

ABSTRACT

The Invaders

Growth and renewal of Swedish industry is not only a matter of creating new companies and further development of old ones, but also of getting rid of inefficient and obsolete structures. Over time we have seen how industrial companies have left Sweden because of international structural changes and experienced how old industries have had to completely change their logics due to the invasion of new emerging companies with a different way of looking at how business within their particular industrial area should be structured and managed.

These *invaders* act as renewers and challengers in industries where the established companies do not have the capability to solve their own development problems. It is often a matter of industries that have got stuck with inefficient structures and where the companies have problems in contributing to renewal, either because of investments that today are obsolete and a burden to their economic equation or because of old approaches that inhibit new thinking. The invaders redefine the market, take the customer's viewpoint and do not only develop a new product but also a completely new business idea.

In this report we have analysed different types of invaders, including classical invaders, serial invaders and Internet invaders, as well as the invading capacity of established companies. The *classical invader* is probably best illustrated by Ingvar Kamprad, whose company IKEA not only renewed the Swedish furniture industry but has also become the world's largest furniture company, setting new industry standards in most market places where it is active.

Typical *serial invaders* are Jan Stenbeck with Kinnevik, Richard Branson with Virgin and Stelios Haji-Ioannou with easyGroup. The serial invaders are different from other types of invaders in that they have not devoted their lives to creating a single-business company with global success, but rather managed to apply their invasion concept to a number of different industrial areas.

The third category of invaders includes companies who make use of the Internet as an enabler to invade an old industry with a completely new business idea. *Internet invaders* are, for example, overseas-based online betting companies such as Unibet, Ladbrokes and Expekt, who have invaded the Swedish betting monopoly, although it only recognises Svenska Spel as a legal actor. We have also seen how through the Internet Dell became the world's largest PC supplier, how Amazon created a global market with effective distribution also of books with small editions, and how Skype developed IP telephony, which offers a radically lower cost level than normal telephony.

Finally we discuss *the invading capacity of established companies*, who try to invade another industry by creating an invader company. Such examples are SkandiaBanken, which was founded by the insurance company Skandia, and ICA Banken, which was established by the retailing company ICA. The airline company SAS' attempt to create Snowflake as an invader into the low price segment and SBAB's invasion into the home loan market might also be included in this category. An internationally interesting example is the volume car manufacturer Toyota's invasion into the luxury car segment with the strongly focused Lexus venture.

In the report we have analysed different invasion strategies, critical success factors for invader activities, and patterns of reactions from invaded establishments. We have also shown how

vital the invader's corporate culture and learning process are for effective development of a business idea.

We have drawn a number of conclusions from the invader studies and analysed what "normal" companies could learn from the invaders. The report concludes with some recommendations on how to take advantage of the increased importance of invaders in bringing about the necessary change and renewal of inefficient industries by utilising the invaders as an industry development instrument, thus providing Sweden with an industrial policy specialty.

This report on invader companies is based on a number of case studies of the different categories we have identified. Study data were generated from a number of interviews with representatives of the invader companies, from published documents, and from our own experience as business and strategy development consultants during 30 years. We have also utilised results of relevant research that we have continuously taken part in and contributed to during these years.