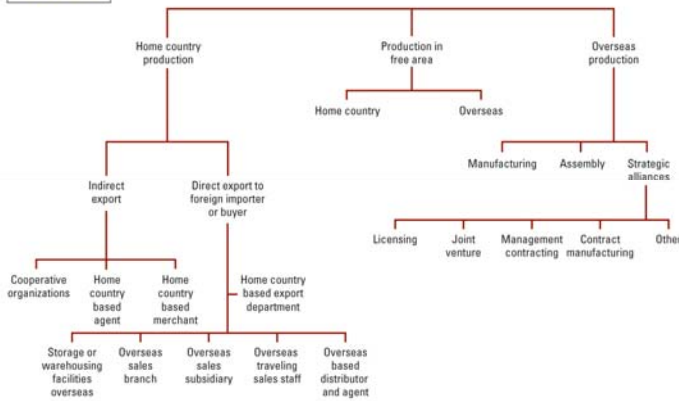




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Market Entry Strategies

OHT 6.1

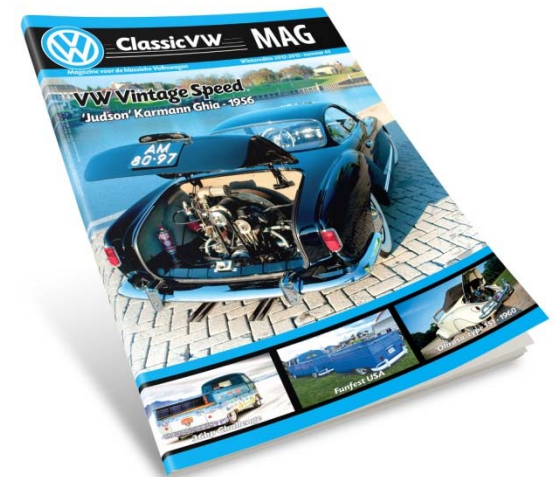
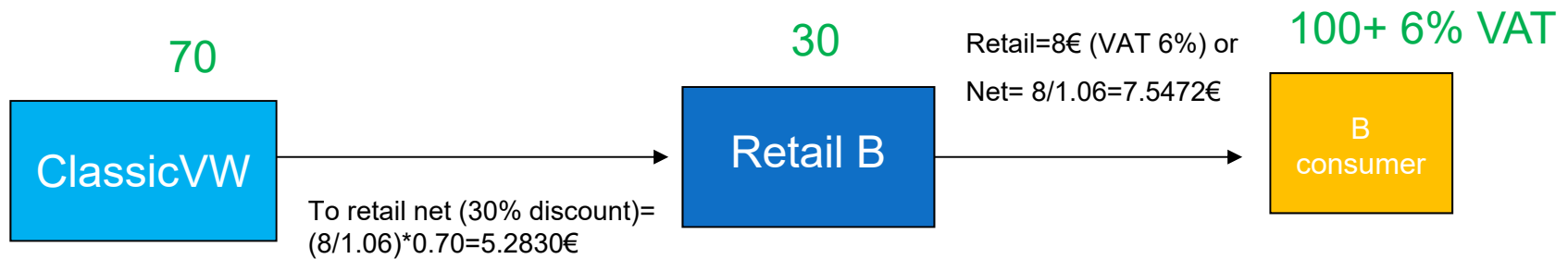




