

Sample report on market entry strategies

[Business](#), [Company](#)



1. 0 Introduction

Market entry strategy refers to strategic technique of distributing goods or services to the target market and distributing them there. In decision making so as to choose among selections of strategies, the key aspects to consider are the degree of risk involved, the ability to achieve the objective and the attitude in the target markets (Neelankavil and Rai 2009). Neelankavil and Rai (2009) reveals three major issues an organization will face when it has decided to go international are, marketing which involves considering the countries, segments, management and implementation efforts, and the mode of entrance-with intermediaries or directly and what information he should use. Sourcing is another issue a manager will face. He will have to decide whether to obtain products, make or buy. Investment and control is another challenge managers face internationally, he will have a gamble on joint venturing, global partnering or lastly acquisition.

As a manager of an international organization, there are four key market entry strategies the firm can use to succeed and also sell its products globally with ease (Root 1994). The four main strategies include exporting, licensing, joint venture and direct investment. The decision of how to enter an international market can have a significant impact on the results. The Yankee trader which implies the colonial period to the present has huge rich history in the U. S as far as Americans' long aspects of international business is concerned. Coca-cola, McDonald's, Disney, and Microsoft, are recognized companies that are largely recognized in every culture and every language. U. S. companies have taken a huge stride to built factories in the opposite direction of the globe and shared their expertise, know-how, and

management capabilities with their foreign partners across the board.

2. 0 Discussion on four key market entry strategies

2. 1 Exporting

Exporting refers to the selling of properties manufactured in one state into another. As a manager, it will be important to use this strategy since it has many benefits to attain its main goal of going international (Lymbersky 2008). Exporting ensures that the production of merchandises is homegrown thus; it is less dangerous than overseas based. It also gives an opportunity for organizations to learn overseas markets before investing. This better justifies that prevention is better than cure . A manager will learn all the tricks of a country, the strengths, weaknesses, opportunities and threats therein country before rushing to investing. In this case exporting strategy acts as a testing tool before going overseas in marketing. There is a reduction of prospective hazards of going internationally.

Exporting approaches comprise direct or indirect export. Agents, distributors, overseas subsidiaries and government agencies are used in direct exporting (Schorsch 2008). For instance the Grain Marketing Board in Zimbabwe, being commercialized but still having Government mechanism, is a Government agency. The Government, through the Board, is the only permitted maize exporters. This Board acts as an agency to the government. The main problem in direct distributing is that of market evidence. Choosing a market, finding a representative or promoting and pricing of the goods lies on the hands of the exporter. For exporting strategy to succeed, there must be four coordinating activities which include partnership between exporter, importer, government and transport. Contracts between a buyer and seller are a must

and also there must be logistic procedures such as booking air space and arranging documentation. The indirect modes will benefit the exporting strategies in deals in the functioning marketplace or worldwide, commission fills give high impetus; producer exporter needs little skill and also recognition reception takes load from a producer.

2. 2 Licensing

Licensing agreements are pacts where the holder of intellectual possessions will grant definite rights in those material goods to an overseas firm beneath detailed situations and for a stated time. A firm might license the right to manufacture and distribute a certain type of goods or the right to use a trademark on clothing such as blue jeans or designer wear (Tielmann 2010). A firm may choose to license its intellectual property as its market entry method in an overseas country because licensing can provide a greater entrée to the foreign market than is possible through exporting as a market entry strategy (Zou et al. 2009). It is quite alike to the contract operation. Coca Cola is an excellent instance of certifying in this case. In Zimbabwe, United Bottlers have the certificate to make Coke.

Licensing requires little costs and minimal involvement. Signing the agreement and policing its implementation is the only expense that an organization will incur. Licensing is so much important as a market entry strategy since it, is a convenient way to start in overseas processes and open the danger trade dealings (Zou et al. 2009). Alternatively as a manager the disadvantages of exporting as a marketing strategy need to be learnt so as to have all the approaches to benefit one from any challenges that may arise from this strategy. A global firm may face a challenge of a limited form

of participation; possible revenues from advertising and manufacturing may be lost. If a partner learns of knowledge, the license may be short-lived.

Licensees may turn to be competitors, and so this may render a firm not to achieve its main goal of marketing and distribution of its products.

2. 3 Joint ventures

Joint ventures refer to an enterprise in which two or more financiers share tenure and control over goods rights and operation (Wolf 2010). Joint ventures are an extra widespread form of involvement than either exporting or licensing. In Zimbabwe, Olivine industries have a joint venture arrangement with HJ Heinz in food processing. Partnership and corporation are the two forms of joint venturing. Naturally, one party will give expertise and another will donate the capital, and each bringing its own special resources (Trost 2011). Where the regulations of a home state necessitate home grown ownership or entail that financing foreign firms have a native partner; the joint venture is an apt venture means (Wolf 2010). Local participation means that a share of the business is owned by nationals of the host country. The benefits as manager should be aware of in dealing with joint ventures include division of peril and capability to pool the local detailed information with an overseas partner with knowledge in expertise or procedure. There will be also joint financial strength among the firms involved in these dealings which will be an added advantage for these firms to venture to other businesses thus expansion of wealth (Trost 2011). Joint ventures may compel firms to enter into business easily than it were for one firm and can act as market to other states hence market expansion. As a manager, I should learn on the challenges of joint ventures for the benefit of

countering any risks that may arise from these dealings. There may be a divergence on third party marketplaces to oblige and partners may have dissimilar opinions on predictable revenues.

2. 4 Foreign direct investment

Foreign Direct Investment refers to direct possession of services in the goal state. It includes the transmission of assets comprising capital, expertise, and workforces (Blaine 2008). This might stand through the acquirement of a current entry or the creation of a fresh initiative. Direct ownership delivers a high grade of control in the procedures and the capability to well know the customers and opponents' environment (Froot 1993). It entails a high level of possessions and a high notch of commitment. Foreign direct investment brings greater knowledge of local markets, can enable better application of specialized skills, and minimizes knowledge spillover. However, this strategy has a higher risk than the others and also requires more resources and commitments.

3. 0 Conclusion

International managers need to be aware with finances, values, policies, and law in order for him to be viable in world marketplaces today. Global organizations have approved trade strategies that see the sphere, and returns, in international terms. Even lesser and medium-sized industrialized and service businesses are vital entrants in international markets. The three basic forms of international business, trade, licensing of intellectual property, and foreign direct investment, are methods of entering foreign markets. One joint venture agreement, for instance, can have provisions for the building of a plant and the manufacture of goods, for the licensing of trademarks or

patents to the joint venture for a determined period, and for the export or import of those products to other countries of distribution. The methods employed to enter a foreign market must be tailored to the type and size of the firm, the nature of its product or service, and its experience and goals.

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