

---

# Successful go-to-market planning and execution with a systematic approach and tools

**REDDAL**

**REDDAL ACADEMY**

---

**New market entry – best practices and lessons learned**

Transylvania Executive Education MBA, March 10, 2023

# Today's speaker has traversed a long path across various international business building efforts

## Introduction of speaker



Per Stenius is the Director of Reddal Korea, as well as the Chairman and CEO of Reddal Inc. since 2010.

He leads Reddal's Strategy and Lean practices.

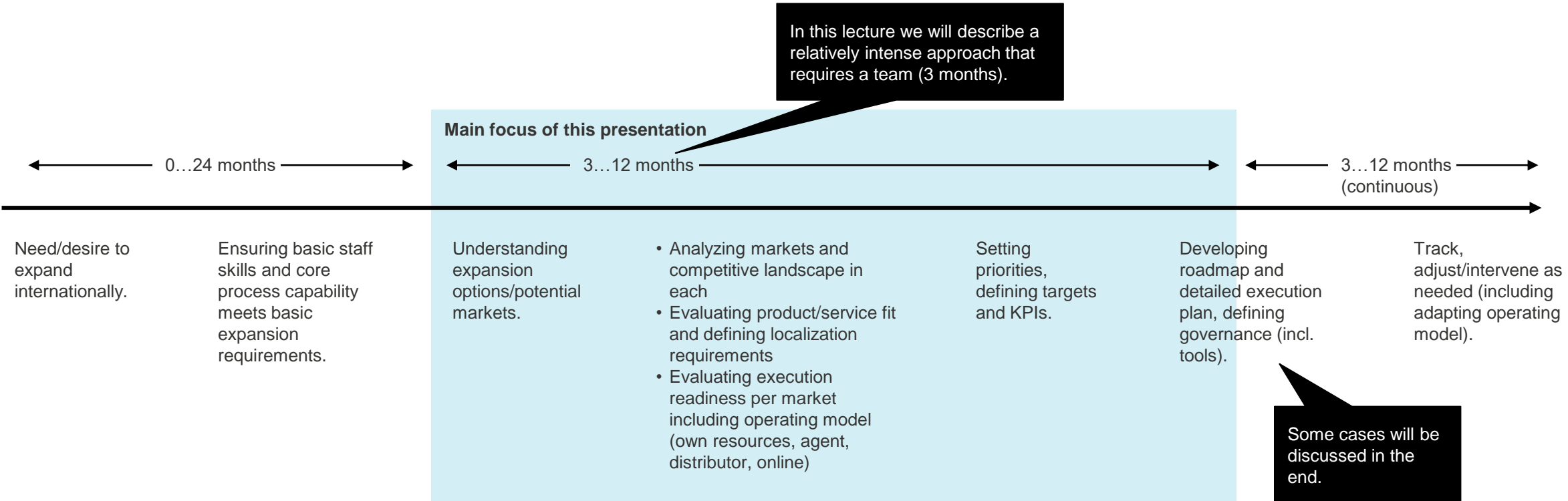
Per has over 25 years' experience in the field of strategy and operative process development in multiple industries.

During his career, he has worked as a top management consultant and executive, holding positions at McKinsey & Company, Accenture, Stratos Ventures, and several technology companies including for example Liekki, Wicom, Space Systems Finland and Aplac.

Through his various roles at Reddal, he commands a deep understanding of the Korea, Japan, China and Southeast Asian markets, in addition to his prior experience in Northern and Central Europe, Middle East and North America.

# Entering new markets is challenging – a step by step approach can help to ensure success

## Key steps in building an expansion and go-to-market strategy



---

# Agenda

A go-to-market strategy process has two main phases: selection of focus areas and target setting, then action planning and follow-up

Choosing the right market entry mode

Real-life stories in global expansion attempts – successes, failures and key take-aways

Practical templates and tools can better support new market entry

Q&A

---

# Agenda

**A go-to-market strategy process has two main phases: selection of focus areas and target setting, then action planning and follow-up**

