks entrusted to it by government (CCIS, 2007).

4.6 Euro Info Center

In 1987 the European Commission set up the Euro Info Centers Network as one of the basic instruments of assistance to small and medium-sized enterprises. The Network was established under knowledge that SMEs' play a very important role in creating new jobs.

Euro Info Centres offer general information regarding programs, initiatives and public tenders, European sources of financing attended for SMEs (also for candidate countries). Besides general information on EU there are also available information about business fairs, conferences, seminars, workshops and round tables and as well about special services that are offered by other institutions and information networks.

Euro Info Centre is the right address for SMEs that need help in positioning on the common EU market, because it provides help in establishing business co-operation with the partners from EU over the organization of business meetings and entrepreneurial forums. Besides that Info centres informs enterprises about specialist information sources for establishing business contacts (partner search), they provide help in establishing and carrying out EU initiatives, programs and projects for SMEs, organize workshops, conferences and seminars on different EU topics, regarding the needs of SMEs.

With the help from European Commission, especially from DG Enterprise, other Directorates and working groups that exist within the network, they assist SMEs in the process of harmonization of their products to requirements of common EU market with consulting on customs, EU standards (in the field of environment, technical requirements
for CE marking, etc.) and required procedures regarding the participation in EU programs and projects.

The goal is to open SMEs door to European market of public tenders. They monitor open EU tenders and the announcement of tenders within EU programs that are open for Slovene enterprises. Among that they service business co-operation, offers and demands where SMEs can find suitable business partners or give away their offer or demand.

One of the activities that are carried out by Euro Info centres is also management and implementation of the projects. Enterprises and other institutions that in various ways take part in the projects are in that way always in the stream of actual happening on business market and they also have access to fresh information. Enterprises can join the project as a pilot case, as a good practice, they can get financial sources form EU or just gain useful knowledge from the numerous business fields. Among the various EU programs can each enterprise find its own niche and business opportunity.

All Euro info Centres in Slovenia together (EIC Koper, EIC Maribor and EIC Ljubljana) publish EIC News that cover information on European Union, European Commission, EU programs and projects, activities of Slovene EIC Network and entrepreneurial environment (EIC, 2007).

4.7 Institute for Entrepreneurship and Small Business Management (IPMMP)

This is a unit within Faculty of Economics and Business. The Faculty of Economics and Business was established in 1959 and is one of twelve schools within University of Maribor. Currently, there are more than 130 people employed at the Faculty, two third are teaching and research staff.

IPMMP is specialized in entrepreneurship and small business research and consulting. Members of the IPMMP are involved in different studies and research projects that include: surveys, data collection, interviewing national experts, data analysis, questionnaires, sampling etc (IPMMP, 2007).

The most comprehensive international research project currently led by IPMMP is GEM Slovenia. GEM Slovenia is a research in the frame of the world research of Global Entrepreneurship Monitor, which is coordinated by the team at London Business School and Babson College in USA and has a active 50 member states, which conduct the researches from the early faze of entrepreneurship activity to settled entrepreneurship and the factors that influence the birth of new enterprises. The research is of crucial importance to Slovenian entrepreneurship field as it shows a reality picture in Slovenia which is far from good. The research contributes vital data for other Slovenian institutes concerning SMEs and shows the vital parts on which Slovenian government should focus on. The results in the last years show a positive trend in entrepreneurship and its growth, but we are still far from the place the entrepreneurship should be in the developed European country. So the research gives an opportunity to improve this field in economy, which will contribute greatly to the whole Slovenian economy and will even strengthen and push Slovenia between the developed countries in Europe. The institute realizes that development of entrepreneurship plays an important role in economic and social
development. Understanding what is happening in Slovenian enterprises is important not only in order to pursue an appropriate economic policy but also in order to find the advantages and disadvantages of Slovenian companies in comparison with enterprises in other European countries. The goal of making Europe the most dynamic economy in the world by 2010 will be difficult to achieve. It is a fact, that if Slovenia wishes to join the most developed European countries, it will have to speed up its economic growth. Without successful and high-growth enterprises and without the dynamic process of establishing new enterprises, it will not be possible to reach this target.

Since 1999 the institute also runs on a yearly basis Slovenian Entrepreneurship Observatory which on the basis of the questionnaire surveys (phone and mail), and company data analysis provides overview of entrepreneurship activity in Slovenia (IPMMP, 2007).

Institute plays also an important role for students studying at Faculty of Economic and Business in the field of entrepreneurship as well as other students as all the staff from the research team is also teaching, so the students can get vital new information and the role of entrepreneurship from the first hand.

We have to also mention other institutions that create and compose business environment in the process of internationalization of Slovenian SMEs. Big role in financing of Slovenian SMEs is also played by Slovenian bank sector, which cooperates also with public fund of Slovenia for development of small business, on the program of giving better loan conditions. Possible way of financing the internationalization of SMEs is also through venture capitalists, which are showing more and more on our market, although the situation is far from where it should be. In more developed countries there is also a possibility of financing directly through capital market, but this is not likely to be happening in our country very soon because of still poorly developed capital market. Also Slovenian insurance sector plays an important role in internationalization of Slovenian SMEs. Service of insurance of different risks is interesting for SMEs especially because insurance companies can adapt to special needs of SMEs. The vital mean for Slovenian entrepreneurship is more active cooperation and collaboration between JAPTI, The Chamber of Commerce and Industry of Slovenia and Chamber of Craft of Slovenia.

Although we can see that they are quite a lot of institutional support that is given to Slovenian SMEs, this is still not competitive to other countries of more developed Europe and is the field that the government will still have to work hard on. Big problem is also in giving information and marketing of these institutions to entrepreneurs and people in general as most of them do not know about this institutional support and information about them.
5. PAN-EUROPEAN MARKETING

In the past and nowadays there are many discussions concerning “pan European” marketing in response to the Single European Market (SEM). It is a fact that strategic marketing issues facing Europe and Slovenia today differ from the ones before the creation of EU and integration of Slovenia in it. Over the last sixteen year period since the symbolic SEM date of 1993, pan-European marketing appears to be emerging reality. In this chapter I will try to show some advantages and drawback of Pan-European marketing and the forces that are creating this market. Our findings are mostly based on authors that will be mentioned further on, and class discussion and assignments in summer term of Vienna University of Economics and Business Administration, in class of Marketing in New Europe, which is lectured by professor Arnold Schuh.

5.1 Background

The beginning of 1993 was one of the milestone of European development, the Maastricht treaty of 1992 transformed European Community (EC) into the European Union (EU) and the end of 1992 marking the transition period towards the completion of the Single European Market (further on SEM). Since then many changes have taken place. The most important one for Slovenia is for sure country members enlargement starting in May 2004 and the introduction of a common currency, the Euro in the most of the original EC countries, which Slovenia also proudly adopted in January 2007. There has been increasing application of EU legislation, harmonization and industry de-regulation in most sectors, encouraging a pan-European strategy. As a result, pan-European competition has advanced, with a series of major mergers, acquisitions and alliances. Finally, Europe-wide market access has developed, what has been a major constraint at the beginning of EU, because the market was dominated by national distribution channels and media. Still there are some drawbacks for pan-European marketing as some obstacles still exist, like different consumer preference, incomplete harmonization, continuing national subsidies and tax differences (Halliburton et al., 2004, p.15).

One major factor has been the development of the internet, both as a new “business model” as well as a major communication medium further encouraging a global approach. The same goes for the advances in mobile communications (Liu et al, 2004, p.1).

Firms cannot opt out of Europe; even if their managements decide not to trade with the new EU, they will still face increased competition in their home markets. Question about the most appropriate set of product, pricing, promotion, and distribution policies across Europe and the desirability or competence to execute a common market programme is no longer limited to a few internationals but must be considered by small and medium sized firms as well (Guido, 1991, p. 340).

A pan-European strategy represents a regional strategy, what means the optimization of business activities within a defined region. It means that managers will adopt a regional view in strategy formation and implementation and in this way they will start to look for similarities and not for differences. Nowadays it is not a question if pan-European marketing is at work, it is joust a matter to which extent.
5.2 Segmentation

Pan-European marketing really means viewing Europe as a distinct geographic segment to be treated in a uniform way within Europe, but differently from other geographic regions. The main concept is therefore segmentation, using national borders as a criterion. Regional strategies are conceptually identical to global marketing strategies, only that they are applied to a smaller set of countries. So the task for managers is to find a balance between national responsiveness and global integration demands.

The first question for pan-European strategy is whether segments of major importance can still be defined along borderlines of the single states within Europe. If this is the case, then Europe is too heterogeneous to treat as one large segment. To test this proposition, the researchers should define potential segments on the basis of non-geographical cluster variables and examine the extent to which the segments in question are significantly independent of specific countries (Halliburton et al., 2004, p.18, based on Hofstede, Steenkamp and Wedel, 1999). For example, a study of a major consumer product multinational looked at consumer usage/attitude behaviour across countries resulting in a switch from 17 different national marketing programs in favour of 4 Euro-regions cutting across national boundaries (Halliburton et al., 2003, 2004, p.18).

Furthermore, if there are identical segments in other parts of the world, than there is no European specificity and thirdly, a major prerequisite for any European segmentation is the definition of Europe. The question is which countries to include in the definition of Europe, if we include EU, than Switzerland and Norway can be excluded and all 27 EU countries still differ in terms of the differences in relative income, consumption patterns, local tastes, linguistic and cultural factors. These are not only between countries, but in some countries themselves, for example, between Italy’s South and North. In this research we will use a broad definition of Europe, with all the countries in EU and surrounding countries.

5.3 Drivers of European convergence

Collective identity reflects the fact that all European countries share more than two thousand years of joint relationships, categorized not only by wars, treaties and revolution, but also by the exchange of goods and innovative ideas. Trade relations and political links arguably have led to a form of shared, transnational identity, resulting from this common history, especially when viewed from outside of Europe.

The idea is rather to focus on supply side than on demand. The reforms are making the Single market more accessible, not more identical. The forces pushing toward a pan-European market are very powerful and some of them are presented here.

The problem is that governments cannot make markets. If they could, there would be no need for marketing and 320 million consumers would be suddenly transformed into 320 million euro-clones, drinking euro-beer, eating euro-wurst and watching euro-soaps on euro-satellite television (Guido, 1991, p.341).
The Treaty of Rome set out in the Article 14/2 the realization of the so-called four freedoms (free movement of goods, capital, services and persons). Since that time new Economic and Monetary Union and its single currency Euro (1999/2000), the Single Market Program, with the symbolic completion date of 1st January 1993, and with around 90% of the then envisaged 282 Directives and Regulations dealing with such matters as transportation and telecoms since passed by the Council of Ministers and with 80% of them implemented in the member states (Harris et al., 2004, p.37-41).

The evolution of the single economic system of the EU is based on policies and programmes to create and develop EMU. These are well developed in areas such as the free movement of goods, services, capital and labour. EMU has further increased the pressures for change to the competitive environment. The EU has developed a series of economic and social policies that aid and in some cases hinder the development of competitiveness of companies based in the EU. However, there are still many sectors and industries that have not been significantly affected by the EMU project. As the project continues to evolve, more and more sectors and industries will be drawn into this new system (Harris et al., 2004, p.53).

Financial schemes are to a large extent connected with the EU program. There are four Structural Funds: European Agricultural Guidance and Guarantee Fund, Financial Instrument and Fisheries Guidance, European Regional Development Fund and European Social Fund. There are also numerous action programs and projects, like Socrates, Leonardo da Vinci (which are important for students), eTEN and many more (Halliburton et al., 2004, p.21).

The European economic convergence has so far gone well beyond that process found in other regions or at a global level. Regional agreements such as NAFTA, ASEAN remain primarily at the level of free trade and customs union approaches. The 1995 transformation of GATT into the WTO and its enlargement, especially the admission of China, has to be seen as a real global achievement, but does not approach the level of integration within Europe, producing arguably a greater set of both challenges and opportunities (Halliburton et al., 2004, p.20).

The creation of European Monetary Union (EMU) has a multitude of effects on the environment in which companies have to operate. The major effect of the creation and development of the Custom Union, the Common Market and the EMU is to reduce the costs of conducting intra-EU transactions. This happens as the creation of free movement and a single currency reduces or eliminates costs associated with tariffs, currency conversation and exchange rate hedging costs. The economic and social policies of the EU impose costs by requiring organizations to comply with laws and regulations, but also benefits that arise from any improvement in the business environment that follow from policies (Harris et al., 2004, p.47).

Political convergence is much less developed, although many economic aspects are interconnected with politics, for example taxation issues. On domestic policy, “freedom, security and justice” now contains areas such as asylum policy, external border policy, immigration policy, and judicial co-operation in civic and criminal matters, police and
custom co-operation. Schengen agreement to abolish border controls has also to be applied by all member states.

Foreign and security policy is a more sensitive issue, as the Iraq war showed, although it was officially decided to develop a common policy in this field to, when the treaty of Maastricht was signed. A Constitution for Europe could become of a significant value not only for foreign European policy but still more so for European identity.

Many of the economic and social policies of the EU impact on companies whether or not they engage in intra-EU business. For example direct regulations on working time, health and safety, consumer protection and many areas connected to environment issues are not restricted to companies that are involved in intra-EU transactions. All companies that are located in EU must conform to such directives. In cases where there are no direct benefits from implementing these directives companies are faced with costs with no benefits. These policies may, however, confer benefit to society as whole, for example, environmental laws and regulations and policies to help the market process to operate in an effective way, possibly through consumer protection laws (Harris et al., 2004, p.52).

Socio-cultural convergence has been encouraged by a number of EU initiatives. The Maastricht Treaty introduced culture into the policy fields of the EU, amended in the Amsterdam Treaty of 1997 (Article 151). Although the main objective was to support the diversity of European cultures, this may also encourage a sense of a common heritage (Halliburton et al., 2004, p.22). The European space for Higher Education, which started with the 1999 Bologna Declaration, intends to promote convergence of higher education systems and goes beyond present EU borders, with 29 signatory states to date. Also more and more Slovenian universities are getting part already to this system as this is the case for Faculty of Economic and Business in Maribor and Vienna University of Economics and Business Administration. If this common project is realized by 2010 as planned, it may strongly influence the mobility of students and graduates and perhaps contribute more to European coherence than many other initiatives.