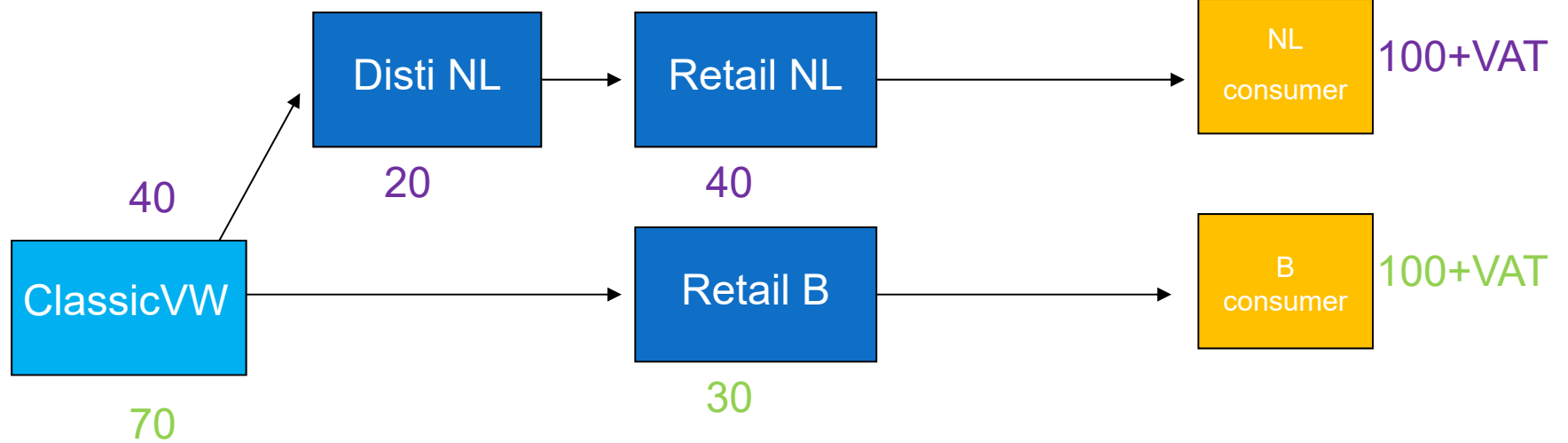
Market Entry Strategies

- When you decide to expand into an new international market, you need to decide how you will enter this new market (4P – Place).
- There are many options, the chosen option will depend on how fast you want/can expand and how many resources you have to do that.
- The market entry choice will also depend on the market situation in the domestic and international market.