Choosing the right market entry mode

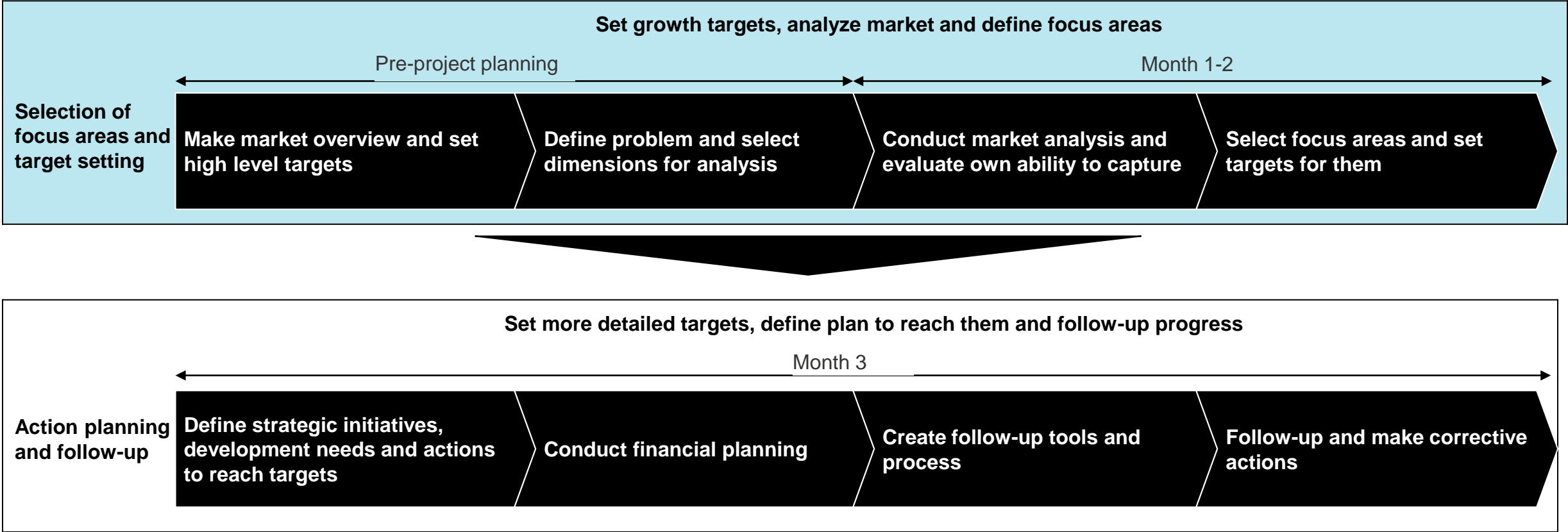
Real-life stories in global expansion attempts – successes, failures and key take-aways

Practical templates and tools can better support new market entry

Q&A

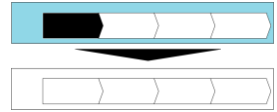
# The go-to-market strategy process has two main phases, the first of which is selection of focus areas and target setting

## Go-to-market strategy process

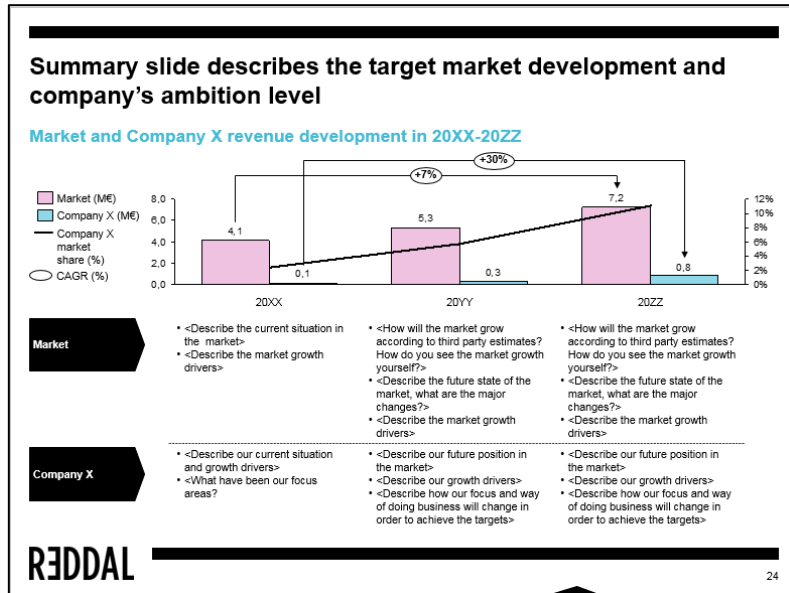


# Start by describing how the market will develop, set short- and long-term sales targets and define the problem(s) that need to be solved

## Creating market overview and setting high level targets



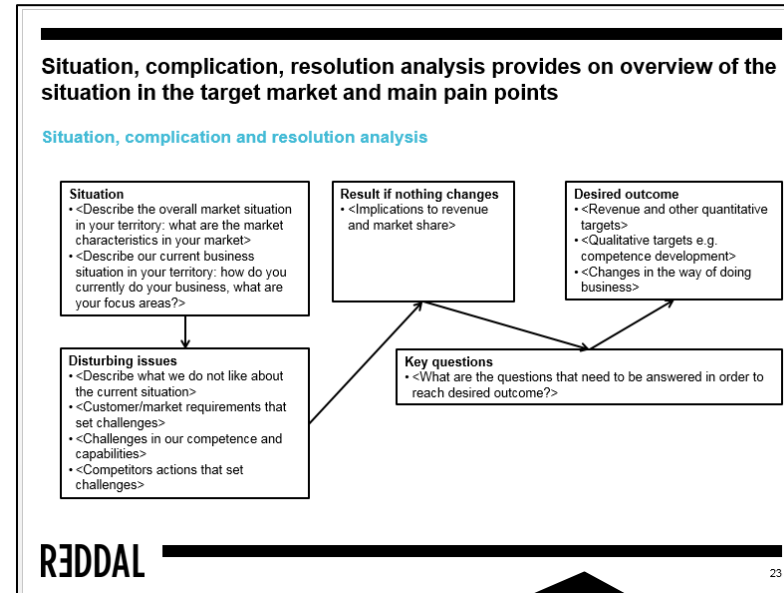
### Make market overview and set high level targets



Country managers give overview on the forecasted market development and set high level sales targets. Project management should provide supporting questions so that the country managers cover relevant topics in the text part.