Infrastructure is crucial for all sectors described so far. Pan-European marketing presupposes the availability of cross-border means of information and communication as well as physical transport. Pan-European media, such as MTV or Eurosport, and access to the same entertainment programs through national media are powerful drivers towards cultural conformity.

5.4 Impact of European convergence on marketing and marketing mix

Marketing mix is a well thought blend of marketing instruments, which are shaped by international marketers in the program of international marketing in order to achieve marketing goals on foreign market (Jurše, 1999, p.310).

The company can standardize its marketing mix and in this way achieve significant cost saving in executing of marketing activities. But frequently there is a need of adjusting marketing mix or at least some of its elements because of the specialties of some international markets. This adjustments (modifications) of marketing mix causes on one
European drivers may lead to converging European customer traits on the demand side and, accordingly, to standardized European marketing policy on the supply side. Standardized marketing may have additional conformity influences on customer demand, supported by cost/price effects, resulting in what amounts to a reinforcing “Euromarketing” convergence framework. The effects of removing barriers between the EU-countries and large Europe in general are most relevant to market infrastructure factors (Wierenga et al. 1996, p.59).

In order to discover impacts of European convergence on marketing we have to divide it on supply side and on the demand side. First we look at the supply side with elements of marketing mix.

5.4.1 Product

In order to exploit the benefits of pan-European scale of product selling, it is beneficial to design identical offer for larger target groups. Product elements are standardized to the highest extent within the marketing mix. EU standards and legal requirements in many areas support an increasingly Europe-wide policy and EU-specific offerings. Especially business to business (B2B) products have already entered the EU market with very standardized approach of marketing mix, what can be seen also with “hidden champions” discussed further on. Moreover, financial support in special fields, the ease of intra-EU co-operation and merger and acquisition activities in many cases reinforce the emergence of “Euroconsumer” segments (Halliburton et al., 2004, p.25).

In terms of marketing the product is more than just the physical goods: it also implies packaging, servicing, branding, positioning, delivery and installation. The two most important regulation areas with direct consequence for a firm’s physical products are: technical harmonization and the regulation of competition. The first deals with the current differences between the Member States with respect to product standards, health, safety and environmental standards. Famous in this respect was the German purity law prohibiting the sale of beer brewed in other country than Germany (Wierenga et al. 1996, p.60).

As more uniform technical requirements and standards are introduced and spread over EU market, firms are likely to try to develop more pan-European products and brands. The result will probably be a smaller total number of new products introduced, but each with more potentiality because they are targeted at a wider population. Newly identified pan-European consumer segments, and the acquisition of strong national brand names able to be extended throughout Europe, should allow common positioning and package design to become more widespread in the whole Europe.

5.4.2 Price

Pricing and financing are increasingly subject to European integration efforts. The most obvious aspect is the common currency, which facilitates customer price comparison and
pushes companies towards a similar pricing policy. Also the availability of internet has become a decisive factor, which causes the narrowing of price policies across the whole Europe pricing similarity as consumer is all the time able to check for better prices over the net in every other country in Europe or in the world (Halliburton et al., 2004, p.25). Also European price policy is supported by legal framework for pricing and financing (like for e-commerce). Important for marketer’s pricing decisions is the removal of fiscal barriers, like VAT and duties. Frontier controls enabled the direction of VAT payments and the incomes to the consuming country. Europe nowadays has harmonized the taxation-system among the countries.

Furthermore an index of EUROSTAT 2007 shows increasing price convergence for consumer prices between EU members (EUROSTAT, 2007, p.158).

5.4.3 Distribution

In the last years cross-border European distribution and retailing have increased. Large retailing companies are presented in many European countries, for example Spar and Ikea, which are also present in Slovenian market. There is a common trend towards increased concentration, large outlets and discounting principles. E-commerce is now widely available and in some fields very well accepted (Liu et al, 2004, p.28).

Distribution of goods and services was dramatically affected by the removal of administrative barriers. The infrastructure of railways, roads and waterways has been shaped by the national needs: a region use to be connected with the major centres in the own country. Big retail stores are conquering the international markets and distribution channels are becoming more and more effective through whole EU.

5.4.4 Promotion and advertising

Internationally operating advertising agencies and market research companies are developing lifestyle classifications which can be applied to consumers in different countries. One of the purposes of such a classification system is to find similar groups of customers in different countries. Such an analysis could be the starting point for European market segmentation (Wierenga et al, 1996, p.51).

Marketers can make use of variety of promotion tools, such as advertising, sales promotion, publicity and personal selling. Regulation concerning the advertising aspect, where pan-European broadcasting is one of the most frequently discussed topics (Wierenga et al. 1996, p.61). Although advertising can be set now for the variety of countries in EU, there is not a typical case of company that would do the total pan-European advertising campaign as there are still more opportunities in segmentation as the opportunities to reduce costs with pan-European campaign. But because of the trend of the convergence of customer needs in EU we can expect more and more common European campaigns that will give a cost saving opportunities to international companies.

Before recently EU companies faced a lot of barriers for getting market information about targeted country. Nowadays many organizations have databases on a Europe–wide basis and many market research companies have establish European networks. Increased
attention is being given to international market research with many companies that can collect secondary and primary data for helping companies to internationalize. Countries are financing supporting institutions that help companies to internationalize. As it was shown in the previous chapter of business environment in the process of internationalization many of institutions are quite new, so we can see a trend in establishing this institutions also in Slovenia.

On the demand side the evidence seems less conclusive. This may be because of conscious or unconscious resistance to change, nationalism and regionalism of consumers. Also there is a rise of “global individualism” due to increasing wealth standards. Although there is evidence that the increasing pan-European approaches of companies together with the advances in European integration have contributed to increasing similarity of buying habits and demand. Despite the persistence of entrenched national or local preferences in more context specific markets, there has been a positive trend towards increasing pan-European consumer behaviour in many products markets (Halliburton et al., 2004, p.27).

We can see that probably it is more likely that it is more on the supply side (manufacturers, retailers) than on the demand side (autonomous cultural homogenization) that will ultimately produce the European Consumer. Infrastructural and economic integration usually occur at a higher speed than the cultural and mental integration of consumers. Signs that companies increasingly take a Euro-wide approach (without necessarily adopting one standard marketing policy) are noticeable all over Europe (Wierenga et al., 1996, p.64).

In conclusion, a standardization of marketing is possible in a pan-European approach, restricted by the type of product, in relation to strategy and programs market cluster and to common market segmentation. This will require suppliers with the necessary capabilities to conduct marketing research studies in different countries simultaneously and make adjustments in the companies marketing and operating strategies. For each of the specific area of the marketing mix, marketers should be aware of the changes brought about by EU programme, the threats which could affect their planning, and the possible strategic options within their reach.

5.5 Strategic options for a pan-European marketing approach

Companies face three independent factors when formulating their strategic marketing options- geographic, target groups and product/service offerings (Hunerberg, 1994, p.97).

Geographic area to be covered has to be decided in the company. There are many possibilities ranging from global to local approach. Pan-European marketing selection belongs to a sub-global strategy and if not the whole Europe, but only parts are selected, than this can be categorized as sub-European approach. A sub-global strategy beyond Europe is also possible, for example the combination of UK and USA market. The areas selected within a Europe-oriented strategy may consist of several countries and areas defined across traditional country borders, for example, a segment may compromise parts of Germany and France (Halliburton et al., 2004, p.28).
Secondly, the target groups must be defined, as distinct from the geographic segmentation, with traditional segmentation criteria applied and thirdly, product or service offerings have to be tailored to the selected target groups in the defined geographic areas. The crucial question is to which degree they can be standardized geographically as well as customized to different target groups or even to individuals within the targeted groups (Halliburton et al., 2004, p.28). It should be borne in mind that this decisions can vary over the different marketing instruments, for example, a standardized product offering across all target groups in all countries may be advertised in a rather differentiated way, what can be seen also in the case of Heineken-Buckler, when they were trying to impose Pan-European approach (Case: Heineken NV: Buckler nonalcoholic beer, 1991, p.441-460).

The combination of these three factors leads to a number of possible strategic European marketing options (Halliburton et al, 2004, p.29)
1.) European segments consisting of a selection of countries- all of these segments treated in a differentiated way
2.) European segments, all or some of them, cross-border-all of these segments treated in a differentiated way. For example, “Euroregions” or the major financial centres.
3.) European segments consisting of a selection of countries-all or some of them treated in a standardized way. For example, Northern, Central and Mediterranean Europe with differences in climate and seasonality effects.
4.) European segments, all or some of them, cross-border-all or some of these segments treated in a standardized way. For example the youth market in major capitals with products such as Diesel footwear and jeans.
5.) Selection of Europe as one segment, treated in a totally standardized way. For example, certain B2B services, or automobile brands designed for the pan-European market.

Whereas option 5 constitutes a totally pan-European approach, option 1 is the contrary, distinct national segments. Option 2 takes into account some of the integrative effects within Europe by departing from traditional country segmentation but assumes similarities over countries. Option 4 combines cases 2 and 3. If the previous outlined convergence effects are valid, and increase in the future, then options 2 to 4 will increase in importance, and possibly also the “pure” pan-European option 5 (Halliburton et al., 2004, p.30).

5.6 Implications for Slovenian small and middle size companies

Over the last fourteen years, since the symbolic creation of single European market (SEM) date of 1993 pan-European marketing indeed appears to be more of an emerging reality. Companies therefore must find ways to reconcile simultaneously the advantage of pan-European scale with increasing customer demand for choice and persistent differences in national or regional consumer preference, so called “global individualism”. They will therefore need to be much better informed as to social and technology trends within Europe, to the new media and emerging distribution channels. They must find new ways to handle transnational customer relationship and to exploit the benefits of European marketing. They will need to adopt new marketing solutions, management styles and new sources of information in Europe. This is the task also for Slovenian SMEs and can be considered also as an opportunity as they can adopt this process quickly and take advantage of early comers. In order to do that, they will need to establish which countries or part of countries are interesting, on the basis of considerations such as population,
income, demand, and infrastructure, furthermore, discover whether cross-border segments are sufficiently significant, with similar demand criteria and establish suitable market accessibility, as well as harmonized supply-side conditions and finally decide which marketing instruments can be standardized over which segments and to which extent, again taking into account demand and supply-side market conditions.

Slovenian SMEs should be flexible and take advantage of possible use if pan-European marketing, especially as most of successful SMEs competes in narrow niche markets, where their products or services are standardized to highest extend. With the use of pan-European marketing they can offer the same or similar products/services around Europe and provide them with the opportunities of economies of scale and other opportunities that come with internationalization and were described in previous chapters.

In conclusion, Dallmer (taken from Guido, 1991, p.354), chief executive officer of an important European corporation, once told a story which symbolizes the European situation:” Two people were walking through the Black Forest where it was rumoured a very dangerous lion lurked. They took a break and were sitting in the sun when one of them changed from his big hiking boots to jogging shoes. The other one smiled and laughed and asked, “You don’t think you can run away from the lion with those jogging shoes?” “No,” he replied, “I just need to be faster than you.”

The integration of Europe is a complicated process and the implications for marketing are not immediately apparent. What we do know, though, is that the companies that will lose will be those who wait. It is not necessary to be first, but what is needed is to be faster than the others.
6. OPPORTUNITIES FOR SLOVENIAN SMEs

In this chapter we will try to identify some of opportunities that arise with new marketing conditions that Europe is facing in the last years. Also we will try to put some good examples of Slovenian companies that already took the opportunities and show them as an example of good practice. We are trying to show even further that new marketing conditions are taking place in market in Europe and that innovative, flexible and creative Slovenian SMEs can take full advantage of it, rather than to be afraid of this process. These opportunities can also be described as possible competitive advantage of Slovenian SMEs or even better as competitive strategies that Slovenian SMEs can use in marketing in the new market conditions.

6.1 Hidden champions

Here we will try to show the opportunities which arise to SMEs by following good practice from so-called hidden champions. The term entered European business lingo after publication in 1996 of a book with this title by Boon consultant and professor Hermann Simon who studied the success of German midsize companies like SAP, Stihl, Krone, Rittal, Bizerba, etc. A “hidden champion” is a midsize European or world market leader usually not well known to the public. Most of them operate in highly fragmented, usually B2B market and pursue highly focused niche strategies. Their characteristics usually are (Simon, 1992, p.115-122):
- Striving for global market leadership
- Focused on a small but lucrative global niche
- Outperform competitors in the areas customer values most (e.g. product quality, service, technological leadership, innovativeness)
- Avoid commodity products
- Blend technology and closeness to customers
- Rely on own technical competence
- Create mutual interdependency between the company and its employees
- Strong leader at the top of the company

6.1.1 Examples of hidden champions

Here we take a look at some examples of hidden champions from the article from Jack Ewing (Ewing, 2004, p.45) on hidden champions. The article has an amusing but true title: They can’t hide forever.

Essilor International, Paris

Is a world leader in corrective lens industry and had estimated sales in 2006 of € 2.69 billion. Their secret to success lies under constant innovation and that 50% of sales come from products less than five years old. The manufacturer of high-tech corrective lenses clearly lacks the name recognition of French outfits like Total and L’Oreal. Yet in terms of global reach and market dominance, Essilor in up there with them. Based in the outskirts of Paris, Essilor had virtually no sales in Asia a few years ago and today has a market share of 10%. Globally it ranks number one with annual sales three times bigger than from the
closest competitor. The company files close to 200 patents a year and spends the equivalent of between 4% and 5% of annual sales on R&D.

**Autoliv, Stockholm**
Is the number one supplier of seat belts and air bags to the global auto industry. The company started in 1956 and was one of the first companies in the world to manufacture seat belts. It has maintained market share by constantly improving quality and design, spending 6% of annually sales on R&D. Autoliv early success was helped by close cooperation with Volvo, whose marketing strategy has long been largely based on safety. It now supplies nearly all major auto companies and has factories in 32 markets. Annual sales in 2006 were around €4.7 billion.