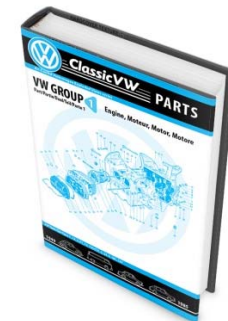
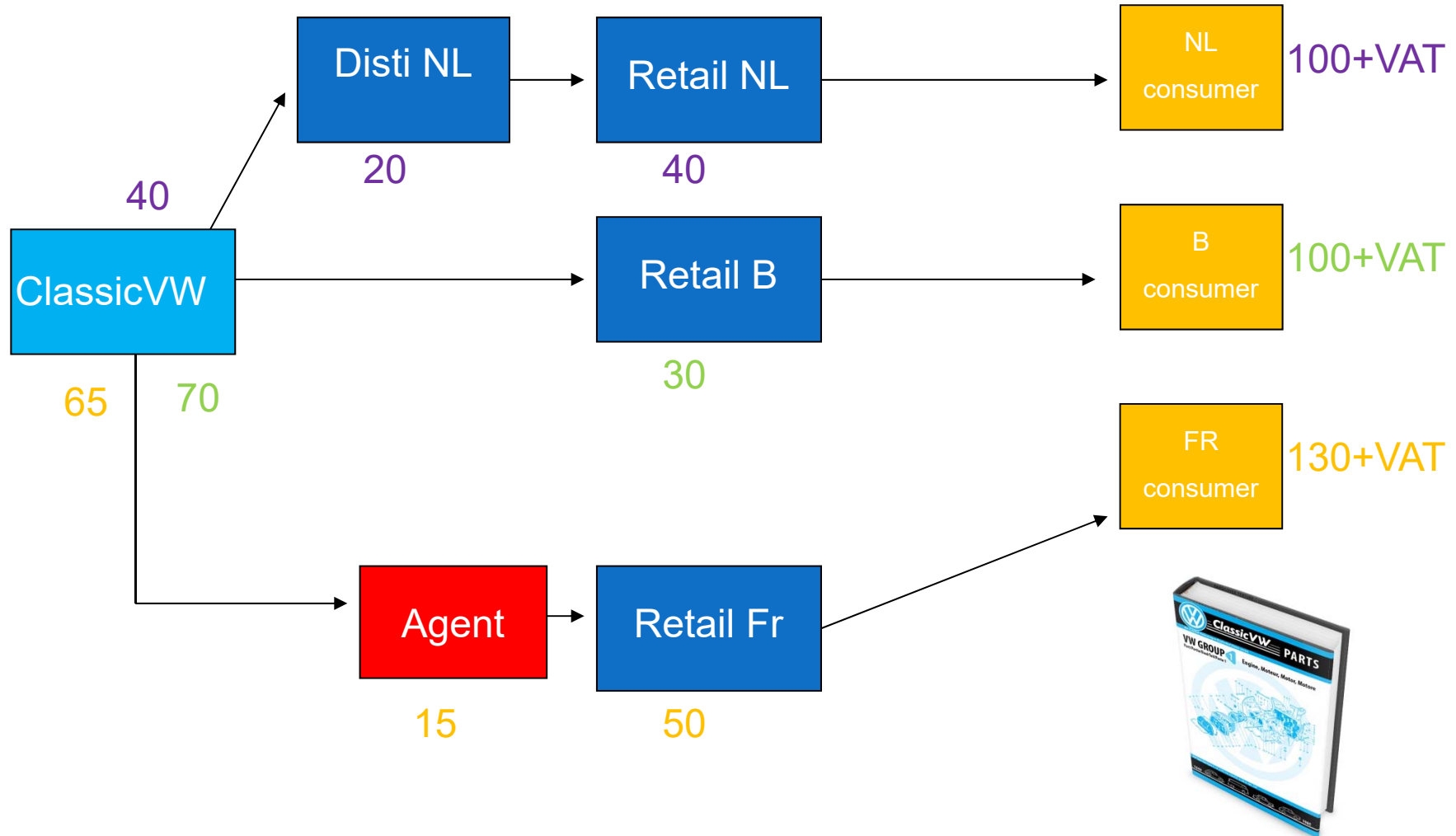
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