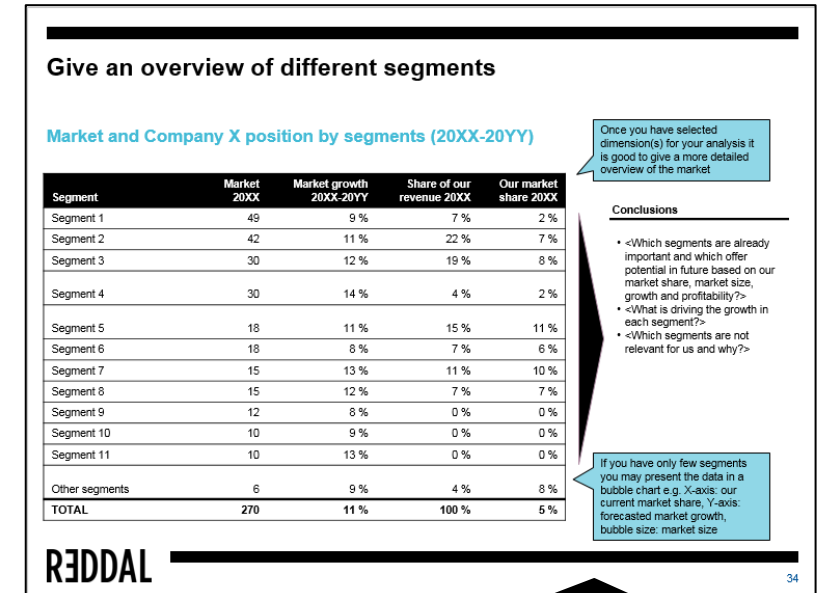


### Define problem



Country managers define the first hypothesis on the pain points in reaching the targets and key questions to be answered in the strategy.

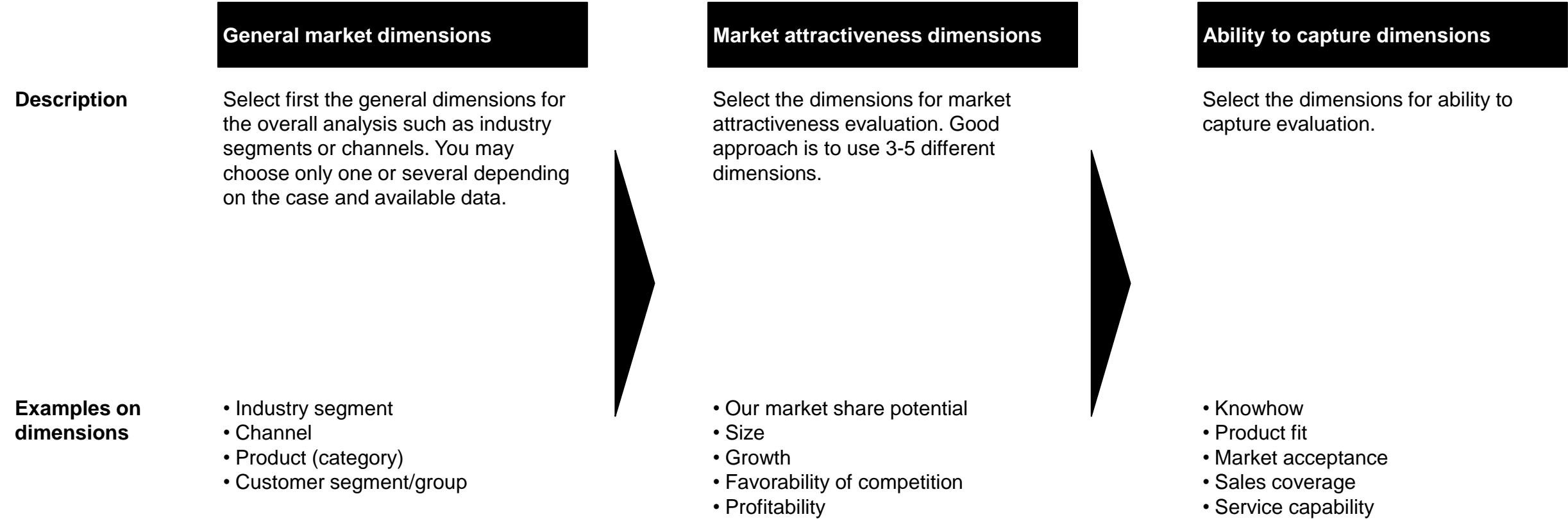
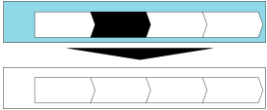
### Make market overview by selected dimensions



Country managers present the more detailed market overview by leveraging available market data and own historical sales data.

