

Market Entrance Strategies

Examples of good practice and Lessons Learned

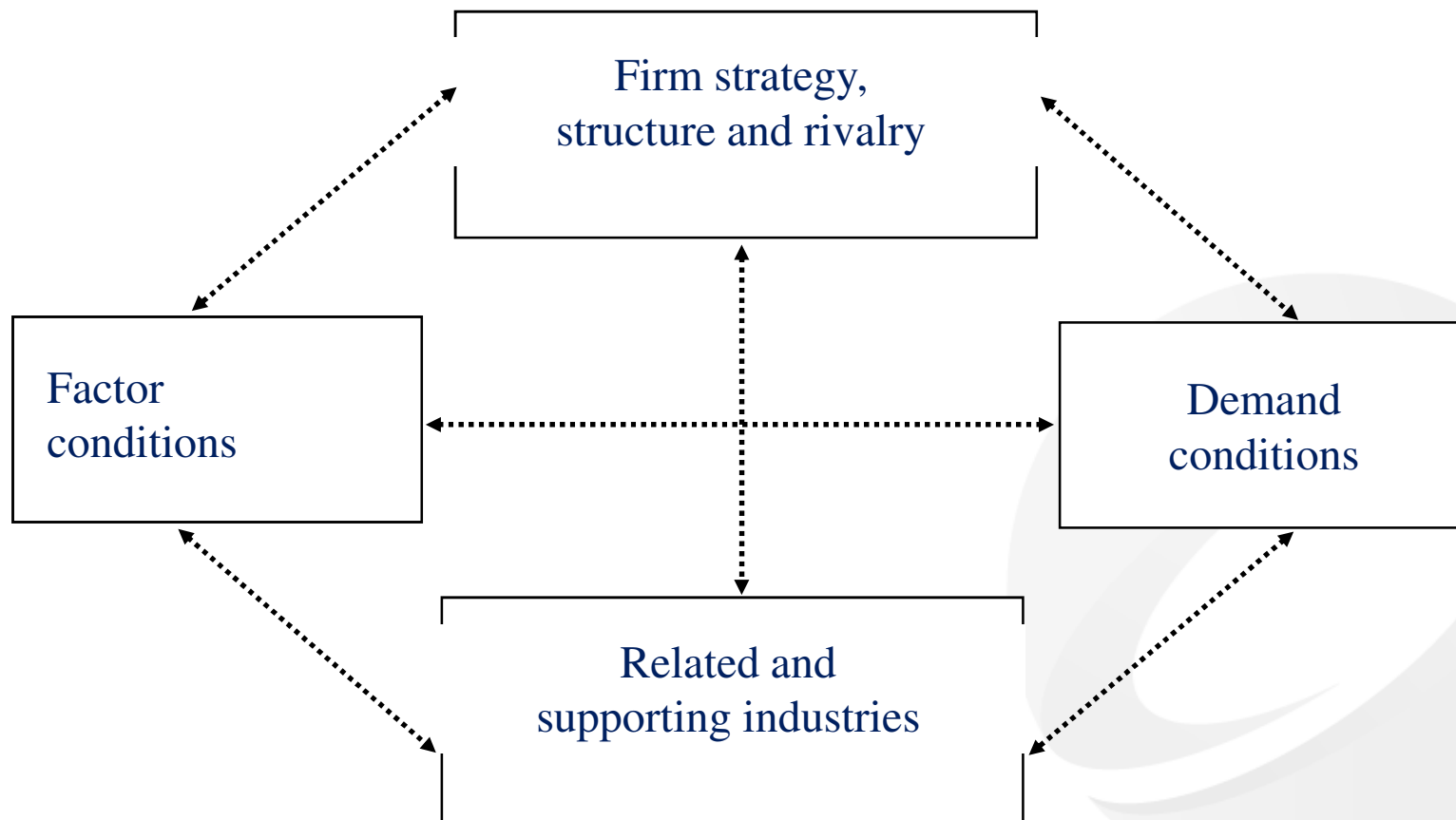


Internationalization of your Business to Serbia Experience & best practice stages