**Technogym, Gambettola**
Technogym founder Nerio Alessandri muscled his way to number two in the global market for fitness equipment by pumping his exercise machines full of electronic intelligence. The privately held company, headquartered in Gambettola in north central Italy, pumps 6% of revenues into R&D. Technogym's latest line of equipment offers access to TV, stereo, a Sony PlayStation, and aroma-therapy through plasma touch screen. The estimated annual sales for the year 2003 were around €200 million.

**Dassault Systemes, Paris**
Is a master of virtual reality. Their niche is making sophisticated three-dimensional imaging software for product design and manufacturing. With Boeing and Airbus both using its software, Dassault has no serious competition in the aerospace business. It has also a dominant software share of more than 50% in auto industry. Chief Executive Bernard Charles, who took the helm in 1995, runs a lean operation, keeping labour costs down by recruiting specialists for its operations in 21 countries, from mathematicians in Russia to software developers in India. His secret of success is technical prowess and a sharp focus on the automobile and aerospace industries. The company expected annual sales for the year 2003 were around €710 million.

**Assa Abloy, Stockholm**
Bo Dankis, chief executive of lockmaker Assa Abloy, was tired of worrying about his home security every time his daughter lost her key to the family apartment in central Stockholm. So he took his own advice and installed the system that register each key code and allows codes to be deleted if a key is lost. It also can be set to accept or deny entrance at specific times. Assa Abloy is the world number one lock supplier with 10% global market share and operations in more than 40 countries. The secret to success for them is smart acquisitions in key U.S. and European markets. The estimated annual sales for the year 2003 are estimated around €2.5 billion.

**Herbert Kannegiesser, Vlotho**
Martin Kannegiesser, Company president, from the small town of Vlotho in north Germany was previously dominant in the small market of machines that automatically iron and fold shirts for commercial laundries and textile manufacturers, until the cloth manufacturers moved to Asia. Kannegiesser bet everything on one card and decided to concentrate of heavy duty laundries. That meant acquiring other small German companies with the expertise in automated washing and drying. Today the company splits major share
of global market with Brussels Laundry System Group and sells its machines to 46 countries. The company spends over 10% of sales on product development. The company who had estimated sales in 2003 around €140 million says that the secret of success is adjusting the product line to reflect consolidation among its main customers.

Although most of them are champions of global competition, they have remained largely hidden for two reasons. First of all, most of their products are used in manufacturing process or subsumed by the end product. These products are therefore invisible to the consumers. Secondly they usually shy away from publicity, and some have explicit policy of not dealing with the press. Although some of hidden champions posses the superior technological breakthroughs, the core of their success comes from vigilant attention to improvement, a commitment to serving foreign markets, and persistence (Simon, 1992, p.115-116).

The hidden champions consistently follow a strategy that combines technical competence with worldwide marketing and sales. They focus narrowly on a particular market niche, usually one that requires technical expertise, and direct of their resources toward maintaining the top position in that niche. The idea of diversification is alien to them (ibid., 1992, p. 116).

Because of their degree of specialization and relatively small size, they have disadvantages when it comes to economies of scale. But they overcome this by the strategy of leveraging their product-market specialization across broad geographical markets. Globalization of marketing and sales provides sufficient scale to recover R&D expenses and to keep costs within range. Some of them have cracked foreign markets as difficult as Japan in part because they are willing to make a strong commitment to global extension. This commitment comes from investment and people. Many of executives running their foreign operations have been in charge of their units for more than ten years. As a result, managers know they probably will be working with the same customers ten or more years down the road and so are highly committed to them (ibid., 1992, p. 117-118).

While they have overcome the disadvantages of small size, they have not overcome the risk associated with specialization. The more specialized the company, the more vulnerable it is to changes in the market and sometimes even to shake-up in just a few customers. However superior a company, it can suffer along with its competitors when the market stagnates or migrates. The hidden champions accept this risk as part of the reality of doing business and find solace in the notion that if the market turns down, the leader probably will be the last to suffer.

Hidden champions usually do not outperform the competitor on every competitive dimension, and they do not try to. Rather, they concentrate their resources to ensure superiority in the areas customer values most. As a result, their strengths are well matched to customer real needs. While they are usually strong on the fields of product quality, service, economy, quality of employees, technical leadership, and innovativeness, they underperforms in the area of price. For most hidden champions this is not a big concern because the demand of their product is relatively intense to price (ibid., 1992, p. 118).
Some of hidden champions have strict tendency to “make” rather to “buy”. The reasons are typical: management is convinced that the extremely high quality and precision requirements for their products cannot be met without total control over the manufacturing process. The company can sacrifice some economies of scale but believes that quality is more important than cost (ibid., 1992, p.121).

The geographic location of hidden champion is usually in some small town or village rather than in the big city. Only few can be found in the big cities. The rural locations create interdependence between employer and employee. For better or worse, the company needs the workers who live in the town or village, and the workers need the jobs the company provides. Usually there is a good relationship between owner/manager and his employees and usually employer knows most of them by their name. Owners usually don’t live a high-standard life and are down to earth and willing to help the employees in their daily work (ibid., 1992, p. 122).

Whatever their new challenges, the hidden champions have much to teach other companies. Small units with high autonomy are more likely to achieve the kind of specialization, closeness to the customer, integration of technology and marketing, and employee identification that seems to meet today competitive requirements. Crossfunctional teams that have frequent interaction with customers are also a good idea. Leaders who are technically competent, willing to get their hands dirty and genuinely concerned about employees are a key to creating an atmosphere in which workers are motivated and involved (ibid., 1992, p. 123).

6.1.2 Example of Slovenian “hidden champion” Akrapovič d.o.o.

In searching for a Slovenian “hidden champion” one can certainly find it in Akrapovič d.o.o., who is for sure one of the leading producers of exhaust systems in global market. In this chapter I will try to prove, why is Akrapovič in fact “hidden champion” by relaying on the facts that categorize them, taken from Hermann Simon and his definition of “hidden champions”.

Strong leader at the top of the company
The Akrapovič company was founded in 1990, based on the experience gained in the field of motorcycle tuning by Igor Akrapovič. His knowledge comes from his own personal experiences and observations, as he himself often tested the results of his work as a motorcycle racer on the track. He capped a successful ten-year career with numerous championship titles in the F1 and SBK classes on both the national and international levels. His ceaseless desire to create and exceptional feeling for four-stroke motors, especially racing motors, has made the Akrapovič name famous throughout the world. Igor Akrapovič, entrepreneur and innovator was voted for personality of the year 2005 by the newspaper Delo (E-Delo, 2006). He was voted mostly because of his professional and personal characteristics, business accomplishments and his extreme contribution to recognition of Slovenian economy. He is described as a motorcycle enthusiast, which more than any other thing likes to work in the hall and test his so beloved exhaust systems. He was also voted the entrepreneur of the year 2004. He is described as a man that embodies all that awaits Slovenian people in future: drive, hard work, respect for work and senior employees, the courage to take chances. In less than a decade he became a supplier and
development partner of the world’s leading sport and competition motorcycle companies. His company produces exhaust systems for the best racing bikes in the world. Nowadays he focused himself more on innovation and left the job firstly to executable manager to Robert Ličen, who was in fact voted for the best young manager of the year 2005 in Slovenia and in year 2006 to Marko Adamič.

Create mutual interdependency between the company and its employees
In his acceptance speech, Igor Akrapovič said that the reward comes to him as a surprise. He is of opinion it is because he employs more than 230 (nowadays he has around 300) people and constantly tries to reward them for their work well done. Igor Akrapovič is the type of entrepreneur that doesn’t mind to get his hands dirty. He says that he is not a typical manager and he even doesn’t wear ties. Like many other managers and owners of hidden champions, described by Simon (Simon, 1992, p.115-123), also Igor Akrapovič is eager to roll up his sleeves and gets the job done, when there is a mechanical problem in his company (http://www.podjetnik.com). Also like other managers of hidden champions, he is very close to his employees and knows them in majority by names. We can conclude from this, that there is a strong mutual interdependency between the company and its employees in Akrapovič d.o.o.

Rely on own technical competence
In search of perfection in tuning racing motorcycles, he was confronted with an insurmountable problem. There simply were no high-quality exhaust systems available to the public which could meet extreme technical demands. The systems which were available were for the most part poorly made, with the main parts usually welded together and usually with excessively thick pipe walls. It was considered a success if the system at least came close to fitting onto the bike for which it was intended. Technically superior exhaust systems were astronomically expensive and difficult for the average customer to obtain. For Akrapovič, whose perfectionism is well-known, there was no choice. He had to go into the field of manufacturing exhaust systems himself. As Simon (Simon, 1992, p.121) says hidden champions have strict tendency to “make” rather to “buy” and rely on their own competence through the whole supply chain and Akrapovič is no exception. He bought a carbon and titan manufacturer in the year 2004 and Akrapovič said that it is because that they usually have problems with parts that are not manufactured in the company and so wish to manufacture all the parts themselves (Kaučič, 2004).

Blend technology and closeness to customers
Because of the successful promotion, demand for Akrapovič exhaust systems is increasing in the whole world. The superior technology, by which the exhausts systems Akrapovič are made, makes them superior to other exhaust systems in the world. They have the long lasting relationships with the best motorcycle manufacturers in Japan and other countries. They firstly started to cooperate with Kawasaki in the year 1996 and since then build and design exhaust systems for companies all over the globe. Their costumers are motorcycle enthusiast and also big motorcycle companies, like Kawasaki and Suzuki. They are more than willing to cooperate with every motorcycle company and it is a common practice that the companies visit Akrapovič headquarters and try to produce synergy effects with Akrapovič in the development of the new exhaust system specially tailored for them. Igor Akrapovič says that he is especially motivated to work on this kind of projects as they usually produce quick and innovative results. All the exhaust systems in our product range
are developed by the same team of experts who develop exhaust systems for racing program. They gain invaluable experience through working together with factory and private teams at the highest levels of motorcycle racing in MotoGP, SUPERBIKE, SUPERSPORT, SUPERMOTO, MX, ENDURO and RALLY. Numerous wins and championship titles are a huge endorsement of the quality of our work and our development orientation. The development of an exhaust system for a given motorcycle depends on customer demand and assessment of the popularity of the given motorcycle and the financial and technical feasibility of developing the exhaust system.

Avoid commodity products
Company aims above all for continuous technological development. With ceaseless urge to create, highly motivated workforce and constant striving for perfection, they are able to offer their customers state-of-the-art technology and top-flight quality. The high performance of exhaust systems reflects their use of state-of-the-art materials and precision hand-crafting, supported by computer analysis and testing by razor’s-edge development department, in combination with constant feedback from the racetrack. This is confirmed by cooperation with factory teams who rely on them to develop exhaust systems year after year, and by the numerous tests carried out by reputed motorcycling publications in which Akrapovič exhaust systems regularly take first place (http://www.akrapovic-exhaust.com).

Outperform competitors in the areas customer values most (e.g. product quality, service, technological leadership, innovativeness)
Akrapovič innovative ideas began to take concrete form early in his business. He established new concepts in exhaust system construction: new configurations, new tube diameters and materials. He began to expand the use of crossover tubes and conical headers. High-quality stainless steel completely replaced the ordinary thick-walled steel tubing, and exotic titanium and carbon-fiber also made their appearance. Akrapovič is one of the most innovative companies in Slovenia. In his company there are exhaust systems that will be used in the time of next 2-3 years and as also he says, they are work at least one year in the future. Like many other “hidden champion” Akrapovič realized where is the area that he should compete in. Usually all hidden champions have higher prices of their products than competitors and Akrapovič is no exception. His best models are around 20 to 30 percent more expensive that competitors. But as Igor Akrapovič says that in there is more knowledge invested in their products, more experience, more testing and all in all this leads to better performance and reduction of weight compared to competitor products. Other competitors produce differentiated for ordinary customers and for racing teams and in Akrapovič factory this goes the same for both. The quality in every segment he states.

Focused on a small but lucrative global niche
Akrapovič competes in the area of high-class exhausts systems. He saw the opportunity in this area and took a full advantage of it. They were for a long time the only manufacturer of exhaust systems with their own manufacturing of pipes made from titanium. The biggest advantage of titanium is in its weight as it is almost half of weight of stainless steel. They are also using carbon materials. These materials are all more expensive than usual but offer superior quality and performance and this is a niche where Akrapovič is the best at. They are multinational company and can cope with high R&D and investment costs with the economies of scale and scale which they archive by international sales, which accounts of
around 99% of their sales. Igor Akrapovič is proud to say that their pipes are used by the foremost world champions. They are the biggest manufacturer of titanium exhaust pipes, which constitute 60% of our products. They have no real competition in this field. Akrapovič says that from what competition they have, there is no one making such quality and technologically advanced exhausts. They are tapping into the absolutely most prestigious of exhaust-pipe markets and we cover approximately 70% of it (Žarkovič, 2007, p.16).

Striving for global market leadership
Nowadays Akrapovič is collaborating with the biggest motorcycle manufacturers in the world, developing very diverse applications, ranging from competition exhaust pipes to European approved ones. Last year they hired 89 new people, and this year they also got many new employees (Žarkovič, 2007, p.16). They began to manufacture titanium exhaust pipes for automobiles as well, which is an attempt to reach a new foreign market. There has been a great deal of interest and many new contacts already made. The team in Akrapovič is certain that the range of business will grow significantly. Anyway, the automobile market is a great deal bigger than the motorcycle market and provides a big challenge for Akrapovič in the future.

As part of its selection of the motorcycle of the year, which is conducted every year by the respected German motorcycling magazine Motorrad, the “Best Brand” is also selected in other categories. The magazine’s readers selected Akrapovič as the Best Brand in the exhaust system category for the second year in a row. At Akrapovič they are very happy with this result, and are especially proud that our exhaust systems received 47.5 percent of the reader vote, which is nearly 7 percent higher than in 2006. This result confirms the company’s business strategy and the reputation it has on the global market, and at the same time constitutes an obligation for all of our employees. Akrapovič says that their product is superior as it possess extremely high quality of processes and the materials used, as well as numerous innovations and patents.