# Select the dimensions for overall analysis and dimensions for analyzing market attractiveness and ability to capture

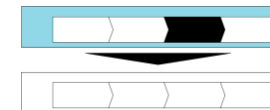
## Dimensions for analysis, market attractiveness and ability to capture





# After selecting the relevant dimensions choose the key criteria and how they are evaluated

## Evaluate market attractiveness and own ability to capture



### Market attractiveness dimensions

Set same numerical scale (from 0-3) for each market attractiveness dimension and define criteria. It is good approach to tie the scale to the expected aggregate market development in order to see which segments, channels or products are the most attractive in the market. When calculating the overall market attractiveness you can use different weights for different dimensions.

| Dimension                          | How to define criteria and evaluate  |
|------------------------------------|--|
| <b>Market share potential</b>      | <ul style="list-style-type: none"> <li>• Usually, the lower the market share the higher potential to grow</li> <li>• Market share &gt;20% -&gt; low potential for growth</li> <li>• Market share 0-5% -&gt; high potential for growth</li> <li>• (Competitive intensity and offering also influences potential)</li> </ul> |
| <b>Size</b>                        | <ul style="list-style-type: none"> <li>• Industry segment share of total market</li> <li>• 0-5% -&gt; niche</li> <li>• &gt;15% -&gt; large</li> </ul>  |
| <b>Growth</b>                      | <ul style="list-style-type: none"> <li>• Compare with aggregate market growth</li> <li>• CAGR lower than market -&gt; low</li> <li>• CAGR 2-3*market growth -&gt; high</li> </ul>  |
| <b>Favorability of competition</b> | <ul style="list-style-type: none"> <li>• Evaluate how strong competitors are concerning their ability to capture – you can conduct a separate analysis by leveraging the same dimensions that you use to evaluate your own ability to capture</li> </ul>   |
| <b>Profitability</b>               | <ul style="list-style-type: none"> <li>• If actual data not available then use qualitative levels such as low, medium, satisfactory and high</li> </ul>  |

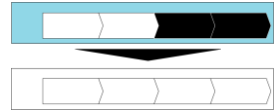
### Ability to capture dimensions

Set same numerical scale (from 0-3) for each ability to capture dimension and give clear descriptions for different levels. This way you ensure that country managers understand strong ability to capture in the same way. When calculating the overall ability to capture you can use different weights for different dimensions.

| Dimension                 | How to define criteria and evaluate   |
|---------------------------|---|
| <b>Knowhow</b>            | <ul style="list-style-type: none"> <li>• Understanding on industry segment or channel requirements and way of doing business</li> <li>• Number of identified customers (few, many, majority) and level of current business</li> </ul> |
| <b>Product fit</b>        | <ul style="list-style-type: none"> <li>• Technical and commercial fit of products</li> </ul>  |
| <b>Market acceptance</b>  | <ul style="list-style-type: none"> <li>• Brand</li> <li>• References</li> <li>• General credibility</li> </ul>  |
| <b>Sales coverage</b>     | <ul style="list-style-type: none"> <li>• Reach to customers and ability to fulfill customer requirements with current sales resources: existing customers and new customers</li> </ul>  |
| <b>Service capability</b> | <ul style="list-style-type: none"> <li>• Ability to fulfill customer service requirements with current services resources and competence</li> </ul>   |

# Focus areas are selected based on market attractiveness and our ability to capture the market

## Market attractiveness, own ability to capture and focus areas



### Evaluate your own ability to capture

**We analyze our ability to capture on relevant dimensions**

Company X ability to capture in different segments

You can also evaluate competence with Harvey Balls instead of numbers. However, numbers are better when you have many dimensions and segments. After conducting the whole analysis you can set colors for focus segments.

Do not add to many dimensions because it makes it difficult to draw conclusions.

3 We are strong  
0 We are weak

Focus segments  
Continue on growth path  
Capitalize growth opportunities

You can set different weights to different dimensions

|           | Number | Product fit | Market acceptance | Sales coverage | Service capability | Summary |
|-----------|--------|-------------|-------------------|----------------|--------------------|---------|
| Segment 1 | 1      | 3           | 3                 | 3              | 2                  | 2.4     |
| Segment 2 | 1      | 2           | 3                 | 1              | 2                  | 1.8     |
| Segment 3 | 1      | 1           | 3                 | 3              | 1                  | 1.8     |
| Segment 4 | 2      | 0           | 0                 | 2              | 2                  | 1.2     |
| Segment 5 | 0      | 0           | 0                 | 2              | 1                  | 0.6     |

It is important to clearly define how ability to capture levels are defined, compared to leading competitors or other countries/business units within the organization.

REDDAL

You can verbally analyze the most important competitors and/or quantify the qualitative information by analyzing strength of competitors in similar way you analyzed you own ability to capture. Include summary of competitor analysis to the market attractiveness analysis.

### Select focus areas and give justifications for them

**We choose focus segments based on market attractiveness and our ability to capture**

Summary of the attractiveness of different segments (alternative 1)

You can group the focus segments to different groups

- Continue on growth path
- Capitalize growth opportunities
- Not in focus

If there are many segments e.g. more than 10 you might include only the most important ones here and/or present data for all segments in one table (see next slide)

| Segment   | Reasoning why segment was chosen/not chosen as focus segment |
|-----------|--|
| Segment 1 | Text   |
| Segment 2 | Text   |
| Segment 3 | Text   |
| Segment 4 | Text   |
| Segment 5 | Text   |

It is good to add also a verbal analysis why some segment was chosen/not chosen as focus segment

REDDAL

### Conduct detailed analysis

**We analyze favorability of competition based competitors' ability to capture**

We evaluate our main competitors and define an approach to beat them

Description on main competitors

| Competitor   | Strong segments        | Conclusions  | How can we beat them  | Direction |
|--------------|------------------------|--|---|-----------|
| Competitor A | Segment 1<br>Segment 3 | What are the main strengths (product portfolio, price, channels, service etc.) | What is the approach in certain segment, channel or product category? | ↑         |
| Competitor B | Segment 4              |  |   | ↓         |
| Competitor C | Segment 5              |  |   | →         |

