International Market Entry Strategies
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 an 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 emphasizes the growing importance of 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.
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