Like many other hidden champions also Akrapovič is investing very hard every year in his company. In the last two years they invested more than 10 million euros. So they are plugging almost all the profits back into new technologies. Last year annual sales were about 23 million euros; more than 5 million were profits. They had 23% growth. This year is also turning out well. In the first three months they had 30% growth. They are making huge investments and the next investment, which has already taken place, is a new development centre for motorcycles and automobiles where it will be possible to measure fuel emissions in order to get European approval for our exhaust pipes. They are preparing the construction of a manufacturing and distribution centre (app. 20,000 square meters), which will make it possible to market the exhaust pipes directly to the automobile segment of the European Union. This means that there will be no further need for the standard importers. From then on they will be going through dealers only. All of this will require more complex logistical planning, but it does raise added value, flexibility, and control over the market (Žarkovič, 2007, p.17).

All in all, we can conclude that Akrapovič is certainly in the league of hidden champions. All characteristics from described by Simon and later taken by Ewing and other authors are well matching the characteristics of Akrapovič d.o.o., as I presented in my chapter.
6.2 Market in Central and Eastern Europe (CEE)

The liberalization of the political and economic systems in Central and Eastern Europe opened a huge new market for foreign firms. In particular the enormous growth potential of the region prompted a rush into these markets in the early 1990s. Slovenia, which is also a member of this region, is a classic example of attractiveness to foreign investments and growth potential. The region of Central Europe (Slovenia, Hungary, Poland, Czech Republic and Slovakia), the three Baltic state and Romania and Bulgaria, has a consumer potential around 105 million people. If we add countries of former Yugoslavia, Ukraine and Russia, this number raises to 325 million potential consumers, what is really close to 370 million in former EU-15. GDP growth rates are expected to rise above the EU average in the course of the catching up process (Schuh, Holzmuller, 2002, p.178).

It has been more than 17 years since the collapse of Iron curtain opened up Central Europe to the world. In that time the countries have survived bouts of gangster capitalism, waves of painful reforms, and dramatic changes in government. Yet the region economy has somehow managed to thrive, easing entry (for most) to the European Union. In the process, Central Europe has made a wholesale transformation into the low-cost manufacturing zone of the continent. As it was also seen at the first modes of entry of foreign direct investments in Slovenia, people were at the beginning emotionally averse to the sale of their country “crown jewels”.

In the year 2005 the region of CEE was receiving in foreign investments at a rate of €27 billion annually, which places it second to China in the international competition for capital and light years ahead of India. Central European stock markets are taking of, too. Growth in the year 2005 ranged from 3,5% in Poland to 6,8% in Estonia. Poverty rates are declining, and the area consumers are turning into potential buyers. Most of the region countries have flat taxes, with rates as low as 15% for corporations-a big investment draw (Ewing et al, 2005, p.44). Convergence of wage levels is also important as they get higher and turning people into potential consumers of all sorts of products, even the most luxurious ones.

**TABLE 3: CONVERGENCE OF WAGE LEVELS IN THE EU 2004-2020 (PROJECTION)**

<table>
<thead>
<tr>
<th>Country</th>
<th>2004</th>
<th>2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>Poland</td>
<td>20</td>
<td>40</td>
</tr>
<tr>
<td>Czech Republic</td>
<td>25</td>
<td>38</td>
</tr>
<tr>
<td>Hungary</td>
<td>31</td>
<td>38</td>
</tr>
<tr>
<td>Slovakia</td>
<td>18</td>
<td>36</td>
</tr>
<tr>
<td>Slovenia</td>
<td>44a</td>
<td>55a</td>
</tr>
<tr>
<td>Cyprus</td>
<td>48b</td>
<td>61b</td>
</tr>
<tr>
<td>Estonia</td>
<td>20</td>
<td>36</td>
</tr>
<tr>
<td>Lithuania</td>
<td>23</td>
<td>34</td>
</tr>
<tr>
<td>Latvia</td>
<td>19</td>
<td>33</td>
</tr>
<tr>
<td>EU-15 average</td>
<td>100</td>
<td>100</td>
</tr>
</tbody>
</table>

For Slovenian SMEs it is vital to which extend do they have to transfer the strategy used at home and the strategy to use on the regional CEE market. Adaptation is usually made only if it is not too costly. This is especially important in the high-risk environments such as transitional economies in CEE market and especially for SMEs which usually do not wish to invest heavily in product adaptation when the return is unclear, and the need for economies of scale prohibits costly variations in products and packaging. Package sizes are often smaller in some countries of CEE because most households cannot afford to buy large quantities without reducing their spending on other necessary products. For instance Pampers disposable nappies can be bought singly in Bulgaria and shampoo and instant coffee are available in small sachets (Schuh et al, 2002, p.182).

Nowadays we can really see a bum of manufacturing plants coming from West and investing in the areas of CEE. Carmakers and their suppliers are flowing billions into Central Europe to build brand new plants and add production lines to the existing ones. Toyota Motor, Volkswagen, General Motors, PSA Peugeot Citroen, Renault and Fiat are amongst those building complete cars in Poland and the former East Bloc. Even Porsche does most of the assembly for its luxury Cayenne sport-utility vehicle at VW’s plant in Bratislava. Countries in CEE also produce everything from Whirlpool washing machines to Siemens streetcars to American Standard bathroom fixtures, what is all in all causing economic prosperity in the countries (Ewing et al, 2005, p.48).

Yet as the manufacturing powers have learned, workers in Central Europe are good for much more than assembly. The good thing for communism was that Marxist regimes supported excellent universities and technical schools, which are still churching out top-notch graduates in engineering, mathematics and computing (ibid., p.52).

When planning to enter a CEE country it is common practice to set up a team to select a target country, make the preparations for entry and find suitable local partners (distributors, dealers, suppliers). Local partners are important in countries where the market structure and institutions are not yet fully developed and numerous local peculiarities exist as they can act as interpreters of local business customs and facilitate access to the relevant authorities, establishing business and customer bases.

All in all, markets in CEE offer a lot of opportunities for Slovenian SMEs to invest in, although they have to be taken with caution and still involve higher risk than investments in more developed countries. But as the economic theory is saying, with more risk, you can also expect more profits.

6.3 Internet

For many years, the internationalization of the markets, caused by the convergence of the tastes across borders, was thought to result in very large multinational enterprise, which could use their advantages in scale economies to introduce world-standardized products successfully. But, with the development of the world economy, especially the commercial use of the Internet, today’s international market is creating more and more opportunities and competitive challenges for SMEs, which have been traditionally considered as weak fundamentally different environment for SMEs to explore the global market.
The Internet has and will further revolutionize the dynamics of international commerce and lead to more rapid internationalization of SMEs. SMEs can now access to the same capabilities as large companies, and are able to engage in international market that previously might have been unaffordable due to the huge amount of resources required. The Internet will reduce the competitive advantages of scale economies for marketers concerning information in many industries, making it easier for SMEs to compete on a worldwide basis. Global advertising costs, as a barrier to entry, will be significantly reduced as the Internet makes it possible to reach a global audience more cheaply (Liu et al., 2004, p.4).

The Internet promises much for companies interested in internationalizing their business; with the Internet borders between countries are becoming less relevant and more direct interaction between business entities is made possible. The Internet is particularly appealing for SMEs, removing or reducing some of the traditional barriers they faced in doing business overseas, such as communications costs, long distances and market entry risks. This is really important since internationalization success is mainly dependent on selection of the right foreign market and local partner, and the quality of information that guides this process is critical. Most SMEs compete with niche products and the “thinness” of markets for these products necessitates multiple market entries. The Internet has made it more feasible for SMEs to do this rapidly so as to build the critical mass necessary for success (Chrysostome et al., 2004, p.1-8).

Although the Internet has many positive aspects for SMEs that wish to internationalize, it clearly cannot satisfy all of the internationalization expectations of firms. For instance, the Internet does not provide SMEs with relevant experiential knowledge about foreign markets. Much of the information available via Internet and especially on web sites constitutes explicit knowledge. Hence, the Internet does not really help SMEs to penetrate the foreign markets. It does not connect the SMEs intending to internationalize to all the markets that could be profitable for them throughout the world. Moreover, SMEs doing international business through Internet have to face many new problems whatsoever (ibid., p.1-8).

Although internet with its different components, especially with the foremost World Wide Web (WWW) brought entirely new set of tools and a new way of doing business especially in the filed of commercial operations – both selling and buying -, advertisement, servicing and training. The number of enterprises using Internet to market their products and services is rapidly changing and more and more SMEs become aware of the potential of this new technique.

Dr. Szabo argues that because the internet could revolutionize the international trade operations, SMEs will be able to compete more easily in the global marketplace, and consumers in emerging market economies will benefit from the expanded range of information, products and services to which the Internet give them an access. The internet removes the barriers to communications with consumers if they are prepared in an intelligent way (Szabo, 2002, p.7).
TABLE 4: THE INTERNET AND WORLD WIDE WEB

<table>
<thead>
<tr>
<th>COMMUNICATION</th>
<th>MARKET INTELLIGENCE</th>
<th>MARKETING AND SALES PROMOTION</th>
</tr>
</thead>
<tbody>
<tr>
<td>Tools:</td>
<td></td>
<td>Tools:</td>
</tr>
<tr>
<td>E-mail; Usenet; Listserv; voice mail; IRC; video conferencing, etc.</td>
<td>WWW: information search and retrieval software – Netscape, Internet Explorer, Gopher; Archie; WAIS; Veronica, etc.</td>
<td>World Wide Web</td>
</tr>
<tr>
<td>Target:</td>
<td></td>
<td>Target: Global customers (existing and potential ones)</td>
</tr>
<tr>
<td>customers/suppliers/agents/distributors/partners/information centres/governments; etc.</td>
<td>country and market research study; industry and industrial branch specific studies and reports; trade contacts and links; distribution channels and agents;</td>
<td></td>
</tr>
</tbody>
</table>


The World Wide Web is just one of the numerous services offered on the Internet and does not specify, if a certain web page is available on the Intranet, Extranet and Internet. It provides a simple-to-use interface that allows people with very little knowledge in computing to access web services all over the Internet. These Web services include content, products and services, which can be viewed or ordered through the web browser. The web browser is a synonym to the first generation of the commercial Internet. It allows customers to self-service themselves over the web. The second generation of commercial Internet usage will move away from “do-it-yourself” to “do-it-for-me”. This new paradigm, also known as pervasive computing, will automate many processes customer who were using web browsers for. Pervasive computing will still a vision and will take still quite a while to become reality. Therefore browsers will remain important over the next few years (Liu et al, 2004, p.4).

For SMEs, effective use of the Internet can provide a low cost “gateway” to international markets and help to overcome many of the barriers or obstacles to internationalization commonly experienced by such companies. An Internet connection can substantially improve communications with actual and potential customers, suppliers and partners abroad generate a wealth of information on market trends and developments worldwide, provide an “ear to the ground” on the latest technology and R&D, and can be a very powerful international promotion and sales tool. These applications arise against a background where “Net” access is becoming cheaper; the range of services available is multiplying daily and, with the advent of new hardware and software, the computer know-how required to “surf the net” is now within the grasp of even the most “technophobic” executive (ibid., 2004, p.22).

Although there are many forces and advantages of using internet for companies, dr. Szabo points out that there could be other problem, which SMEs in emerging market economies could face, and that is the misconcept, that today everything is available on the internet. The ability of small businesses to survive in the globalize market deeply depends on the
existence and availability of relevant information they require for their decision-making. Dr. Szabo points out that the bulk of the SMEs in both advanced and emerging market economies within the traditional manufacturing and servicing branches not using web will remain probably at that level there for at least the next two decades. Even in the associated countries in the “first wave of enlargement” many small-scale entrepreneurs, who are starting in using computer with the help of their children, are still in the first stage of using computer in the field of world-processing (typewriting), accounting by customized software and e-mailing (Szabo, 2002, p.8).

All in all, Chrysostome and Rosson suggest that a new theory of firm internationalization that considers the realities of the Internet and the characteristics of SMEs is needed. Further research is also needed to better understand the impact of the Internet on internationalizing SMEs. Few empirical works have been undertaken that systematically examine this subject. It would be also interesting to check on the extent to which the Internet has helped SMEs from developing countries to internationalize (Chrysostome et al, 2004, p.8).

6.4 Competing with giants

As protectionist barriers crumble in emerging markets around the world, multinational companies are rushing in to find new opportunities for growth. To local businesses this can seem like a death sentence. This article from Harvard Business Review explains how they can overcome and even take advantage of their differences with competitors from advanced industrial countries by aligning assets with industry characteristics, defending their home field advantage, extending local advantages abroad, dodging the onslaught, and even contending on the global level. This article, which originally appeared in the March-April 1999 Harvard Business Review (Dawar et al., 1999, p.119-129) shows us, how Slovenian SMEs should or could act or which kind of opportunities they have with the liberalization of Slovenian market and increased competition from global players.

The arrival of multinational companies is a plus for costumers, but also a big challenge for local companies. The companies suddenly face foreign rivals with substantial financial resources, advanced technology, superior products, powerful brands and marketing and management skills. Often a very survival of local companies in emerging market, as Slovenia is at stake. The question for local companies is how to overcome or maybe even take advantage of this situation. Usually the first three things that come on their mind is calling the government to provide some form of support, by becoming a subordinate partner to a multinational, or simply by leaving the industry and selling out.

The article from Harvard Business Review (Dawar et al, 1999, p.120) suggest that there are two questions that every manager in emerging markets needs to address: First, how strong are the pressures to globalize in the industry and secondly, how internationally transferable are company’s assets? By understanding the basis for competitive advantage in your industry, you can better appreciate the actual strengths of your multinational rivals. And by assessing where your own competitive assets are most effective, you can gain insights into the breadth of business opportunities available to you.
After taking an inside look at their industry, companies have to take even a closer look at their competitive assets. Most companies from emerging market have assets that give them a competitive advantage mainly in their home market (ibid., 1999, p.121). Assets like that are local distribution network that would take years for multinational to replicate; long standing relationship with government officials; distinctive product that appeals to local tastes, etc. Such asset could form a basis for a successful defence of the home market.