REDDAL

### Evaluate market attractiveness

**We analyze market attractiveness based on market conditions**

Market attractiveness of different segments

Again we can use different weights

You can either make separate, more detailed analysis on competition (see previous slides) and pre-add the result in here or simply analyze the competition here

3 High/Strong/Favorable  
0 Low/Poor/Unfavorable

Focus segments  
Continue on growth path  
Capitalize growth opportunities

| Weight    | Our market share potential* | Segment size | Segment growth | Favorability of competition** | Segment profitability | Summary |
|-----------|-----------------------------|--------------|----------------|-------------------------------|-----------------------|---------|
| Segment 1 | 3                           | 2            | 3              | 2                             | 3                     | 2.6     |
| Segment 2 | 3                           | 3            | 3              | 2                             | 2                     | 2.6     |
| Segment 3 | 1                           | 2            | 3              | 1                             | 0                     | 1.4     |
| Segment 4 | 2                           | 2            | 2              | 3                             | 3                     | 2.4     |
| Segment 5 | 2                           | 1            | 2              | 0                             | 2                     | 1.4     |

Define ranges for

- Market share potential (e.g. high potential when the current market share is 0.5%)
- Segment size attractiveness (e.g. high when the current size is >20% of the market)
- Segment growth attractiveness (e.g. high when the CAGR is > the market growth)

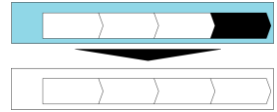
\*\*The lower our current market share, the higher the potential!  
\*\*\*The lower the competitors' ability to capture the more favorable competitive environment

REDDAL

You can categorize the focus areas two different categories "Continue on growth path" and "Capitalize growth opportunities".

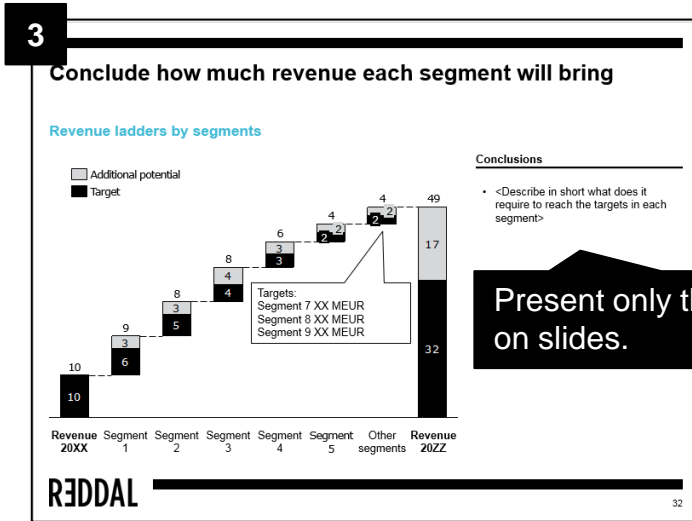
# Conduct more detailed growth analysis, review original targets and refine the growth potential analysis

## Detailed targets for focus areas



| 1       | 2        | D              | G       | L                 | M                 | N                                 | O                                 | P                                 | R                         | S                         | AB                                 | AC                                 | AD                                 |
|---------|----------|----------------|---------|-------------------|-------------------|-----------------------------------|-----------------------------------|-----------------------------------|---------------------------|---------------------------|------------------------------------|------------------------------------|------------------------------------|
| Country | Customer | Customer group | Segment | Hit rate for 20YY | Hit rate for 20ZZ | Company X actual revenue 20XX (M) | Customer total potential 20YY (M) | Customer total potential 20ZZ (M) | Company X target 20YY (M) | Company X target 20ZZ (M) | Additional potential 20XX-20YY (M) | Additional potential 20YY-20ZZ (M) | Additional potential 20XX-20ZZ (M) |
|         |          |                |         |                   |                   |                                   |                                   |                                   |                           |                           |                                    |                                    |                                    |

Do the more detailed growth analysis in excel and summarize by pivots.



Present only the conclusions on slides.

### 1 Define the level of detail for the targets

- The analysis can be conducted at customer level but in this case the customers need to be broken up by the different dimensions (segments, channels and product categories) in order to get the totals correctly
- Doing the analysis on customer level is quite heavy exercise but on the other hand it is the only way to show where the growth actually comes from

### 2 Set targets for selected level of detail

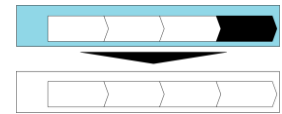
- Good approach is first to define the total potential and then hit rate which describes how large share of the total potential we expect to reach
- The actual targets are then defined as potential \* hit rate
- Compare the targets with original high level targets and make adjustments if needed

### 3 Conclude the growth by desired dimension(s)

- Final targets can be shown as growth ladder by selected dimension(s) (segments, channels, product categories)

# Rank product/market fit using a matrix scorecard to identify the most suitable product(s) (and/or services) for each market