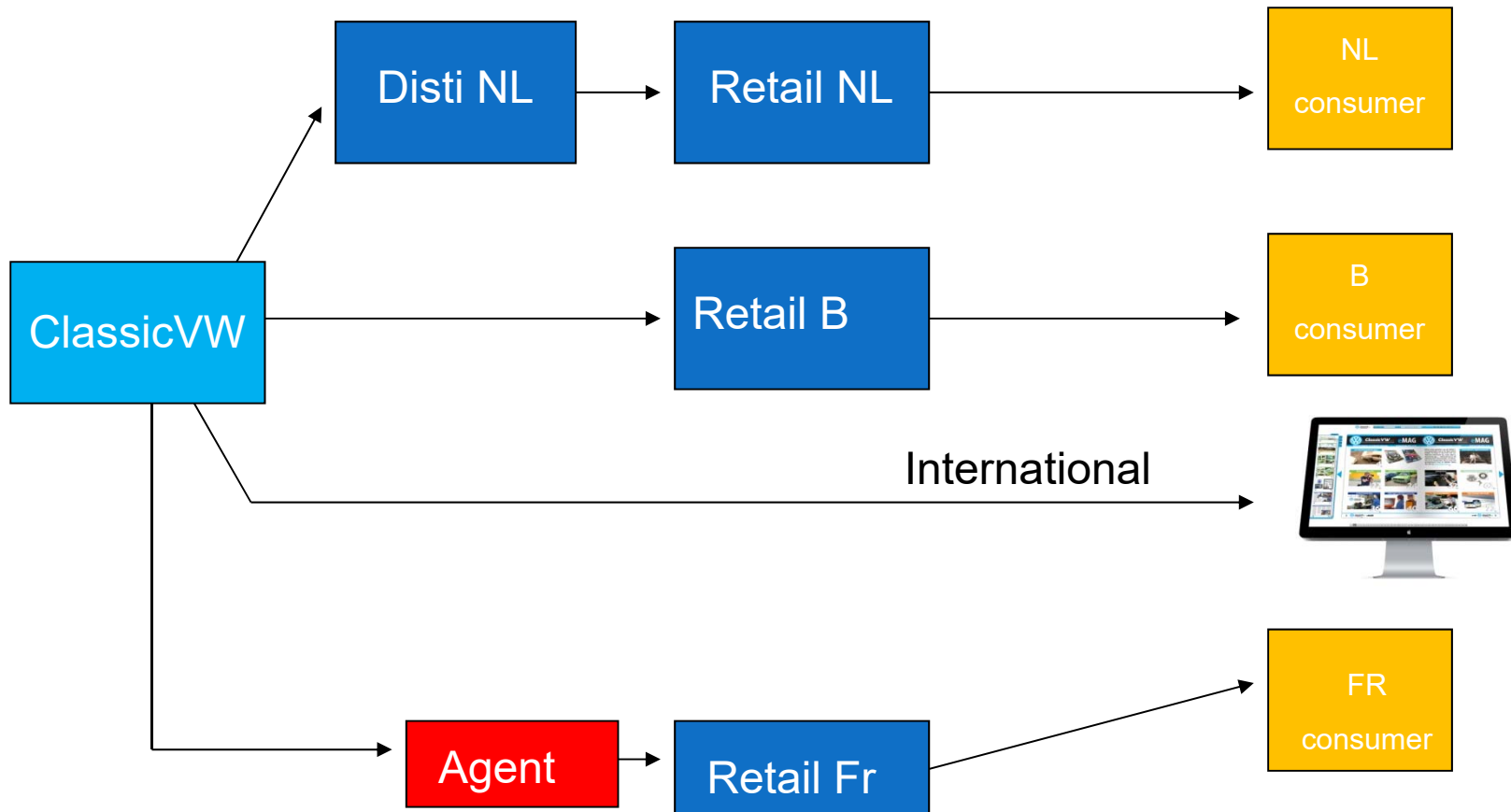
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