If globalization pressures are weak and a company own assets are not transferable, then the company should concentrate on defending its turf. Dawar and Frost call this company a defender. If the globalization pressures are weak, but the company assets can be transferable, then the company may be able to extend its success at home to a limited number of other markets. That sort of company is an extender. If globalization pressures are strong, the company will face big challenges. If its assets work only at home, then its continued independence will hang on its ability to dodge its new rivals by restructuring around specific links in the value chain where its local assets are still valuable. Such a company is called dodger. If its assets are transferable, thought, the company may compete head-on with multinationals at the global level. The company in this way is called contender (ibid., 1999, p.121).

For defenders the key success is to concentrate on the advantages they enjoy in their home market. In the case of an aggressive foreign competition, they frequently need to adjust their products and services to fulfil usually unique needs of their customers. Defenders should resist the temptation to satisfy all the customers and to imitate the multinationals. They have to concentrate of the customers that refer the local touch and ignore those who favour global brands (ibid., 1999, p.122).

With the right competitive and transferable assets the extenders can use a good practice at home to expand to the foreign markets. A selective policy of international expansion, can bum added revenue and scale economies, not to mention valuable learning experience. Extenders should look for a market that has similar customer preferences, distribution channels, government regulations, cultural and linguistic heritage to effectively leverage their assets.

In industries where pressures to globalize are strong, managers will not be able to simply build on their company’s local assets. They might have to rethink their whole business model. If their assets are valuable only in their country, then the best course may be to enter into a joint venture with, or sell out entirely. The Czech carmaker Skoda took that later step after the collapse of the Soviet Union in 1989. Like many companies in communist countries, Skoda’s position as and official producer under the old Soviet regime had allowed the company simultaneously to survive and to stagnate. The Czech government soon sold the company to Volkswagen, which subsequently restructured Skoda’s operations, invested heavily in new products and technology, and positioned it as the value brand in the Volkswagen global line of vehicles. Nowadays Skoda is producing cars that posses the highest technology available in the auto market (Radler, 2005, p.1-22).

While distribution and services are common recourses for dodgers, another approach is to supply products that either complement multinationals offerings or adapt them to local tastes. When Microsoft moved to China, local software companies shifted their focus from
developing Windows look-like operating systems to developing Windows application programs tailored to the Chinese market (Dawar et al, 1999, p.125).

Dodging may be the most difficult of the four strategies to execute because it requires a company to revamp major aspects of its strategy- and to do so before it is swept under by the tide of foreign competition. But by focusing on carefully selected niches, a dodger can use its local assets to establish a viable position (ibid., 1999, p. 126).

Despite the many advantages of multinational rivals, companies from emerging markets should not always rule out a strategy of selling at the global level. If their assets are transferable, they may be able to become full-fledged multinationals themselves. The number of these contenders is steadily increasing, and a few, such as Acer of Taiwan and Samsung of Korea, have become household names. The reasons for their success are similar to those of any thriving company that competes in a global industry. However, contenders often have to take into consideration a different set of opportunities and constrains. For contenders, such as SMEs that usually lack access to key resources, finding a distinct and defensible market niche is vital. One increasingly common approach is to join a production consortium, in which a lead company manages a regional or global web of component developers and suppliers. Few emerging market companies have the market presence, coordination capabilities, or innovative technology they would need to act as the lead organization in far-flung production network. Most of them will need to concentrate on building scale and expertise along particular pieces of their industry’s value chain.

Finding a viable niche in a global industry usually means an extended process of restructuring. Many companies have to drop the businesses that can not be sustained on the global level. For many managers that process will be difficult. But dropping businesses and outsourcing components previously made in-house, and investing in new products and processes are the keys to contend with global producers. Indeed, the need to get smaller before getting larger is one of the major themes in the corporate restructuring process under way in Eastern Europe (ibid., 1999, p.127).

All in all for SMEs in Slovenia and other emerging markets it is vital to be flexible in response to market opportunity. This advice is often forgotten by managers in emerging markets, for whom industry boundaries have traditionally been taken as a given, in many cases established by government mandate. Liberalization is making the structure of many industries much more fluid, and managers exposed to new kinds of competitors need to realize that they can respond by positioning their companies in a variety of ways. Multinationals are seeking to exploit global scale economies while local enterprises are trying to fragment the market and serve the needs of distinct niches. This is a big challenge for companies in emerging markets, but like David and Goliath, the smaller competitor can rise to the challenge and prevail.

6.5 Born Globals

Although we have already explained born globals in the internationalization theory sector, we would like to present some of Slovenian companies that have characteristics of being born globals. This approach that their managers made seem to work out extremely well as some of this companies are a pride of Slovenian economy. The task for Slovenian
entrepreneurs is now behind discovering if they are or will be in the segment of company and product, where they can use the advantage of being global firm and size the international market and become global competitor.

6.5.1 Slovenian SME examples of born globals (Seaway, Hyla and Goltes)

It is expected that the phenomenon of born global will spread quickly in the years to come. We can also find companies in Slovenia that have followed the pattern of born global and had internationalized straight from the beginning. In this chapter we present three of them, that in our opinion posses the characteristics of born globals.

Seaway

The company is a sister company of the design studio J & J, founded by brothers Japec and Jernej Jakopin. During 1983-87 the J&J studio developed plans for 10 sailing ships for the Elan factory, the worldwide known Slovenian ski manufacturer. When Elan showed no interest in developing its nautical program, Japec spent three years with the renowned French ship-builder Jeanneau. In 1989 brothers Jakopin founded the company Seaway with two business lines: (1) the design and engineering of new sailing ships for European shipbuilders and the construction of prototypes including the development of new models, manufacturing of components, tools and moulds, and (2) a chain of retail stores with nautical accessories along the Adriatic coast with products from 25 specialized manufacturers.

Design studio J&J and Seaway have established their reputation among European shipbuilders and obtained orders with limited marketing effort. Not having a strong company image, the company never considered the option of large-scale manufacturing of sailing ships and instead focused on engineering offering a whole range of services from R&D activities to prototypes. Internationalization of Seaway followed two tracks depending on the business line. Its design and engineering business has been international from the inception of the company, whereas its trade business developed gradually by opening retail stores in Slovenia, then in the bordering country – Austria. Its design and engineering business was international from the start yet its retail stores gradually grew internationally.

In terms of its activity and achievements, Seaway Group is one of the Slovenian top companies. It is one of the biggest exporters of knowledge from Slovenia and almost all major boat builders in the world use its ideas and tools. In 170 projects about thirty shipyards have produced more than 33,000 sailing boats and yachts, which represent the largest market share in the world. The company's success has resulted in 20 Yacht of the Year awards in different countries, including the Shipman 50 yacht, the first production-line yacht in the world to be built entirely from carbon fibres and which was declared overall Yacht of the Year in 2003.

Seaway Group d.o.o. is a very dynamic company and is still growing rapidly. Its success can also be ascribed to its investment in latest modern construction equipment and the leading experts from around the world. It also co-operates with the most prominent
institutions involved in the development of efficient and environmentally-friendly materials, technological solutions and equipment (GZS, 2005).

In the year 2001 they joined with KD group and became a Seaway Group, but still 50% of ownership is in the hands of brothers Jakopin and they have a decisive vote in the five member committee board. The financial injection from KD group of around €2.9 million was used to build the new hall, which will provide them with enough space and use of the newest technology available. In this way they are now able to be more competitive and focus more on the work they love to, and this is more designing rather than on managing the company. And they are doing that great as their products constantly compete and win prices in nautical business (Kaučič, 2001).

_Hyla d.o.o., Ljubljana_

Founders of Hyla, Doro Erjavec and Janez Pogačar, both technical individuals, previously worked as a team for a large Slovenian company. In 1990, Doro’s wife became excited about the U.S. Rainbow’s vacuum cleaner with water filtering, which had an extravagant price of $2,000. Doro and Janez took 6 months to develop an original solution for the propelling engine in the water/dust separator that was the basis of their product and started production and sales in Slovenia. Water filtered cleaners currently have only 1 % of the world cleaner market with the rest of the cleaners having paper filters. Nevertheless, water filters have the distinct advantage of the dust being completely eliminated that is important for people with breathing difficulties. Hyla’s cleaners can also be alternatively used as humidifiers for apartments. Due the limited market, large manufacturers of household appliances have not been interested in this niche and there have been only three specialized producers in the world. The high price currently limits the market to segments with high purchasing power and a concern for ecology. With further technical developments, making this type of cleaner easy to use and more price competitive, the market could expand from 6,000 to 50,000 sales per year (Mihajlovič, 2001).

Hyla Ltd. was established in 1991 as an equal partnership. The product, due to its lower prices received the attention of two Germans, selling a competitive product. The four individuals established Hyla Trade Ltd. in Munich for worldwide marketing, and Hyla Ltd. in Ljubljana, doing the R&D and manufacturing. To promote sales in different European countries, Hyla established 11 national distributors with partners from respective countries, all using the Hyla brand name. In 1996, Hyla had 14 employees and used subcontractors who had 16 employees. The company invested in large, new facilities in the industrial zone near Ljubljana.

Product excellence and experience in international network marketing prove to be a very successful combination: in the course of year 1995, the turnover has been increased by almost 300%. HYLA wins the award "Company of the Year" and D. Erjavec and J. Pogacar are awarded "Successful Entrepreneur of the Year" - a competition advertised each year by the magazine Podjetnik.

Sales figures are steadily increasing. In parallel, additional new sales partners in 15 countries sign agreements with HYLA. In 1997 they officially opened the new HYLA production factory in Ljubljana The four partners invest approx. 25 % of the turnover into
R & D. HYLA also took second place in the competition "European Company of the Year" in 1997.

HYLA International GmbH & Co. KG is founded and constructions for the HYLA Sales Headquarters are started. An office building with 1.500 square meters of space is built near the airport of Stuttgart, Filderstadt-Bonlanden.

Based on 10 years of continually development in technology, design and consistent research and the excellent results of tests, the HYLA NST is presented to the market in 2001. The HYLA NST has literally no competition on the market with its worldwide patented separator technology. The HYLA NST separator does not require removing for cleaning as the preceding model and as all competitors' systems.

A milestone in HYLA history is set by the construction and official opening of the new HYLA Production "HYLA II". Especially in our days, when everybody is talking of recession and economic crises, it is a particular sign of trust in the product and in the market that HYLA made such a gigantic capital investment. HYLA's Management is confident that HYLA business is only at the beginning of success and HYLA is looking very optimistic into the future.

From its inception, Hyla intended to export products due to the small Slovenian market. While the company started to export in 1992, exports took off with 90 % of sales being outside Slovenia in 1994. In 1997, total sales were USD 4 million with 60 % of the exports to EU countries (Germany, France, and Austria), and 20 % to the USA. The Slovenian market is not important for Hyla and the company’s focus is on the world market. The company’s problems with exports include: bureaucracy, the long-term procedures to acquire national certificates, and the low purchasing power in some former Eastern European countries. Erjavec and Pogačar attribute their export success to: the high quality of the cleaner; a lower price compared to competitors, and an efficient sales network. The two believe that developing new products with advantages over competitors is the key for Slovenian SMEs to succeed (Vabšek, 2003).

Goltes Snowboarding d.o.o., Trbovlje

Jani Goltes discovered snowboarding in April 1987 and really liked the sport. As a student of engineering, he constructed his own snowboard and bindings. His friends liked the product and he developed his hobby into a part-time business. He decided to manufacture the bindings, while others manufactured the boards. These bindings were manufactured under his own brand name which he sold in the Slovenian market. With the growth of snowboarding (up to 30 % of the overall market for traditional skis and boards in 1997), Jani developed his specialty — the manufacturing of inserts (female screws), which are used to screw bindings securely on the board. His company, Goltes Snowboarding Ltd., was founded in 1991, and is located in the former coal-mining region of central Slovenia. By manufacturing 12 million pieces in 1995, Goltes had a 30 % share of the world market for inserts. Goltes then followed a dream to develop the full collection of snowboarding products under his brand name: boards (18 different models), bindings, special clothing, sporting bags, and as well as other accessories. He sold through 23 shops in Slovenia and had 50 % market share of the Slovenian market. His business grew rapidly to DM 2.5
million by 1995, with only 3 employees; and only 10% of these sales were in the domestic market. Employment increased to 6 in 1996 with a network of 10 subcontractors employing 25 additional employees (Vilfan, 1997).

The company experienced radical changes in 1996 and 1997. At first, ski manufacturers considered snowboarding a fad and had not entered the market; after the market continued to grow and skiing had some weak seasons, these manufacturers entered the snowboarding market as well. These key manufacturers with their brand names quickly gained market share from the many independent manufacturers, who used to be the main customers of Goltes. During 1996, the company lost a Swedish customer who used to purchase 2/3 of company’s production of boards and bindings. Sales dropped to DM 1 Million, with 50% of this being in the domestic market. This drop in sales caused a change in the company’s strategy. The clothing line of the company was discontinued because it could not compete with the strong world brand names and the expensive manufacturing in Slovenia. The company is developing a new concept of “step-in” bindings, offering more comfort to boarders, targeting the medium range customers. The company’s own product line of boards has fewer models (Vabšek, 2001b).

Initially, Goltes entered the market by displaying his products at the ISPO Fair at Munich, the largest sports fair. To promote his inserts, he visited major manufacturers, displaying the technical details of his design. With the new binding he is following a different strategy by jointly offering a full range of products. In Slovenia, the company markets to the final consumers through a network of retailers and building brand name by sponsoring the most important snowboarding events. Abroad, the company uses wholesalers who sometimes expected to receive even lower prices since the company is from a small country, not recognized for quality or fashion.