<i>Stages of internationalization</i>	<i>Critical management activity or orientation</i>	<i>How the firm behaves</i>
Domestic market focus	Focus on home market	Firm operates only in its home market due to limited resources or lack of motivation
Preinternationalization stage	Research and evaluate the feasibility of undertaking international business activity	<p><i>Typical triggers from outside the firm:</i></p> <ul style="list-style-type: none"> • The firm receives unsolicited orders from customers located abroad. • Change agents (such as foreign distributors) contact the firm, seeking to represent it in their countries. <p><i>Typical triggers from inside the firm:</i></p> <ul style="list-style-type: none"> • Managers seek to increase the firm's performance or improve its competitive advantages. • Managers are proactive about international expansion.
Experimental involvement	Initiate limited international business activity, typically through exporting	<ul style="list-style-type: none"> • Managers consider foreign market opportunities attractive.
Active involvement	Explore international expansion, including entry strategies other than exporting	<ul style="list-style-type: none"> • Managers have accumulated experience that reinforces expectations about the benefits of international business. • Managers are willing to commit additional resources for international expansion. • Managers dedicate firm resources appropriate for expanding into new foreign markets.
Committed involvement	Allocate resources based on international opportunities	<ul style="list-style-type: none"> • The firm performs well in various international ventures. • The firm overcomes barriers to doing international business.