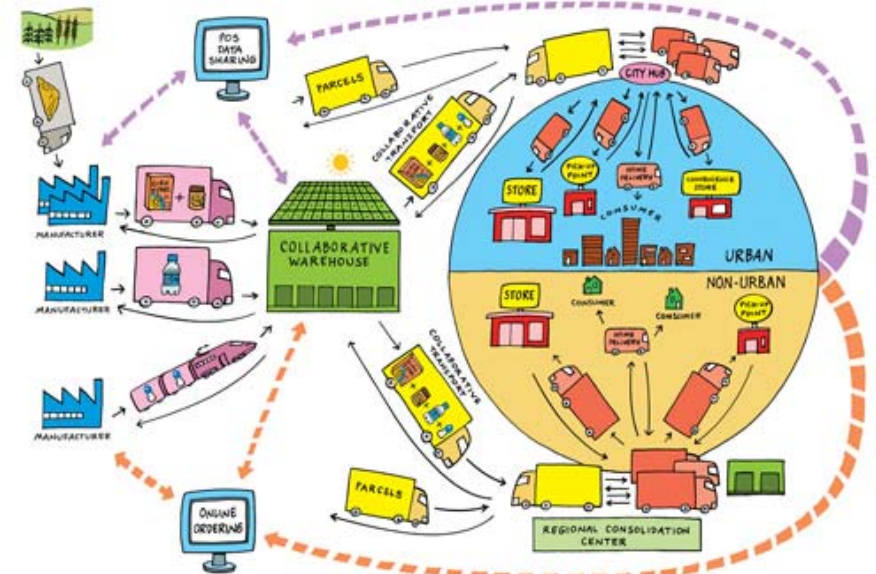
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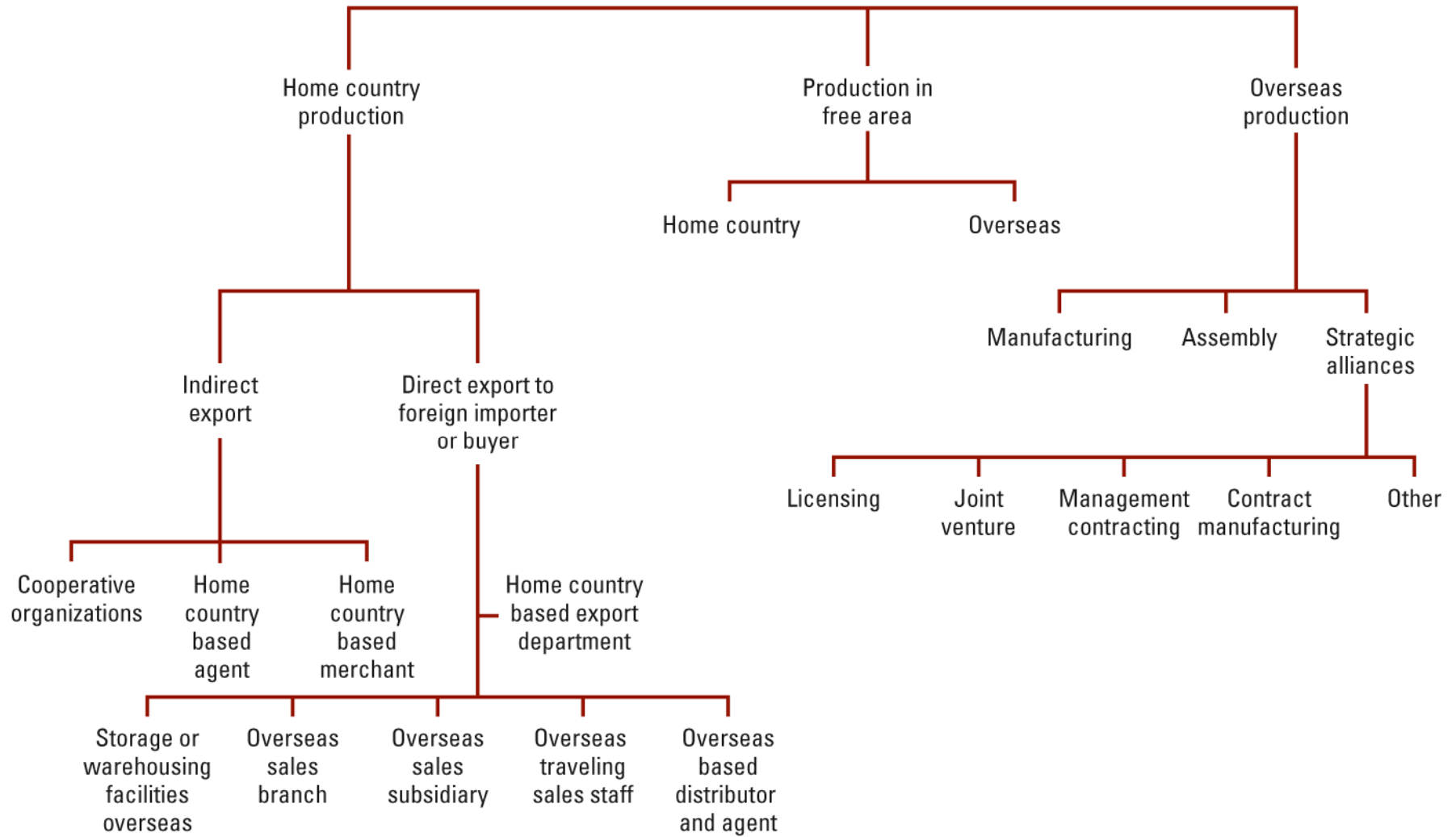