In the year 2005 Goltes, has been forced to move its production to the Far East. The decision was made as a result of expensive raw materials, the ongoing spread of the euro and dollar, high labour costs and snow less winters. "Production here in Slovenia is too expensive. We can buy finished products in the Far East for the same price we pay just for raw materials here. Therefore we have to outsource more and more. But we will keep development and marketing in Slovenia," claims owner/director Goltes. Goltes stressed that moving to the Far East will not result in the manufacturing of lower quality goods (Mihajlović, 2005).

There are also some more examples of SMEs from Slovenia that we could represent as born global, and some of first suggestion on this topic was Akrapovič d.o.o., which was suggested for born global by Janez Zupančič in the business magazine Podjetnik in November 2004 (Zupančič, 2004). Certainly we can also represent Akrapovič as born global, but author opinion is that it suits the definition of “hidden champion” better.
7. CONCLUSION

It has been fourteen years since the creation of Single European Market (SEM). In this time many changes have taken place in market of Europe. Opportunities as also threats for Small and Middle size Enterprises (SMEs) are qualitatively different as well as quantitatively greater in this market. In my diploma thesis I am analyzing the opportunities that arose with the creation of new market conditions for Slovenian SMEs.

In order to provide business conditions for a successful economy, all actors and especially country governments have to realize that SMEs are the motor of the economy and the main drivers for sustainable growth and more and better jobs. SMEs represent the important share of companies in Europe and play a significant role as drivers of successful European economy. Slovenia is slowly realizing the importance of strong SME sector and is considering reforms that are improving, or better, will improve the position of SME sector in Slovenia. The need for that is of vital meaning as researches show that SME sector in Slovenia is still underdeveloped, comparing to other members of European Union.

SMEs do not follow the same pattern in the process of internationalization as large companies do. They have limited resources to gather information and knowledge of foreign markets and are more inexperienced that large companies. Because of that there is a need of special theory of internationalization that is tailored specially for them. In my diploma thesis I present some of these theories and conclude that there is a need for a new theory that would greatly explain the process of internationalization of SMEs in new market conditions. While hybrid model is specially suited for SMEs, it serves not as a replacement of the existing models, but rather provides an enhancement that can serve as a road map for managers and as a basis for future research. Some theories already explain the phenomenon of born globals, hidden champions and the influence of internet, but the author opinion is that there is still a need of putting these theories together and create one that would suit SMEs better in the new global market.

SMEs can achieve and enhance profits by expanding their markets internationally, obtaining needed resources in other countries, reducing costs, improving quality of products and programs and enhance customer preference. In general, managers from Slovenian SMEs are short on practical knowledge, growth ambitions and technological equipment. This prevents them from taking all the advantages of forces that are pushing towards internationalization from emerging markets and as so the level of internationalization has not yet reached the potential that Slovenian SMEs have as SMEs from emerging markets.

As it was said before, SMEs lack the much needed resources in the process of internationalization. Regarding this matter special attention goes on supporting institutions for internationalization of SMEs. These Institutions are mostly sponsored by government of the country or European Commission in order to act as accelerators of SME development and internationalization. In the last year the number of these Institutions has grown in proportion, but overall we are still behind more developed countries in Europe and as so, this is the field that needs more attention from government in order to promote development and internationalization of SMEs.
Nowadays it is not the question if pan-European marketing is at work, it is a matter to which extent it is useful and necessary for companies to increase their business performance. The acquisition of strong national brand names able to be extended throughout Europe, should allow common positioning and package design to become more widespread in the whole Europe. We can also see a strong convergence in price levels through whole Europe, mostly because of common currency in most EU members and the influence of internet that allows everybody to check for better prices in other countries. Although it is more likely that it will be on supply side, rather than on demand side that will ultimately produce “European Consumer”, we can also see a positive trend in pan-European consumer behavior in many product markets. Slovenian SMEs should realize that standardization of marketing is possible in a pan-European approach, restricted of course by the type of product, in relation to market cluster and to common market segmentation and take advantage of the opportunities that arise. It is expected that the trend of pan-European marketing will further expand in the future and Slovenian SMEs should grab the trend as soon as possible, or someone else will.

A lot of theories have developed already from a good practice of successful companies already taking advantage of new marketing conditions in Europe. Slovenian SMEs can learn much from these successful examples, like “hidden champions” and “born globals” as well as take the full usage of Internet that has became a major factor in company success and internationalization. There are a lot of opportunities for Slovenian SMEs in the market of Central and Eastern Europe countries, which is requiring a lot of investments with opening of borders. Slovenian companies have the advantage of knowing this market and can perform better than non-CEE companies.

Markets in new Europe have brought also a lot of foreign competition to Slovenia. To keep the success or even expand the business, SMEs from Slovenia need to stay flexible in response to market opportunities and threats. There are also advantages of being small and Slovenian SMEs should focus especially on the company assets that give them competitive advantage mainly in their home market as such assets can be a base for future defense or even expanse to foreign markets.

All in all, we already have examples of Slovenian companies that took the opportunities of marketing in new Europe and are nowadays considered as the pride of Slovenian SMEs and economy in general. Companies like Seaway, Hyla and Goltes can easily be described in the successful group of born globals accompanied by the best companies from Europe. And at the end, we have a perfect example of “hidden champion” in Slovenia, Akrapovič d.o.o., which suits all the definitions of this group. I hope the area of born globals and hidden champions in Slovenia will be researched further on, as we also can give examples of good practice to the other countries, by showing our, Slovenian “crown jewels”.
8. POVZETEK V SLOVENŠČINI

8.1 Uvod


Vsebinsko je diplomska naloga razdeljena na pet poglavij. Prvo proučuje pomen MSP za ekonomijo države in vsebuje tudi kratke zgodovinski pregled razvoja MSP v Sloveniji. Sledi poglavje o internacionalizaciji MSP, v katerem je poudarek na teorijah internacionalizacije, razlogih za njo in poglavje o njej v slovenskih MSP. Kot rečeno, igrajo podporné institucije pomembno vlogo pri podpori internacionalizacije MSP in naslednje poglavje opisuje nekatere teh institucij, njihovo pomoč in naloge pri tej podpori. Da je pan-evropski marketing na delu, dokazuje naslednje poglavje, ki prikazuje pan-evropski marketing in njegov vpliv na konvergenco ponudbe in povpraševanja v evropskem prostoru. V zadnjem poglavju vsebinskega dela analiziramo nekatere priložnosti za MSP, ki se porajajo skupaj z nastankom novega poslovnega okolja, ter uspešna slovenska podjetja, ki so že izkoristila te priložnosti.

8.1.1 Namen, cilji in osnovne trditve

Namen

Namen diplomskega dela je analizirati delovanje malih in srednje velikih podjetij pri marketingu v novi Evropi, katere trg oblikujejo nove razmere, ki ponujajo nove priložnosti in prav tako tudi nove nevarnosti.

Cilji

Cilj raziskave so naslednji:
- predstaviti pomen MSP za državo
- predstaviti teorije internacionalizacije, ki so najbolj primerne za MSP
- predstaviti razloge za internacionalizacijo MSP
- predstaviti stopnjo internacionalizacije slovenskih MSP
- predstaviti poslovno okolje MSP v Sloveniji pri procesu internacionalizacije
- predstaviti teorijo pan-evropskega marketinga in vpliv in implikacije za slovenska MSP
- predstaviti nekatere priložnosti, ki so se oblikovale z krecijo novih razmer na trgu Evrope
- predstaviti nekatere primere dobre prakse slovenskih mednarodnih podjetij

Osnovne trditve

Pri pisanju diplomskega dela sem izhajal iz naslednjih trditev:
- MSP podjetja so bistvenega pomena za narodno ekonomijo
- Obstaja potreba po novih teorijah internacionalizacije MSP, ki opisujejo internacionalizacijo v sodobnih tržnih razmerah
- Močna podpora vlade je izrednega pomena pri pomoči internacionalizacije MSP
- V zadnjih letih se je povečala standardizacija ponudbe izdelkov, konvergenca cen, ter celo potrošniškega obnašanja
- Nekatera slovenska MSP lahko sodijo med najuspešnejša evropska MSP

8.1.2 Predpostavke in omejitve

Predpostavke:
- pomen MSP za Slovenijo se bo še povečal v prihodnosti
- v prihodnosti lahko pričakujemo še večje število mednarodno dejavnih MSP
- MSP ne uporabljajo enakih korakov v procesu internacionalizacije, kot velika podjetja
- Obstaja potreba po institucionalni podpori MSP pri procesu internacionalizacije
- Sile, ki oblikujejo pan-evropski trg bodo v prihodnosti še močnejše
- Obstaja veliko priložnosti za slovenska podjetja na novem Evropskem trgu

Omejitve:
- raziskava temelji na opredelitvi MSP, kot je zapisano v Evropski komisiji
- raziskava je omejena na področje Evrope, v najširšem smislu
- za raziskavo bom uporabljal široko definicijo podjetništva, ki pomeni, vsakršen poskus posameznika ali skupine že ustanovljenih podjetij, pri ustvarjanju novega podjetja ali poslovne aktivnosti, ni važno ali gre tukaj za samo-zaposlitev, novo podjetje ali širjenje obstoječega podjetja

8.1.3 Metode raziskovanja

Z ekonomsko raziskavo, bom poskušal predstaviti priložnosti za MSP pri marketingu v novi Evropi, zato lahko rečemo, da gre za poslovno analizo. V analizo vključujem več podjetij in mednarodni trg, zato je analiza makroekonomska. Pri analizi posameznih slovenskih podjetij, gre za mikroekonomsko analizo, saj vključuje podjetje samo. Uporabil bom dinamično ekonomsko raziskavo, saj bom proučeval pojave v določenem časovnem obdobju in proces, ki še vedno teče. V nekaterih delih bo raziskava statična, saj bo proučevala ekonomske pojave v določenem trenutku. Pri pisanju diplomske naloge bom uporabil deskriptiven pristop k raziskovanju, v tem okviru pa metodo deskripcije, komparativno metodo, zgodovinsko metodo in metodo kompilacije. Vse potrebne podatke bom pridobil s proučevanjem domače in tuje strokovne literature (knjige, učbeniki, revije), ter posebej skozi predmet, pri katerem sodelujem med študijem na Dunaju, Marketing v novi Evropi, katerega predavatelj je moj so-mentor profesor Arnold Schuh. Podatke o
poslovanju podjetja bom skušal pridobiti iz internetnih virov, iz raznih revij, ki jih izdaja podjetje in s pomočjo znanja zaposlenih.

8.2 Pomen malih in srednje velikih podjetij

Mala in srednja podjetja so motor ekonomije in eden glavnih faktorjev za doseganje visoke ekonomske rasti, ter boljših in številčnejših zaposlitev. Vlade držav, se bi morale na vsaki stopnji zavzemati za učinkovito politiko MSP, ki bi omogočala MSP ugodne pogoje v vseh razvojnih fazah podjetja.

8.2.1 Definicija MSP

Enotna definicija MSP za celotni prostor Evrope je zelo pomembna, saj tako zmanjša administrativne prepreke pri pridobivanju podpore evropskih institucij, in predvsem skupnega jezika pri podpiranju tega sektorja z strani evropske unije in njenih članic.


SLIKA 1: DEFINICIJA MIKRO, MALIH IN SREDNJE VEĽIKIH PODJETIJ Z STRANI MINISTRSTVA ZA GOSPODARSTVO

<table>
<thead>
<tr>
<th>Velikost podjetja</th>
<th>Število zaposlenih</th>
<th>Prihodki od prodaje</th>
<th>ali</th>
<th>Vrednost aktive</th>
</tr>
</thead>
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<td>Mikro</td>
<td>&lt; 10</td>
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<td>≤ € 2 mio EUR</td>
<td></td>
</tr>
</tbody>
</table>

Vir: Ministrstvo za gospodarstvo republike Slovenije. 2006. Str.6.

8.2.2 Pomen MSP za Slovenijo

Pomen MSP v Sloveniji ne narašča z hitrostjo, kot v razvitejših državah Evropske unije. V Sloveniji je bilo leta 2006 okoli 100.000 ljudi vključenih v podjetniške aktivnosti, kar pomeni okoli 9% vsega prebivalstva. Ključno vlogo pri spodbujanju podjetništva ima vlada republike Slovenije, z podpornimi institucijami in podpiranjem regionalnih centrov, kot so podjetniški inkubatorji. Kot so pokazale najnovejše raziskave podjetništva v Sloveniji, ima slovensko podjetništvo še dolgo pot da pride do veljave, ki je nujna, da ta sektor tvori hrbtnico Slovenske ekonomije in da je vir inovacij in konkurenčnosti slovenskega gospodarstva, prav tako pa pomemben kreator boljših in številnejših služb. Razvoj malih in srednjih podjetij v Sloveniji je omejen z malim geografskim prostorom, zato je še nujnejše, da Slovenska MSP postanejo čim bolj internacionalno orientirana.
8.2.3 Zgodovinski pregled razvoja podjetništva v Sloveniji


8.3 Internacionalizacija MSP

Internacionalizacija velja za enega najtežjih korakov za podjetnika, saj vključuje mnogo rizikov za MSP, ki ima ponavadi zelo omejene resurse. Vendar danes obstajajo razlogi, zakaj je internacionalizacija že skoraj nujna, še posebej pri slovenskih MSP, ki delujejo na domačem trgu, z relativno nizkim tržnim potencialom.

8.3.1 Teorije internacionalizacije

Glede na razvoj gospodarstva in oblik mednarodnega povezovanja, so se razvijali tudi različni modeli internacionalizacije ki le-to opisujejo, pojasnjujejo, ter jo skušajo celo izmeriti. Ker veljajo za MSP pogosto drugačna pravila pri procesu internacionalizacije, kot pri velikih podjetjih, je bilo nujno razviti teorijo posebno namenjeno MSP. V tem poglavju predstavljam nekatere od teh teorij, ki se tako ali drugače nanašajo na MSP.

