# Course Title: C.1.3.1 Market Entry Strategy

# Abstract:

This lecture introduces students to the topic of market entry strategy. It starts with making students familiar with the terms timing, scope, and scale of internationalisation and provides and overview of different internationalisation patterns of SMEs. Part two zooms in on the components of a market entry strategy (timing, choice of host market(s), scale, and mode of entry) and discusses the advantages and disadvantages of different modes of market entry, hereby using the theoretical constructs introduced in C1.1.1 (Principal Agent and Transaction costs). The lecture is a mix of self-study/e-learning activities (readings, interactive video, case study assignment), and classroom teaching, using a variety of interactive methods, such as mind maps, brainstorming sessions, and interactive presentations.

# Learning Objectives:

* Learning Objective 1: Students can recall the components of a market entry strategy and know how to develop a market entry strategy by working on a case study
* Learning Objective 2: Students can recall the most prominent modes of market entry and can explain the advantages and disadvantages of different market entry modes
* Learning Objective 3: Students can analyse factors that determine a firm’s choice of entry mode
* Learning Objective 4: Students train their research, analytical skills, and problem-solving skills by completing a case study

# Assessment Method:

* Two-minute papers (session 2 and session 4)
* Results of the quizzes in the two HP5 online lectures

# Comment:

Blue font its for interactive exercises and orange for self-study.

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| Session # | Session Content | Method(s) | Learning Objectives of Session | Material | | Time (mins.) | Comments |
| 1 | **Preparatory Self-Study Session** | | | | **60** | | Flipped class room/e-learning |
| Introduction to basic terms  Scale, scope, and timing of internationalisation  Internationalisation patterns  Internal and external factors that determine internationalisation pathways of SMEs  Internationalisation patterns of SMEs: Uppsala Model, Born Globals, Born-Again Globals | Interactive lecture, including some self-assessment questions for students | Students understand the terms scale, scope, and timing of internationalisation by analysing two international firms  Students can explain how and why the internationalisation pathways of SMEs differ | Interactive H5P presentation on internationalisation patterns, including short videos and audio files  C1.3.1.\_1\_interactive-presentation-internationalisastion-patterns-270 | | 30 |
| Interactive teaching video:  International Strategy: Introduction to why, where, and how to expand | Self-study  Students watch the interactive video on international strategy and answer the questions included in the video | Students become familiar with basic questions of international strategy | Interactive teaching video: <https://www.playposit.com/public/293792/608926/international-strategy> | | 30 |
| 2 | **Introduction to Market Entry** | | | | | **65** |  |
| Topic Overview  Introduction to the learning objectives | Short lecture | Students become familiar with the content, learning objectives, and structure of the lecture | PPT presentation (Slides 1-7) | | 15 | *(Orientation phase)* |
| Warm up  Think of an international company (e.g. one you have worked in), in what countries does it operate? In what types of international activities is this firm engaged? When did this firm internationalise? | Open brainstorm with students  Collect answers on white board | Activate students’ previous knowledge and raise interest for the topic of market entry | White board or online tool for mindmaps (e.g. FreeMind, Freeplane) (Slide 8) | | 15 | *(Orientation phase)* |
| Introduction to market entry | Short lecture  Including short Video on slide 11 | Students can recall the most important question when entering a new market | PPT presentation: Market entry strategy  (Slides 9-18) | | 25 | *(Work phase)* |
| Discussion on Streamflicks case | Discussion on previous video, reflecting the decision factors | PPT slide 19 | | 10 |  |
| 3 | **Dunning’s Eclectic Paradigm** | | | | | **40** | **4hrs self-study** |
| Market Entry Strategy  Brainstorm  What is a market entry strategy? | Group work: Students make a mind map. Compare and discuss the mindmaps. | Students activate their previous knowledge | Flip chart paper or programme for online mind maps  (Slide 21) | | 20 min | *(Orientation phase)* |
| Dunning’s Eclectic Paradigm | Short lecture  Short think-pair-share example discussion on slide 22 | Students can analyse factors that determine a firm’s choice of entry mode | PPT presentation: eclectic paradigm  (Slides 22-26) | | 20 min | *(Work phase)*  *Additional reading in self-study: Dunning, John H. (2000): The Eclectic Paradigm as an Envelope for Economic and Business Theories of MNE Activity. International Business Review 9, pp. 163-190.*  *And:*  *Brouthers, K. D., Brouthers, L. E., & Werner, S. (1996). Dunning's eclectic theory and the smaller firm: The impact of ownership and locational advantages on the choice of entry-modes in the computer software industry. International Business Review, 5(4), 377-394. (4hrs)* |
| 4 | **Market Entry Models** | | | | | **145** | **2hrs self-study** |
| Market Entry Modes | Lecture  With interactive elements after each entry mode on advantages and disadvantages + applying Transaction Costs and Principal Agent risks | Students can recall the most prominent modes of market entry and can explain the advantages and disadvantages of different market entry modes. | PPT presentation: market entry modes  (Slides 27 -68) | | 130 min | *(Work phase)*  *(Consolidation/Applying phase)*  See separate handout for advantages and disadvantages that you can hand out after each brainstorming.  *Note: For the transaction costs and Principal Agent Risks discussion: Results appear with the next click*  *Additional reading in self-study:*  *Brouthers, K. D., & Nakos, G. (2004). SME entry mode choice and performance: A transaction cost perspective. Entrepreneurship theory and practice, 28(3), 229-247.*  *(2hrss workload)* |
| Discussion: Why FDI? | Open discussion | Students reflect on advantages and disadvantages of specific entry modes relative to one another | Slide 69 | | 10 min | *(Consolidation/Applying phase)* |
| MES SME |  |  | Slide 71-72 | | 5 min |  |
| Summary |  |  | Slide 73 | | 5 min |  |
| 5 | **Review** | | | | |  | **30 min self-study** |
| Determining the optimal mode of entry for SMEs: Dunning’s Eclectic Paradigm and external/ internal factors that shape firms’ choice of entry mode | Interactive lecture  Short test (mix of open and closed questions) | Students review their knowledge of different market entry modes and can explain the advantages and disadvantages of the various modes of entry  Students can explain which factors determine an SME’s choice of entry mode | Interactive H5P presentation: How to determine the optimal mode of entry?  Interactive H5P presentation  C1.3.1.\_2\_interactive-presentation-optimal-mode-of-entry-2-465 | | 30 | *(Work phase)*  *In class or self-study* |