

# Strategies for analyzing and entering foreign markets

[Business](#), [Management](#)



Entering Foreign Markets Basic issues in International Licensing Licensing occurs when a firm, which also referred to as the licensor, leases to another firm, which is the licensee, the rights to use its products, patents, work method, intellectual property rights, trademarks, brand names and even copyrights. The license agreement can be issued by a company to another to market its products or even utilize its technology by paying some royalty or fee. There is a license involved, which is a legal document that gives permission to the licensee. Licensor is the official who has the mandate to issue a license.

#### Advantages of International Licensing

International licensing results to instant and guaranteed revenue for the company that is licensing. There is also an advantage of the promotion of brand recognition of the licensing company.

#### Disadvantages

International licensing results in competition between the licensor and the licensee. Again, international licensing leads to loss of company confidentiality in its ways of operation.

#### Basic issues in International Franchising

International franchising is the strategy that gives the opportunity to an independent entrepreneur to operate a business under the name of another established brand name. International franchising helps businesses to expand into foreign markets using a franchise agreement.

#### Advantages

When franchises are expanded internationally, it opens new opportunities to new markets that the business could not have reached. International

Franchising also allows businesses to take advantage of favorable government regulations in various countries. This helps to save money through the paid taxes.

#### Disadvantages

There are cultural differences that exist in various countries that might go a long way in killing the business in these countries. There is also financial risks involved when trying to expand the business into other countries.

#### How firms analyze foreign markets

In analyzing foreign markets, firms first critically need to choose well the foreign market in which it would want to venture in. This would involve the analysis of the potential success of the business products in that market (Adam, 2001). The firm then requires gathering enough information to use in the analysis process. The information may include the knowledge about domestic government agencies, private agencies in that country as well as other private sources. In the analysis, it is also important for the firm to assess the possible risks in the foreign market.

Firms choose their modes of entry into a foreign market through identification of the market, collection of information about the market, risk assessment, securing capital and space to carry out the business.