## Product/market fit



1. List products in your portfolio.

2. Apply ranking criteria relevant to the target market you have chosen.

| Product/<br>market fit | <Criteria 1> | <Criteria 2> | <Criteria 3> | <Criteria ...> | <Criteria ...> | Total<br>score |
|------------------------|--------------|--------------|--------------|----------------|----------------|----------------|
| Weight                 | 20 %         | 20 %         | 20 %         | 20 %           | 20 %           | 100 %          |
| <Product A>            |              | 3            | 5            | 1              | 3              | 2.6            |
| <Product B>            |              |              |              |                |                | ...            |
| <Product C>            |              |              |              |                |                | ...            |
| <Product D>            |              |              | ...          | ...            | ...            | ...            |
| <Product E>            | ...          | ...          | ...          | ...            | ...            | ...            |
| <Product F>            | ...          | ...          | ...          | ...            | ...            | ...            |

3. Insert weight for each criteria - note that the total sum should be 100%.

4. Fill score for each product.

5. Calculate total score.

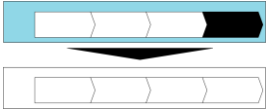
Note: If the products in your portfolio fail to reach an acceptable score of product/market fit, you need to consider developing a new product that fulfills that specific market needs.

High = 5, Medium = 3, Low = 1

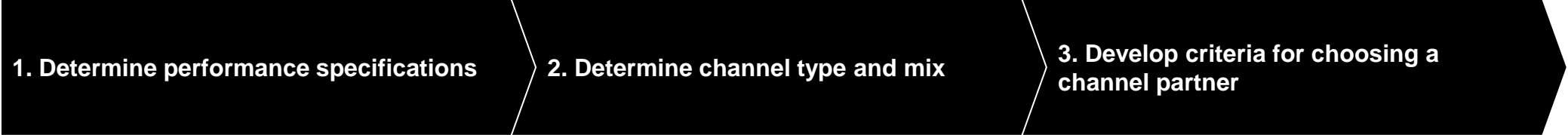
### Potential evaluation criteria

- Appealing value proposition
  - Solving customers' problems/pain points
- Affordability
- Ease of use
- Accessibility
- Product features (material, color, size, options)

# Define channel performance specifications, channel type and mix and criteria for choosing channel partner in accordance with strategic targets



## Channel selection process



**Description**

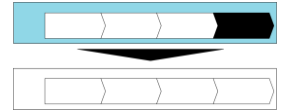
Identify the overall needs of business which needs to be fulfilled through channel partners. Define the channel types and mix that help in reaching targets. Define the most important characteristics of channel partners for reaching targets.

**Examples**

- Geographical market coverage
- Intensity of market coverage
- Selling and promotion efforts
- Physical supply services (for instance, volume and location of inventories and delivery systems)
- Pre- and post-purchase services for instance credit, installation, maintenance and repair
- Resellers
- Affiliate partners
- Distributors
- Wholesalers
- Value-added provider
- Independent retailers
- Dealers
- Agents
- Trading areas covered
- Size of the firm
- Experience with manufacturer’s or similar product line
- Sales organization and quality of sales force
- Willingness to carry inventories
- After-sales servicing capability
- Record of sales performance
- Financial strengths and credit rating

# Rank partners by competitive strength using a simple matrix scorecard

## Channel partner evaluation



1. List partners generated in filtering phase.

2. Apply ranking criteria.

| Partner attractiveness | <Criteria 1> | <Criteria 2> | <Criteria 3> | <Criteria ...> | <Criteria ...> | Total score  |
|------------------------|--------------|--------------|--------------|----------------|----------------|--------------|
| <b>Weight</b>          | 20 %         | 20 %         | 20 %         | 20 %           | 20 %           | <b>100 %</b> |
| <Partner A>            |              | 3            | 5            | 1              | 3              | <b>2.6</b>   |
| <Partner B>            |              |              | ..           |                |                |              |
| <Partner C>            |              |              | ..           |                |                |              |
| <Partner D>            |              |              | ...          | ...            | ...            | ...          |
| <Partner E>            |              |              | ...          | ...            | ...            | ...          |
| <Partner F>            |              |              | ...          | ...            | ...            | ...          |

3. Insert weight for each criteria - note that the total sum should be 100%.

4. Fill score for each partner.

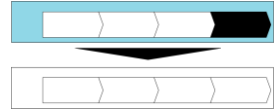
5. Calculate total score.

High = 5, Medium = 3, Low = 1

### Potential evaluation criteria

- Trading areas covered
- Lines handled
- Size of the firm
- Experience with manufacturer's or similar product line
- Sales organization and quality of sales force
- Physical facilities
- Willingness to carry inventories
- After-sales servicing capability
- Knowledge/use of promotion
- Reputation with suppliers, customers and banks
- Record of sales performance
- Cost of operations
- Financial strengths and credit rating
- Overall experience
- Relations with local government
- Knowledge of English or other relevant languages
- Knowledge of business methods in manufacturer's country
- Willingness to cooperate with manufacturer

# In order to minimize distributor related risks, it is critical to perform proper due diligence and examine the local legal/regulative system



## Key takeaways

### Due diligence and discipline

- Assessment of the business fit between the company and its distributor from due diligence is the best practice to prevent costly disputes and objectively evaluate the distributor's capabilities to meet company goals in the market
- Exercising discipline by conducting hard conversations if necessary to ensure that both parties review and sign the contracts prior to starting operations

