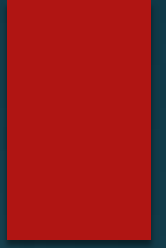


International Market Entry strategies



International Market Entry

- ▶ A **Market Entry strategy** is the planned method of delivering goods or services to a new target market and distributing them there.
- ▶ When importing or exporting services, It refers to establishing and managing contracts in a foreign country.

Entry Strategies in International Marketing

- ▶ Exporting
- ▶ Licensing
- ▶ Franchising
- ▶ Contract Manufacture
- ▶ Management Contracts
- ▶ Joint Ventures
- ▶ Strategic Alliances
- ▶ Mergers & Acquisitions
- ▶ Turnkey Projects

Exporting

- ▶ Exporting is the most traditional & well established form of operating in foreign markets.
- ▶ Exporting can be defined as the marketing of goods produced in one country into another
- ▶ The tendency may be not to obtain a much detailed marketing information as compared to manufacturing in marketing country.
- ▶ Forms of exporting include-
 - a) Direct Exporting
 - b) Indirect Exporting

Franchising

- ▶ Franchising is the practice of using another forms successful business model.
- ▶ Examples: Starbucks, Subway, McDonalds Etc.
- ▶ Franchiser issues the Franchisee. (Allows the operator to use the brand name and other facilities for which the operator is being charged certain amount)
- ▶ Every country have different policies and laws for franchising

Licensing

- ▶ Licensing term can be defined as “The method of operating in other country wherein a Firm of one country agrees to permit a company in another country to use the manufacturing, Processing, Trademark & other skill provided by the Licensor”.
- ▶ Licensing is expensive and it requires process like agreement & It is similar as **Franchise** Operation.
- ▶ Example: Coke, Pepsi, etc.

Contract Manufacture

- ▶ Company doing International marketing contacts with firms in foreign countries to manufacture /Assemble the products while retaining the responsibility of marketing the product.
- ▶ This is a common practice in international market.
- ▶ Many multinational employ this in India.

Ex – Hindustan lever, Park Davis, Ponds

Management Contracts

- ▶ Management Contracts is agreement between two companies, whereby one company provides managerial assistance, Technical expertise & Specialized service to the second company of the Agreement for a certain period in return for monetary compensation.
- ▶ It Emphasize the growing importance f the services, business skills & management expertise as sellable commodities in international trade.

JOINT VENTURE

- ▶ An enterprise in which two or more investors share ownership and control over the property rights & operations is known as **Joint Venture**.
- ▶ It is the easy strategy of entering the foreign market.
- ▶ Any form of association which implies collaboration for more than transitory period is also termed as **Joint venture**.
- ▶ **Joint venture** can be in the form of
 - a) **Foreign Investor** showing interest in local company.
 - b) **A local firm** acquiring an interest in an existing foreign firm.
 - c) **Both foreign and local entrepreneurs** jointly forming a new enterprise.

Strategic Alliances

- ▶ The Strategy seeks to enhance the long term competitive long term advantage of the firm by forming alliance with its competitors instead of competing with each other.
- ▶ The Goals are to leverage critical capabilities, increase the flow of innovations & increase flexibility & responding to market and technological changers.

Mergers & Acquisitions

- ▶ This Strategy is also known as expansion strategy & have been important & powerful driver of globalization.
- ▶ **Merger & Acquisitions** are major aspects of corporate strategy which help dealing with the buying, Selling, dividing & Combining of different companies having similar entities which help an enterprise to grow rapidly in its sector.

For Example – Telecom sector, Banking Sector etc.

Turnkey Projects

- ▶ A **Turnkey Operations** is an agreement by the seller to supply a buyer with a facility fully equipped and ready to be operated by the buyer, who will be trained by the seller.
- ▶ This term is used in “Fast food Franchising” when a franchiser agrees to select a store site, build the store, equip it, train the franchise & Employee.
- ▶ Many **Turnkey contracts** involves government/Public sector as Buyer.
- ▶ A **Turnkey Contractor** may subcontract different phases/parts of the project.

Thank You