Uppsala model internacionalizacije

Mrežni pristop

Podjetje se po mrežnem pristopu internacionalizira z vzpostavljanjem in razvojem povezav odnosov s partnerji v tujih mrežah. To lahko doseže na različne načine: z mednarodnim širjenjem, kjer podjetje vzpostavi nove odnose s partnerji iz lokalnih mrež tujih držav; s prodorom, v obliki razvijanja odnosov in povečevanja privrženosti virom v tujih mrežah, v katerih že sodeluje; z mednarodnim združevanjem tako, da podjetje povečuje usklajenost povezav znatnot različnih tujih mrež. Stopnja internacionalizacije podjetja je tako odvisna od pozicioniranosti podjetja v različnih mednarodnih mrežah. Odvisna je od celovitosti in pomembnosti položaja, ki ga ima podjetje do drugih podjetij v različnih mednarodnih mrežah podjetij. Podjetja lahko s svojimi dobavitelji, kooperanti, konkurenti in drugimi podjetji sodelujejo nepogodbeno ali pogodbeno. Pomembni postajajo odnosi med posameznimi podjetji ter kakovost in delovanje teh odnosov.

Rojene multinacionalke

Ta podjetja razvijajo mednarodni ali celo globalni pristop k poslovanju že od samega začetka poslovanja. To pomeni, da ne upoštevajo postopnega internacionaliziranja po Uppsala modelu. Njihove glavne značilnosti so:
- vodene so z strani močnega podjetnika z mednarodnimi izkušnjami poslovanja
- pogoste so v močno internacionaliziranih trgih
- so ponavadi zelo specializirani in orientirani na tržne niše
- ustanoviteljeve prejšnje mednarodne izkušnje vplivajo na izbiro trga, kjer bo podjetje poslovalo
- uporabljajo pogoste hibridne strukture, kot so mrežno partnerstvo in skupno poslovanje
- pogosto so zelo inovativni in delajo v zelo tesnem sodelovanju z mednarodnimi partnerji
- rojene multinacionalke so bolj pogoste v državah, kjer je domači market relativno majhen in kjer je veliko imigrantov.

Sile ki stojijo za rojenimi multinacionalkami, so predvsem novi tržni pogoji, tehnološki napredek na področju proizvodnje, transporta in komunikacij, ter sposobnost podjetnika, da popelje podjetje na mednarodni trg in izkoristi priložnosti, ki se ponuja. Pričakovati je, da se bo fenomen rojenih multinacionalk še bolj razvil v prihodnjih letih.

Hibridni model

Hibridni model je posebej prilagojen za MSP in temelji na treh okviri internacionalizacije in je sestavljen iz treh faz: preteklost, planiranje in izvršitev. Model razdeli teorije na tri dele in sicer na teorijo praktičnega učenja (kot je Uppsala model), sistematičnega planiranja in naključne perspektive (kamor lahko štejemo mrežni pristop in rojene multinacionalke). Hibridni model ni namenjen kot nadomestilo ostalim teorijam, ampak lahko služi le kot ogrodje za prihodnje raziskave. V prihodnosti lahko pričakujemo nove teorije internacionalizacije MSP, ki bodo bolje upoštevale fenomene rojenih multinacionalk, skritih šampionov, ter množično uporabo interneta, kot sredstva za pomoč pri internacionalizaciji.
8.3.2 Razlozi za internacionalizacijo

Na splošno lahko zapišemo, da so prednosti internacionalizacije za podjetja:
- zmanjšanje stroškov z uporabo ekonomije obsega
- povečana konkurenčnost
- povečana kakovost produktov in storitev, predvsem zaradi manjšega števila le teh
- povečano povpraševanje in priljubljenost proizvodov in storitev, ki prihaja z internacionalizacijo in iskanjem tržnih, specializiranih niš v mednarodnem okolju

Seveda internacionalizacija prinaša tudi slabe učinke, ki lahko pridejo ob standardizaciji, povečanih stroških, raziskavah itd. Podjetje mora samo spoznati kakšne so možnosti internacionalizacije v njegovi industriji in poskušati izkoristiti priložnosti na mednarodnem trgu.

8.3.3 Internacionalizacija slovenskih MSP

V Sloveniji lahko o ravni internacionalizacije MSP sodimo le na osnovi bilančnih podatkov podjetij ter redkih raziskav. Če sodimo o stopnji internacionalizacije na osnovi deleža ustvarjenih prihodkov na tujih trgih, lahko rečemo, da je internacionalizacija slovenskih podjetij relativno nizka. Skoraj dve tretjini slovenskih podjetij namreč prodaja svoje izdelke in storitve le na domačem trgu in le ena tretjina jih prodaja tudi v tujini. Internacionalizacija MSP v Sloveniji zavira nizka raven tehnološkega razvoja podjetij. Slovenska podjetja namreč v daleč največjem obsegu uporabljajo tehnologijo, ki je na voljo že pet ali več let. To velja predvsem za nastajajoča in nova podjetja; le nekaj podjetnikov je prepričanih, da imajo tehnologijo, ki še ni bila na voljo pred enim letom. Na internacionalizacijo MSP pomembno vpliva izkustveno znanje, torej znanje o kupcih, konkurentih in tržišču, znanje o institucionalnem okviru ter kulturnih in družbenih normah in vrednotah na ciljnem trgu, ter znanje o tem, kako se internacionalizirati.

Ravno izkustvenega znanja pa je v slovenskih podjetjih, zaradi zgodovinsko pogojenega razvoja podjetništva in dejstva, da je pridobivanje tovrstnega znanja povezano z visokimi stroški in ga je težko načrtovati, relativno malo. Čeprav gre za znanje, ki je deloma zakoreninjeno v organizacijski kulturi in strukturi podjetja, je vloga akterjev ekonomske politike, da z različnimi aktivnostmi spodbudi in podpre podjetja pri pridobivanju tovrstnih znanj. Potencial internacionalizacije MSP iz razvijajočih se ekonomij je ogromen in Slovenija mora slediti trendom razvoja močnih sektorjev MSP, ter še več vlagati v to področje. Strateška vloga vlade je, da še intenzivneje pomaga sektorju MSP pri internacionalizaciji in s tem pripomore k tvorbi močnega sektorja MSP, ki bo predstavljal hrbtenico slovenskega gospodarstva.
8.4 Poslovno okolje in podporne institucije v procesu internacionalizacije slovenskih MSP

Ker je proces internacionalizacije MSP povezan z številnimi izdatki, katerih si MSP z omejenimi resursi le stežka privoščijo je ogromno poudarka na institucionalni podpori vlade pri internacionalizaciji poslovanja MSP. Ta institucionalna podpora je v najrazvitejših državah zelo razvita, medtem, ko pa se v Sloveniji počasi ustvarja okolje z institucijami, ki vedno bolj pomagajo MSP pri procesu internacionalizacije. Kljub številčnejšim institucijam razmere na tem področju še niso primerljive u najrazvitejšimi državami.

Ministrstvo za gospodarstvo


Slovenski podjetniški sklad

Slovenski podjetniški sklad je nacionalna finančna institucija, ustanovljena z namenom olajšanja dostopa malim in srednje velikim podjetjem do virov financiranja razvojnih naložb podjetij. Sklad zagotavlja ugodnejša finančna sredstva za investicijska vlaganja podjetij.

SID – Slovenska izvozna in razvojna banka

SID banka je dejavna na področju financiranja mednarodnega gospodarskega sodelovanja oziroma nadaljnega razvoja sistema zavarovanja in financiranja izvoza. Na področju zavarovanja izvoznih poslov pred nemarketabilnimi riziki SID banka deluje kot pooblaščena izvozno-kreditna agencija, s ciljem čim bolj konkurenčnega in varnega poslovanja slovenskih podjetij na tuhih trgih.

JAPTI- javna agencija Republike Slovenije za podjetništvo in tuje investicije

Agencija ustanovljena leta 2006 ima cilj delovati kot ključna razvojna implementacijska nacionalna agencija za izvajanje razvojne politike na področju razvoja podjetništva in konkurenčnosti v Sloveniji. Poleg ostalih dejavnosti in nalog skrbi tudi za področje internacionalizacije, to je spodbujanje internacionalizacije slovenskih, predvsem mikro, malih in srednjih podjetij in s tem povečevanje slovenskega izvoza. To počne z izobraževanjem za mednarodno poslovanje, internetnim portalom Izvozno okno, promocijo ponudbenih možnosti slovenskega gospodarstva in spodbujanjem udeležbe MSP v poslovno-prodajnih delegacijah.
GZS- Gospodarska zbornica Slovenije

Gospodarska zbornica Slovenije kot gospodarski lobi zastopa interese podjetij v odnosih z državo in sindikati pri oblikovanju pogojev dela in poslovanja ter pri zagotavljanju pogojev za gospodarski razvoj. Naloga GZS je zagotavljati članom nove priložnosti za razvoj, konkurenčnost in prodor na tuje trge.

Euro Info Center

Aktivnosti, ki jih izvajajo Euro Info Centri, ki deluje v okviru Javne agencije za podjetništvo in tuje investicije, bi lahko združili pod geslom: Informirati. Svetovati. Pomagati. To je namreč trojna vloga, ki jo Euro Info Centri izvajajo vis-à-vis majhnim in srednje velikim podjetjem. Euro Info Center je pravi naslov za tista mala in srednje velika podjetja, ki potrebujejo pomoč pri vključevanju na evropski trg, saj zagotavlja pomoč pri vzpostavljanju poslovnih povezav s partnerji iz držav EU preko organizacije njihove udeležbe na partnerskih srečanjih in podjetniških forumih. Poleg tega zainteresirane informirajo o specialističnih informacijskih virih za navezovanje poslovnih stikov (iskanje partnerjev), zagotavljajo pomoč pri vzpostavitvi in realizaciji pobud, programov in projektov EU, kjer lahko sodelujejo mala in srednja podjetja, organizirajo delavnice, posvete in seminarje z evropsko tematiko, glede na potrebe malih in srednjih podjetij.

Inštitut za podjetništvo in management malih podjetij

Je enota Ekonomsko-poslovne fakultete v Mariboru. Najpomembnejši raziskavi, ki jih izvajajo sta GEM in Slovenski podjetniški observatorij, v katerem so v letu 2005 namenili obsežno poglavje o internacionalizaciji slovenskih MSP in odkrili pomembna spoznanja, ki služijo tudi vladi republike Slovenije, za kreiranje reform na področju MSP.

Čeprav vidimo, da je kar nekaj podpornih institucij, ki nudijo pomoč MSP pri procesu internacionalizacije, še vedno zaostajata na tem področju za razvitejšimi državami. Ker lahko to področje služi kot multiplikator vloženih sredstev v razvoj in v te institucije, lahko upam, da bodo na novo ustanovljene agencije, kot je npr. JAPTI služile svojemu namenu in doprinesle koristi k razvoju MSP in njihove internacionalizacije.

8.5 Pan-evropski marketing

Dejstvo je, da se je okolje v Evropi od leta 1993, ko je bil ustanovljen skupni Evropski trg, zelo spremenilo. Slovenija je te spremembe začutila že pred vstopom v Evropsko unijo in le-te so se le še povečale ob vstopu v Evropsko unijo. Danes je mnogo diskusij med strokovnjaki glede uporabe pan-evropskega marketinga, ki omogoča določeno mero standardizacije in ogromne prihranke ter koristi za podjetja.

8.5.1 Ozadje

Dejstvo je, da se Slovenska podjetja ne morejo umakniti iz Evrope. Četudi ne poslujejo mednarodno, se soočajo z mednarodno konkurenco, ki prihaja iz Evrope ali ostalega sveta in se je močno povečala z vstopom Slovenije v Evropsko unijo. Kreacija Evropske unije z svojimi zakoni, ki so skupni vsem članicam je močno vplivala na sve članice, kakor tudi na
ostale države Evrope. Trg postaja vedno bolj enoten in ponuja se priložnost oblikovati podobne ponudbe različnih izdelkov za določene regije ali celo širša področja Evrope.

8.5.2 Segmentacija

Bistvo segmentacije je v tem, da se odkrijejo regije oz. področja, kjer lahko najdemo podobno povpraševanje, oziroma lahko vidimo enake potrebe, ki jih lahko zadovoljimo z izdelkom ali storitvijo na širšem geografskem področju. Avtorji sedaj govorijo o štirih Evropskih regijah, ki so nastale iz kar sedemnajstih. Te regije se odlikujejo s podobnim povpraševanjem in omogočajo ustvarjanje podobne ali celo enake ponudbe. Seveda pa je to vse odvisno od industrije v kateri konkurira podjetje in konkurenčnih prednosti v tej industriji.

8.5.3 Sile, ki oblikujejo Evropsko konvergenco

Sile, ki imajo za posledico določeno stopnjo konvergence v Evropi, so predvsem skupna zgodovina, Rimska pogodba z realizacijo t.i. štirih svobod (prosti pretok kapitala, izdelkov, storitev in ljudi), kreacija evropske monetarne unije, z skupino valuto Eurom, oblikovanjem štirih najpomembnejših strukturnih fondov, različni sporazumi, mediji, ki nastopajo z istim programom preko celotne Evrope, ter poleg tega dostop do satelitske televizije in interneta, ki omogoča kreiranje skupnih želja, predvsem pri mlajši populaciji.

8.5.4 Vpliv Evropske konvergence na marketinški splet

Sile, ki tvorijo konvergenco, lahko na eni strani tvorijo povečanje konvergenčnosti na strani povpraševanja in povečanje standardizacije na strani ponudbe. Za ugotavljanje vpliva konvergence je nujno pogledati prvo stran ponudbe z marketinškim spletom, se pravi izdelkom, ceno, oglaševanjem in distribucijo. Pri tem lahko vidimo, da je ponudba izdelkov lahko standardizirana do največje mere in sestavina marketinškega spleta, ki bo v prihodnosti še najbolj uporabljena pri standardizaciji pan-evropske ponudbe. V zadnjem desetletju je prav tako prišlo do močne konvergence cen v državah Evropske unije in pojav učinkovitih Evropskih kanalov distribucije, kar je še najbolj vidno v trgovskih mrežah. Možnost uporabe pan-evropskega oglaševanja se veča z uporabo satelitske televizije in interneta, ter povečano mobilnostjo evropskih potrošnikov.