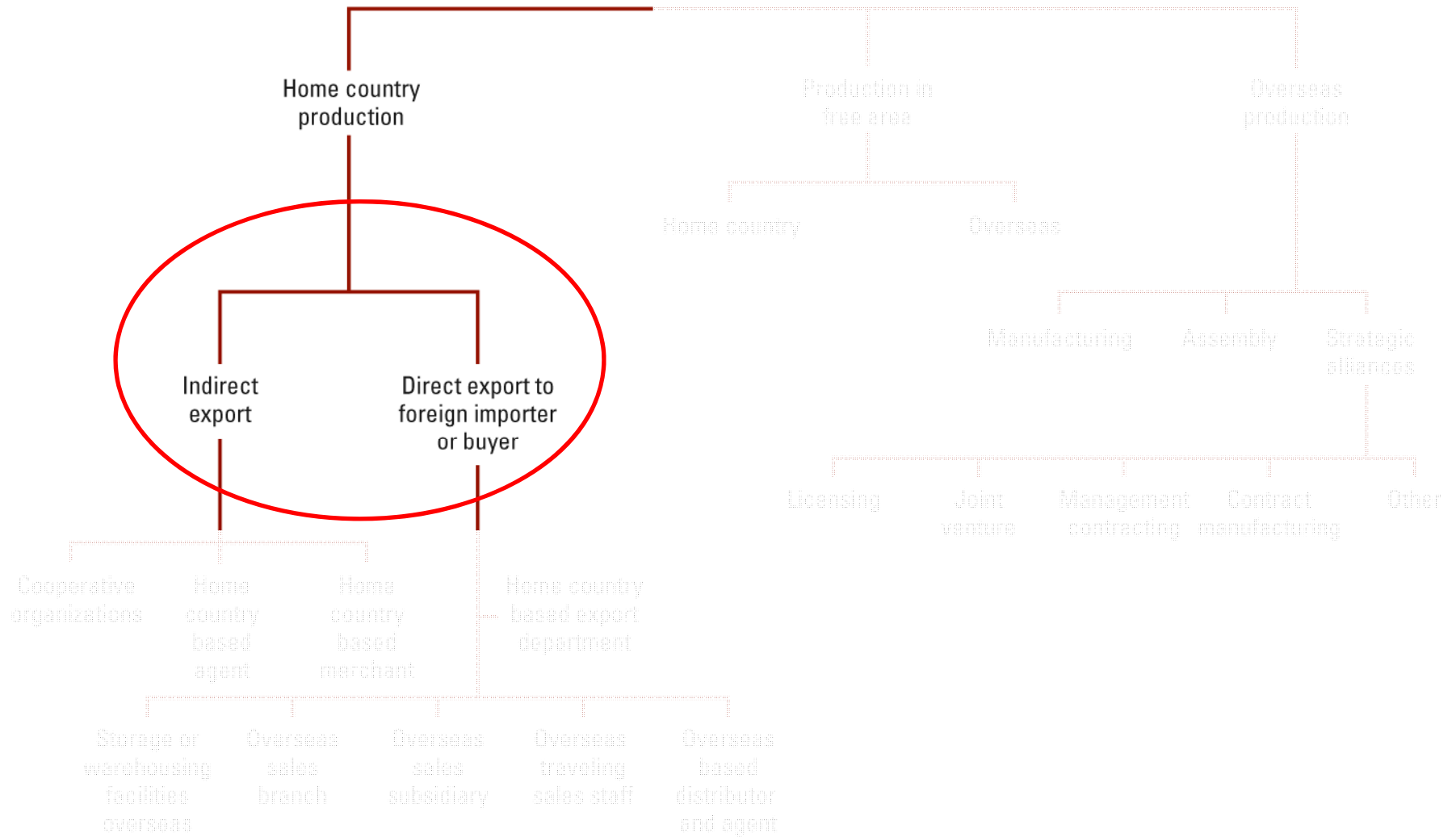
*What is the Product flow?
 What is the Financial (Price) flow?
 What is the Promotion flow?*

