

Market Entry Strategies

1 - Approaches of entry

- Market Entry Modes

- Export Modes (low control, low Risk, High flexibility)
- Intermediate modes (Contractual modes): shared control and Risk, split ownership.
- Hierarchical modes (Investments modes): high control & Risk
Low flexibility

- Factors of choice of entry

1- Internal factors

- Firm size
- Int. experience
- Product / Service

2- External factors

- Sociocultural distance btwn home & host countries
- Country risk / demand uncertainty
- Market size and growth
- Direct & Indirect barriers
- Intensity of competition
- Small number of relevant intermediaries available

3- Desired mode characteristics

- Risk averse
- Control
- Flexibility

4- Transaction-specific factors

- ~~- Specific~~
- Tacit nature of Know-how

① Export Modes

- Indirect
- Direct
- Export marketing groups

② Market Entry Strategies

Intermediate Entry Modes

- Contract Manuf.
- Licensing
- Franchising
- JV / Strategic Alliances
- Management Contracting

Hierarchical Modes

- Domestic-based Sales Reps
- Resident sales Reps / Sales subsidiary / sales branch
- Sales and production subsidiaries
- Region centers
- Transnational org. (globally integrated)
- ~~Acq~~ Acquisition
- Greenfield inv.

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Int Sourcing & the Role of Subsupplier

- Outsourcing
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