### Thorough local law and regulative analysis

- Typical drafting and negotiations is not enough to achieve successful international distribution
- The company must develop its own thorough understanding of the distributor country's local protection laws/regulations to correctly identify the associated risks during distribution process

### Avoidance of corrupt practices

- For U.S. companies, target country's local anti-bribery laws and its accordance with the U.S. Foreign Corrupt Practices Act must be evaluated through due diligence in territories with high perceived corruption level
- This approach bolsters the company's protection against potential corruption issues and may allow monitoring or auditing of the distributor's activities

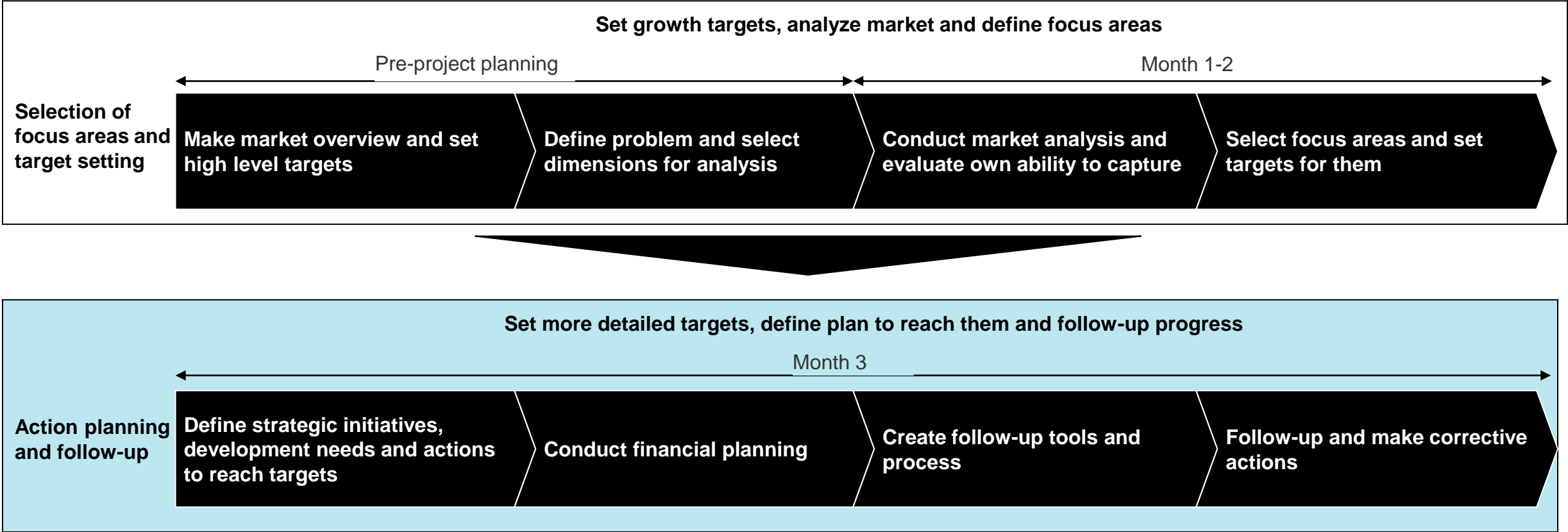
### Strategic contract signings

- After understanding the local laws and the legal boundaries of the distributor, though they cannot likely be contracted away or waived, a strategic drafting approach is needed to improve the company's position and respond more effectively when disputes arise

Source: Thomson Reuters, *Understanding International Commercial Contracts* (2015).

# The go-to-market strategy process has two main phases, the second phase focuses on defining the roadmap, detailed action planning and follow-up

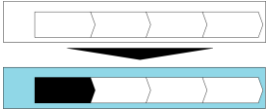
## Go-to-market strategy process





# Conclude the focus areas and detailed targets to strategic initiatives and define main actions for them

## Strategic initiatives, development needs and actions to reach targets



**Based on your growth ambition define 4-6 main strategic initiatives that are aligned with growth targets**

Company X strategic initiatives to capture the growth potential

|                        | Description  | How do we know this will work?   |
|------------------------|--|--|
| Strategic initiative 1 | Strategic initiatives can be such as "Acquire new customers in segment 1" or "Develop competence in segment 2". However, the initiatives should be tracked back to the growth numbers. In other words, it should be clear how and how much they contribute to the growth | Give short justification covering e.g. what are the market conditions and our ability to win that support the strategic initiative |
| Strategic initiative 2 |  |  |
| Strategic initiative 3 | Give short description what each strategic initiative covers   |  |
| Strategic initiative 4 |  |  |

REDDAL

37

Good approach is that the project lead concludes the growth numbers and then defines the strategic initiatives together with country/sales unit managers.