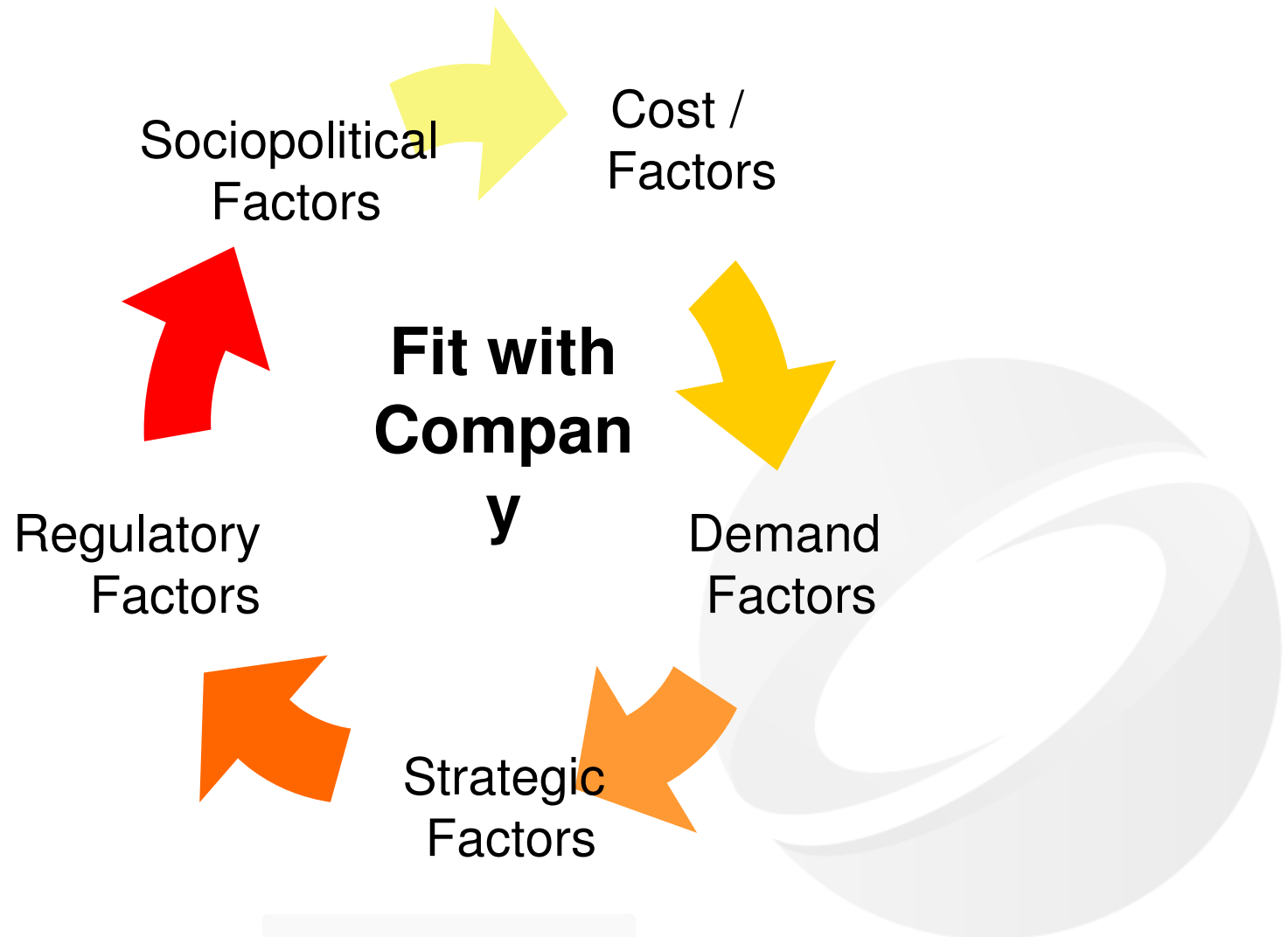
Market Entrance Study

Market Entrance Strategies 1/4



Market Entrance Strategies 2/4

Going internationally means understanding the local market



Market Entrance Strategies ^{3/4} Usual steps and our involvement

1. Region Identification
2. Preliminary Screening
Involves rating the identified countries on macro level indicators, such as political stability, geographic distance and economic development.
3. In-depth Screening
Analyzes data specific to the industry and product markets and segments. Analyses of Market Attractiveness
4. Final Selection
Company objectives are brought to bear for a match.