Na strani povpraševanja dokazi niso tako evidentni, kar lahko pripišemo določeni stopnji nacionalizma v Evropi in naraščajočem trendu globalnega individualizma, ki nastaja z večanjem standarda v evropskih državah. Kljub temu, še vedno obstaja trend, ki vpliva na konvergencijo povpraševanja v Evropi in čeprav ni tako močan kot pri ponudbi, lahko pričakujemo njegovo povečanje v prihodnosti.

8.5.5 Strateške možnosti za uporabo pan-Evropskega marketinga

Podjetja se soočajo z tremi bistvenimi vprašanji pri uporabi pan-evropskega marketinga in sicer z geografskim področjem, ki ga naj pokrivajo, ciljno skupino in izdelki oz. storitvami z katerimi bodo poskušali zadovoljevati potrebe. Za učinkovito uporabo pan-Evropskega
pristopa imajo na voljo več strategij in od industrije podjetja in njegovih konkurenčnih prednosti je odvisno katera strategije je za podjetje najugodnejša.

8.5.6 Implikacija za slovenska MSP

Slovenska MSP lahko v procesu internacionalizacije pridobijo s poznavanjem razmer na trgu Evrope in vse močnejšim silam, ki oblikujejo pan-evropski trg. Odvisno od znanja podjetnikov, njihove kreativnosti in fleksibilnosti, lahko MSP nastopijo v določenih segmentih z standardiziranim marketingom, še posebno če izpolnjujejo določeno tržno nišo in imajo superiorni izdelek, ki se odlično prodaja doma in ga tako lahko prenesejo tudi v tujino. MSP ponavadi nastopajo v takšnih nišah, tako, da je uporaba pan-Evropskega marketinga za njih zelo uporabna in jim kot taka omogoča signifikantno znižanje stroškov in priložnost da dosežejo širši geografski trg.

8.6 Priložnosti za Slovenska MSP

V tem poglavju predlagam nekaj marketinških priložnosti, ki so se porodila ob spremenjenih razmerah na trgu Evrope in podajam nekaj primerov Slovenskih podjetij, ki so te priložnosti do doba izkoristila in se danes uvrščajo med najuspešnejša slovenska podjetja.

8.6.1 Skriti šampioni

Definicija je bila prenesena v teorijo z strani Hermanna Simona, ki je preučeval uspehe nemških srednje velikih podjetij. Skriti šampion je ponavadi srednje veliko podjetje, ki je vodilno na Evropskem ali svetovnem trgu in ponavadi javnosti relativno neznan. Večina jih deluje v B2B trgih in zadovoljujejo ozke niše. Njihove osnovne značilnosti so:
- želja po svetovni prevladi
- fokusiranje na malo, vendar dobičekosno nišo
- prevlada nad konkurento na področju, ki je najpomembnejšo za kupce (kvaliteta, storitev, tehnologija, inovativnost)
- izogibanje vsakodnevnih izdelkov
- najnovejša tehnologija in bližina k uporabniku
- zanašanje na svoje lastne sposobnosti
- ustvarjanje harmoničnih odnosov med top-managementom in ostalimi zaposlenimi
- močna osebnost kot lastnik/manager na vrhu podjetja

Razlog, da je veliko »skritih šampionov« ostalo skritih, je v tem, da večina proizvaja proizvode, ki so uporabljeni v procesu izdelave končnega izdelka in so tako skoraj nevidni končnemu uporabniku. Fokusirajo se na majhno tržno nišo, ki zahteva močno tehnološko izobraženost in namenjajo tudi večino resursov za ohranjanje top pozicije v tej niši.

Skriti šampioni konkurirajo na področjih, ki jih kupci najbolj spoštujejo. Večina ima superiornie produkte, ki se odlikujejo po kvaliteti, storitvi, ekonomičnosti, kvaliteti kadra, tehnološki prednosti in inovacijah. Vendar to pomeni, da jih ima večina tudi višjo ceno svojih izdelkov od konkurentov, kar pa večine ne skrbi, saj je ponavadi povpraševanje po njihovih superiornih izdelkih večje od ponudbe.
Geografska lokacija »skritih šampionov« je ponavadi v majhni vasi, ki še spodbudi harmonizacijo med lastnikom in zaposlenimi, ter med okoljem v katerem podjetje deluje. Lastnik ponavadi pozna večino delavcev po imenu in je ponavadi inženirsko izobražen, ter se ne upira »zavihati rokave« in sam rešiti problem konkreten problem v podjetju.

Ob pisanju in branju o »skritih šampionih«, se že ob prebiranju prvih karakteristik te uspešne skupine lahko osemo po slovenskem ozemlju in z lahkoto najdemo slovenskega »skritega šampiona« v podjetju Akrapovič d.o.o. Podjetje, tako kot njegov lastnik, posedujeta vse temeljne, zgoraj opisane, karakteristike »skritih šampionov«. Ni potrebno veliko raziskave, da ugotovimo, da se zgodba podjetja Akrapovič d.o.o. v veliki večini ujema z zgodbami najuspešnejših »skritih šampionov«. Nadaljnje raziskave lahko to podjetje tudi uradno uvrstijo v ligo »skritih šampionov« in bi se tako predstavilo ne samo na slovenskem trgu ampak tudi mednarodnem trgu, kot zgled podjetja, ki je izkoristilo priložnosti v mednarodnem okolju in se internacionaliziralo po teoriji »skritih šampionov«.

8.6.2 Trg srednje in vzhodne Evrope

Odpiranje političnega in ekonomskega sistema na trgu srednje in vzhodne Evrope (SVE) je odprla ogromen trg, ki danes prejema ogromne investicije, ki ponujajo močne povratke podjetjem, ki so pripravljena sprejeti riziko vlaganja v te države. Tudi Slovenija spada v to kategorijo držav in kot taka ima prednost, ker pozna okolje teh držav in ima podobno zgodovino. Z to konkurenčno prednostjo lahko slovenska MSP, uspešneje kot tuja podjetja izven SVE, prodrejo na te trge in izkoristijo priložnosti, ki jih ti hitro razvijajoči se trgi ponujajo.

8.6.3 Internet

Internet pomeni veliko spremembo in priložnost za MSP v procesu internacionalizacije, saj ekstremno zmanjša resurse, ki so potrebni za preboj na tuje trge. MSP tako enakovredno konkurirajo velikim podjetjem in končni uporabnik lahko venomer išče boljše, kakovostnejše ali pa cenovje ponudbe na spletu. Prav tako se uporaba interneta doma dramatično povečuje tudi v državah v razvoju, kar pomeni še dodatno priložnost za MSP, da konkurirajo na tem področju. Internet omogoča preverjanje ponudbe izdelkov mednarodnih konkurentov in tako omogoča učinkovit benchmarking, ter prav tako predstavlja učinkovito komunikacijsko sredstvo za vzpostavljanje (primarnih) odnosov z dobavitelji in kupci.

8.6.4 Tekmovanje z velikani

Ob liberalizaciji slovenskega trga so morajo številna MSP soočati z močno mednarodno konkurenco, podjetij, ki imajo dolgoletne izkušnje v industriji in mednarodno priznane znamke. Kljub temu, da so ta podjetja večja, z mnogo večjimi resursi, pa za slovenska MSP ni nujno vredno prepreči ponudbe v koruzo. Potem, ko naj podjetje temeljito preuči mednarodnost industrije v kateri konkurira, mora temeljito preučiti tudi konkurenčne prednosti in področja največje vrednosti za podjetje. Ob dobri analizi lahko podjetje izbere med številnimi taktikami, kako se braniti ali celo tekmovati in premagati mednarodno konkurenco. Večina MSP ima konkurenčne prednosti, ki so lahko uresničljive le za
domače podjetje in na te mora obrniti pozornost v boju z mednarodno konkurenco. Spremembe mednarodnega okolja v Evropi ponujajo mnoge priložnosti za MSP in po drugi strani tudi nevarnosti, kolikor podjetje ni dovolj fleksibilno in inovativno, saj se sedaj podjetja srečujejo z močnejšo, mednarodno naravano konkurenco. Vendar tako kot v primer Davida in Goljata, lahko MSP z pravilno taktiko in fleksibilnostjo uspejo proti mednarodnim velikanom.

8.6.5 Rojene multinacionalke

Ker razmere na trgu nove Evro prinašajo mnogo priložnosti za MSP je nujno, da slovenski podjetniki zaznajo te priložnosti in z skrbno analizo svoje industrije in konkurenčnih prednosti poskušajo prenesti poslovanje tudi v mednarodne vode. Kljub temu, da smo že opisali rojene multinacionalke v teorijah internacionalizacije, prikazujemo v tem poglavju nekatera zelo uspešna slovenska podjetja, ki so se internacionalizirala po tej teoriji in prav tako kot Akrapovič spadajo med najboljša podjetja v Sloveniji. Med ta podjetja sem uvrstil Seaway, Hylo in Goltes. Vsa ta podjetja izkazujejo karakteristike rojenih multinacionalk, kot je opisano v teorijah internacionalizacije in jih lahko štejemo k uspešnim podjetjem, ki so bili predmet proučevanja za razvijanje teorije rojenih multinacionalk. Ta podjetja lahko služijo za vzgled, kako izkoristiti tržne priložnosti, ki jih ponujajo razmere na trgu nove Evro in lahko služijo za vzgled slovenskim, kot tudi tujim podjetnikom.

8.7 Zaključek

Minilo je že kar nekaj času od kreacije skupnega trga Evropske unije in tudi formaleno integracijo Slovenije v Evropsko unijo. Zaradi hitrega napredka, ki ga povzročajo predvsem sile moderne tehnologije se je trg v Evropi, od časa kreacije skupnega trga, do danes, izredno spremenil. Priložnosti, kot tudi nevarnosti, so drugačne in večje. V tem diplomskem delu analiziramo priložnosti malih in srednje velikih podjetij (MSP) za marketing v teh novih razmerah v Evropi.


Ponavadi MSP ne izvajajo istih korakov pri internacionalizaciji kot velika podjetja. Ravno zaradi tega potrebujejo teorijo internacionalizacije, ki je posebno prilagojena MSP. V diplomskem delu opisujem nekaj teh vrst internacionalizacije in zaključujem, da obstaja potreba po novi teoriji internacionalizacije, ki bo združila spoznanja pridobljena z novejšimi, raziskavami, narejenimi pod novimi tržnimi pogoji, kot so »skriti šampijoni«, rojene multinacionalke in fenomen uporabe internata, kot pomoči pri internacionalizaciji MSP.
Na žalost slovenska MSP ne izkoriščajo vseh priložnosti, ki jih ponuja internacionalizacija iz malega, razvijajočega se trga na razvitejše in večje trge. Slovenska MSP so v večini slab tehnološko razvit, z slabim praktičnim znanjem o priložnostih internacionalizacije in posledično, z majhnim motivom za internacionalizacijo. Z internacionalizacijo lahko slovenska MSP povečajo profite, pridobivajo cenejše resurse iz tujih držav, zmanjšajo stroške, povečajo kvaliteto izdelkov/storitev, izboljšajo porabnikovo percepcijo o podjetju in predvsem razširijo trg odjemalcev, ki je v Sloveniji zelo mal.

Ker imajo MSP zelo omejene resurse v procesu internacionalizacije, predvsem pri izvajanju raziskav in pridobivanju informacij, velja posebno pozornost nameniti podpornim institucijam MSP pri procesu internacionalizacije. V diplomskem delu omenjamo večino le-teh in zaključujemo, da se te institucije sicer pospešno razvijajo, vendar še vedno tudi na tem področju zaostajamo za razvitejšimi državami Evrope.

Uporaba pan-evropskega marketinga, ali vsaj širše regionalnega marketinga lahko pomeni ogromno priložnost za slovenska MSP. Čeprav je potrebno nazorno preučiti industrijo in podjetniške možnosti za uporabo pan-evropskega marketinga lahko zaključimo, da ne obstaja več vprašanja o pan-evropskem pristopu, vprašanje je le, do katere mere v okviru marketinga spletne spleta. Sile, ki oblikujejo pan-evropski trg so močne in se bodo še povečevale v prihodnosti. Čeprav sile na strani povpraševanja niso tako močne zaradi določene stopnje nacionalizma in pojava t.i. globalnega individualizma, se te sile vseeno povečujejo, vendar je verjetneje na strani ponudbe, da bo povzročila nastanek t.i. evropotrošnikov.

Slovenska MSP imajo veliko priložnost trgovanja na trgu Vzhodne in Srednje Evrope. Ti trgi trenutno potrebujejo ogromno investicij saj rastejo z izjemno hitrostjo. Ker tudi Slovenija spada v to regijo lahko izkoristimo to kot prednost, saj podjetniki že posedejo znanje o teh trgih in geografsko bližino, ter s lahko s tem uspešneje konkurirajo tujim investitorjem na tem trgu. Zaradi odprtosti in privlačnosti teh trgov pa se MSP v Sloveniji soočajo tudi z izrazito povečano mednarodno konkurenco vseh podjetij. Za nadaljnjo uspešno delovanje je nujno, da slovenska MSP ostanejo fleksibilna v odgovoru na priložnosti in nevarnosti na trgu. Obstajajo tudi prednosti malih podjetij in slovenska MSP morajo poiskati konkurenčne prednosti, ki jih temeljno razlikujejo od tujih podjetij, za obrambo, ali celo za mednarodno poslovanje.

Slovenski podjetniki se lahko mnogo naučijo od uspešnih mednarodnih podjetij, opisanih v teorijah »skritih šampionov« in rojenih multinationalk, prav tako pa izkoristijo priložnosti, ki jih danes ponuja uporaba interneta, kot izredno učinkovitega poslovnega orodja. Navsezadnje lahko z veseljem ugotovimo, da lahko tudi Slovenci ponudimo vzglede uspešnih podjetij, ki so se internacionalizirala pa teoriji rojenih multinationalk in »skritih šampionov« in lahko mnogo prikažejo in naučijo ne le slovenske podjetnike, ampak tudi vsa ostale, ki želijo sprejeti izziv in izkoristiti priložnosti, ki jih ponuja marketing v novi razmerah na trgu.
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