The Value Chain of Porter

- What Value does every step in the Channels adds to the product/service?
- What is the price you need to pay for that Value?
- Avoid functions that are done at 2 places ... you pay twice for the same value.
- Value is more than logistics (logistic chain versus value chain).

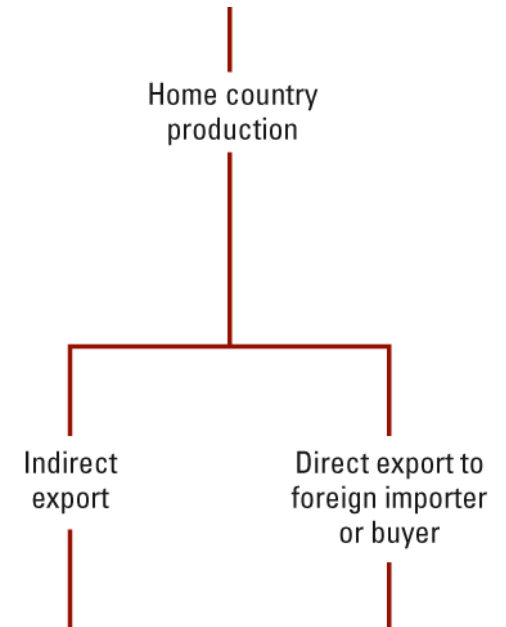






Direct or Indirect Export

- Direct Export
 - You will export your products yourself.
 - You will take care of the logistics and payments (Incoterm).
 - You'll need an export department.
- Indirect Export
 - Uses marketing organizations in the home country.
 - Responsibility for the foreign selling job is transferred.