Market Entrance Strategies 4/4 Usual steps and our involvement

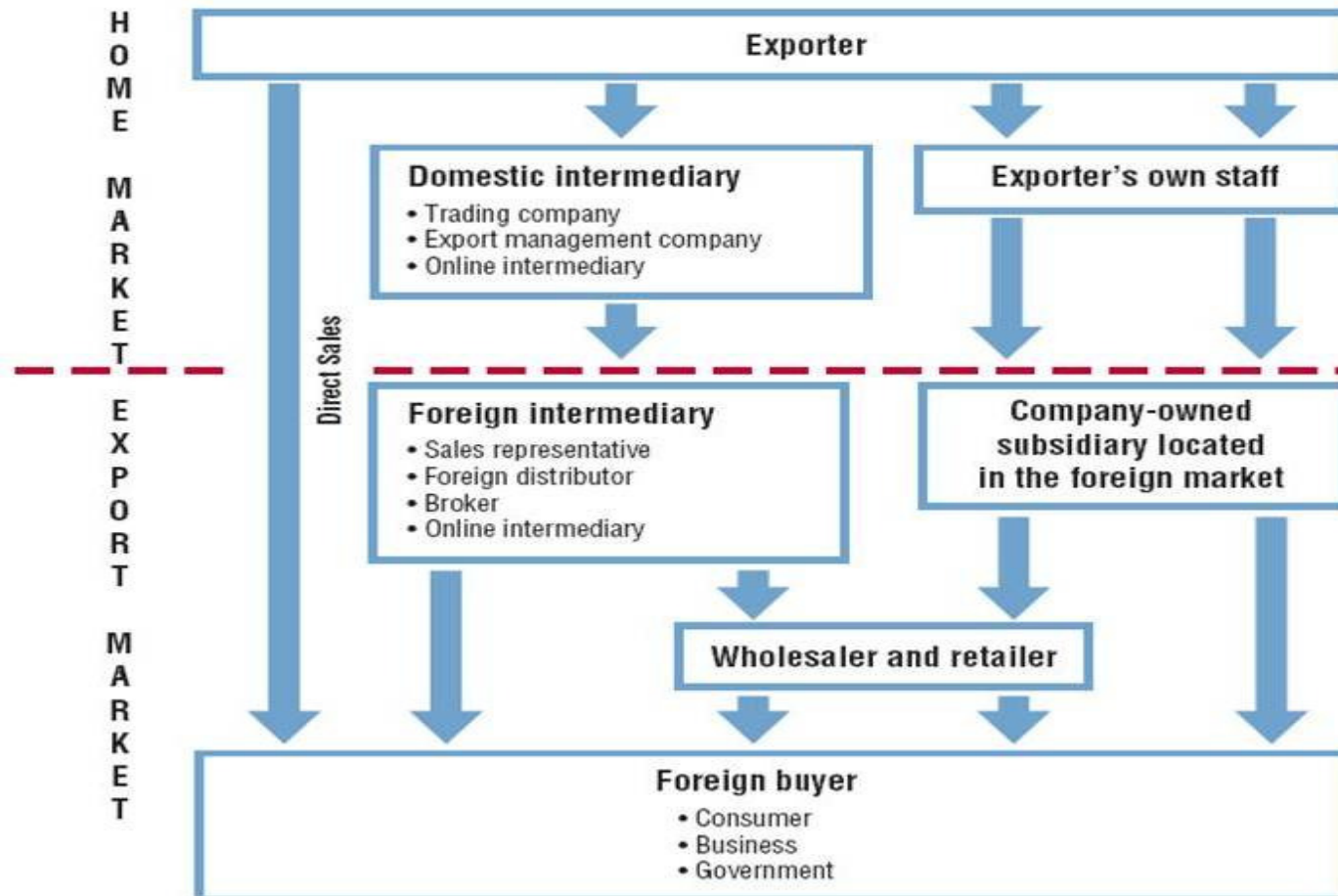
Analysis of Market Attractiveness

- Size
- Growth
- Competition
- Trade Barriers
- Analysis of Political Risk
- Currency
- Infrastructure
- Capital Requirements
- Production Cost
- Taxes

Mode of Entrance

- Exporting
- Licensing
- Strategic Alliance
- Joint Venture
- M&A
- Direct Investment

Export flow process, process integration experience from Serbia



Export Proffered Partner Assessment Methodology

<i>Intermediary dimension</i>	<i>Evaluation criteria</i>
Strengths	<ul style="list-style-type: none"> • Ability to finance initial sales and subsequent growth in the market • Ability to provide financing to customers • Quality of management team • Reputation among current and past customers • Connections with influential people or government agencies in the market
Product factors	<ul style="list-style-type: none"> • Familiarity with the exporter's product • Quality and sophistication of all product lines handled by the intermediary • Ability to ensure security for patents and other intellectual property rights • Willingness to drop competing product lines
Marketing skills	<ul style="list-style-type: none"> • Experience with target customers • Extent of geographic coverage provided in the target market • Quality and quantity of sales force • Ability to formulate and implement marketing plans
Commitment	<ul style="list-style-type: none"> • Percent of intermediary's business accounted by a single supplier • Willingness to maintain inventory sufficient to fully serve the market • Commitment to achieving minimum sales targets

Our assessment sheet in PP assessment is even more detail, xls on request

Market Entrance Sales & Export options 1/3

Direct Exporting

- Contracting with intermediaries located in the *foreign* market to perform export functions. * market analyses containing all relevant info*
- The foreign intermediaries serve as an extension of the exporter, negotiating on behalf of the exporter and assuming such responsibilities as local supply-chain management, pricing, and customer service.
- It gives the exporter greater control over the export process and potential for higher profits, as well as allowing a closer relationship with foreign buyers.
However, exporter must dedicate more time, personnel, and corporate resources in developing and managing export operations.

Market Entrance Sales & Export options 2/3

Company-Owned Foreign Subsidiary

- The firm sets up a sales office or a company-owned subsidiary that handles marketing, physical distribution, promotion, and customer service activities in the foreign market.
- The firm undertakes major tasks directly in the foreign market, such as participating in trade fairs, conducting market research, searching for distributors, and finding and serving customers.
- Would pursue this route if the foreign market seems likely to generate a high volume of sales or has substantial strategic importance.

Market Entrance Sales & Export options 3/3

Other modes for market entrance used in practice for RES technology sales:

- representative contact office, liaison partner in Serbia
- sourcing of sales to local companies
- marketing outsource and online promotion, Virtual Office and local representative sales person
- related industry fairs and conferences attendance, direct or local representative with promo booth or else
- organization of industry related Specialized Conference with all relevant Stakeholders