

Post session Q&A follow up - Virtual Guest Lecture by Author Svend Hollensen

Topic: International Market Selection and Choice of Entry Mode

13th May 2020 – 11:00 – 12:00 AM CEST

1. Question: Why is price listed below competitive strength and not below market attractiveness?

Answer: If it was about the general market price level it would be Market Attractiveness but here it is about the specific company price therefore 'Competitive Strength'.

2. Question: What kind of research do international marketers do in the market selected/considered?

Answer: Often International Marketers do specific research - primary data collection (personal interviews) at the bottom of the 'funnel' in order to make a match between customer needs and company competences.

3. Question: Have you ever asked students in big groups 250+ to apply MACS in their coursework? I am interested to see how practical it is to ask students to do this analysis?

Answer: I have done it with groups (4-5 students in each group) where the students are being given a specific company's product and then they have to do an IMS. It is an advantage if they do it for companies where there is a certain level of company information e.g. a financial report that is publicly available. The biggest challenge for the students is typically to evaluate the competitive strength for the company's specific markets as normally the info level about specific markets is limited.

4. Question: Bosch is known for Machine Tools, did they faced any difficulty in entering in Middle East as security systems?

Answer: Bosch faced some difficulty in entering the Middle East market for fire security systems.

5. Question: In selecting countries, market attractiveness and financial feasibility are key factors. Is there also attention for criteria such as social responsibility and/or durability?

Answer: Very good point - I think these criteria will be more important to evaluate in future IMS. What would be also important in future are sustainability factors like the requirement from customers - that product solutions are more climate friendly in future.

6. Question: How are the weights of the criterias determined? By the company or is there an existing template for the weights per criteria?

Answer: The company should do the weights together with the consultant - in principle there is no template for criteria because they vary according to the company specific product solution.

7. Question: Did you use an internal expert group to define the weights for your analysis? And GDP per capita income - is this really important for B2B product which are sold only between B2B companies, not for consumer use, e.g. heavy equipment trucks for commercial use?

Answer: Yes, agree - Especially for B2B products it is important that the IMS criteria are specific - GDP per capita is often a good start, but not enough, especially not for specific B2B products. Yes, an internal expert panel is a good start to make a brainstorming, in order to end up with the final list of criteria, that should be used in the IMS screening process.

8. Question: There are different International theoretical approaches as Uppsala, OLI, TCA, Network, Born Global... Sometimes, it's not obvious what theory company applies and follows. Especially when it is some of the traditional, as you call it Market theories. So, my question is how do I identify, what approach my company usually use? Or could it be, that one company use different approaches in the different EM situations? Or mix them? For example, mixed of TCA and Network?

Answer: Yes, I think in practical situations it is important to mix the different approaches - because unfortunately the business world is not black and white :-)

9. Question: With regards to entry mode, in the Bosch example, the result was exporting. are we here just talk about exporting? so, what partial investment means for exporting, in this case?

Answer: In the case Bosch was utilizing the existing sales offices and subsidiaries that had already been established in the area for other products like for the automotive and power tool division. So, you can say that some partial investments had been done already in this Bosch case.

10. Question: Very interesting examples. It seems that weights and grades are somehow subjective. Was primary data used in the second screening in the Bosch example?

Answer: Yes, some industry experts from the six countries were brought to the Bosch HQ and we had the opportunity to interview them in order to get a direct response from the different potential markets.

11. Question: If a company has subsidiary in a country, why they need to evaluate the market again? is it because they are introducing a new product?

Answer: Yes, in the case with Bosch they had already subsidiaries in the countries - but now they were introducing a completely new product line (for Bosch) so they had to evaluate where to go.

12. Question: How much time did the research on Bosch take you? How many people participated in the research itself?

Answer: About one week concentrated work - in total we were three in the project team - one Bosch employee a student and myself.

13. Question: What is your estimation of the time spent analyzing the EM solution? 2-3 months for every case? I know that companies should have this in systematical base. I have an idea to implement this in our company as a part of marketing.

Answer: The actual part with evaluating criteria can be done in app. one week but it requires then that project group has done all the preparation and that could take a month or so.

14. Question: What would you advise to do in case when a company knows exactly which market to enter (meaning a specific country), but they hesitate about the entry mode?

Answer: Good question: Then they should not do the IMS (waste of time) but instead do the model about 'entry mode' decision - and then hopefully be able to choose the right entry mode :-)

15. Question: What was the difference between the knock-out and the screen-out analysis. Where not all criteria present in the actual analyses?

Answer: The 'knock-out' criteria are used in the beginning of the IMS (political stability etc.) - later more specific IMS criteria are used - more related to the company specific situation.

16. Question: What weight do you place on Hofstede's cultural dimensions in making decisions on country selection? There is a lot of critique about Hofstede's models.

Answer: Hofstede can be taken into account - maybe as a cultural indicator in MA but I think that his results are too general for this purpose - IMS is very company specific.

17. Question: I have a question about Bosch case, why UAE was put on hold since DUBAI EXPO 2020 influenced building of 70 new hotels.

Answer: It was only because of internal issues in the Bosch company - they were already doing something in UAE.

18. Question: Should the competitions not be examined earlier in the decision-making process? In both the cases of Bosch and Muller Quaker, it seems that the competition played an important role in the success of the project.

Answer: Good point - The competitive intensity can be used as a MA screening criteria - the more competitive intensity - the less attractive market (the more difficult it will be for the company to enter the market).

19. Question: When using a blue ocean strategy is there a framework to evaluate the different approaches for dealing with information asymmetry?

Answer: Information asymmetry is a good point. This is relevant if the company is considering an export mode e.g. an agent solution.

20. **Question:** Figure 9.1 about entry mode and today's digital reality. How do you see the company's entry mode if they open their own web shop in the entry-country, while shipping the goods from the company's home-country? Is it a Hierarchical mode? And if so, it is suddenly an achievable entry mode for a small company, that wants to keep risk low and have high flexibility.

Answer: Good question - Own web shop in the country - with direct delivery from home country would be a kind of Hierarchical mode - with relatively low investment and good flexibility :-)

21. **Question:** Qatar has less than 3 mil. people and UAE 10 million and also the tourist visiting are huge numbers in UAE...so there are very much more hotels. Or was Qatar a pilot market?

Answer: Good question: UAE and SA were ranked higher than Qatar - so at the time it was a kind of 'trial' but it turned out to be a very good choice.