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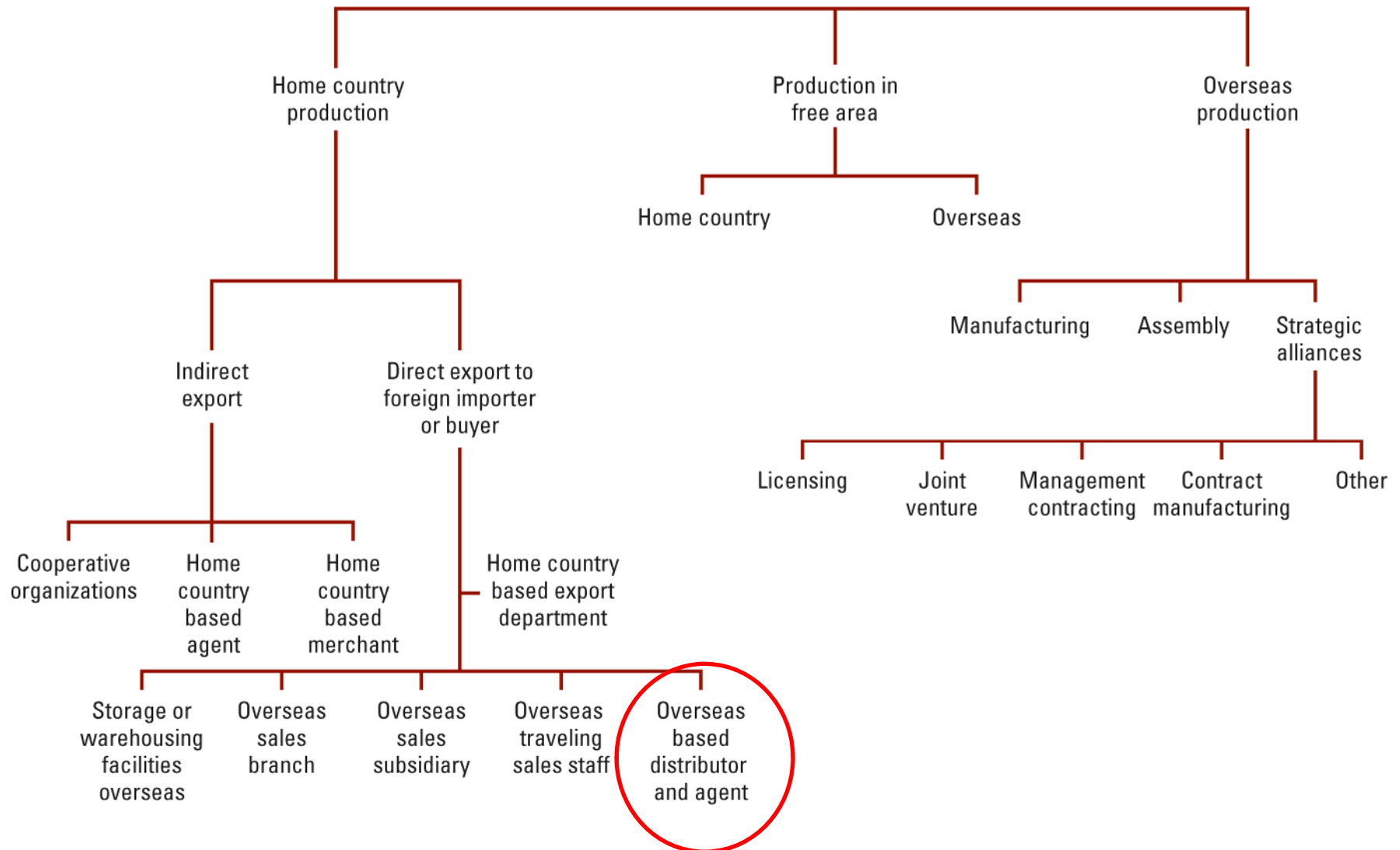


Figure 6.1 Outline of alternative basic international marketing channels

Agents and distributor

- Distributor (grossiste ...)
 - Will **purchase** your products.
 - Takes care of logistics, inventory, credit to retail.
 - Does the Marketing to retail (optional).
 - Takes from 2% to 30% depending on the volumes and marketing pull of your products.
- Agent
 - Specialized agent in markets, region, technology.
 - They work for you and other brands.
 - Agent **never buys** products, agent promotes (BizDev).
 - You pay them a fix fee during start-up (optional) and a commission once the business is launched (10-15%).
 - You work with “year” contracts.

Overseas production

- Licensing
 - Foreign licensee pays for the use of manufacturing, processing, trademark or name, patents, technical assistance, marketing knowledge, trade secrets, or some other skill by the licensor
- Contract Manufacturing
 - Contracting for the manufacturing or assembly of products by manufacturers established in overseas markets, while still retaining the responsibility for marketing
- Management contracting
 - A local investor in a foreign country provides the capital, a company from 'outside' provides the necessary know-how to manage the company
- Manufacturing
 - Can be forced by competitive pressure, market demands, government restrictions on imports, or government actions that would make importing a disadvantage
- Assembly operations
 - A cross between exporting and foreign manufacturing. Exporting components or parts (e.g. VW Germany to Brussels, e.g. personal computers with Channel assembly in e-Business). Parts are assembled with parts in the local market. Saving in freight charges, government fees, custom duties.
- Joint Venture
 - Non-national company joins with national interests, or with a company from another foreign country, in forming a new company. Ownership and control are shared. May be forced by local policies, nationalistic feelings or competitive pressure.
- Outsourcing
 - Outsourcing of tasks to foreign countries (e.g. software programming, back-office, after sales services, call centers)



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