**Break each strategic action to main actions that will address the development needs**

Main actions for strategic initiatives

Once you have defined main actions it is easier to start to do the detailed action planning

| Strategic initiative 1 | Strategic initiative 2 | Strategic initiative 3 | Strategic initiative 4 |
|------------------------|------------------------|------------------------|------------------------|
| Main action 1          | Main action 1          | Main action 1          | Main action 1          |
| Main action 2          | Main action 2          | Main action 2          | Main action 2          |
| Main action 3          | Main action 3          | Main action 3          |                        |
| Main action 4          |                        | Main action 4          |                        |

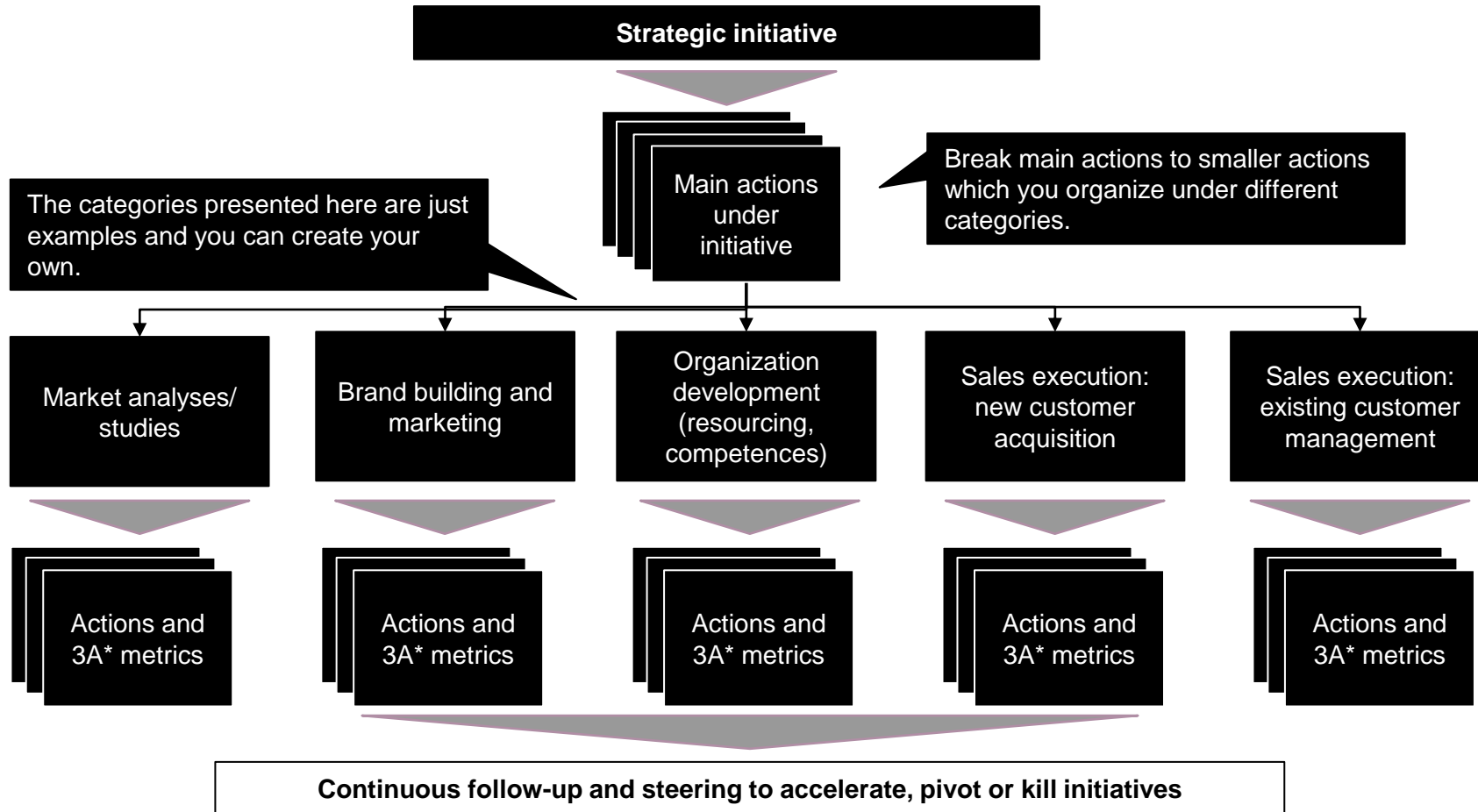
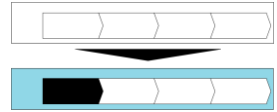
REDDAL

© Reddal Inc. This material is Reddal proprietary. 38

Once strategic initiatives are set it is good to start action planning by defining main actions.

# Break main actions to smaller actions that will be categorized based on their nature

## Define actions to reach the targets



\*Auditable, Accessible, Actionable.

# Financial planning should be conducted before or at same time with annual budgeting process

## Financial planning process

### Create headcount plan

**Show how much new resources the growth requires**

Headcount development 20XX-20YY-20ZZ

| Function                     | 20XX | 20YY | 20ZZ | Considerations |
|------------------------------|------|------|------|----------------|
| Sales, marketing and service | ...  | ...  | ...  | Text           |
| Management (country GM)      | ...  | ...  | ...  |                |
| Frontline sales              | ...  | ...  | ...  |                |
| Marketing                    | ...  | ...  | ...  |                |
| Service                      | ...  | ...  | ...  |                |
| Admin                        | ...  | ...  | ...  |                |
| Finance                      | ...  | ...  | ...  |                |
| HR                           | ...  | ...  | ...  |                |
| IT                           | ...  | ...  | ...  |                |
| R&D                          | ...  | ...  | ...  |                |
| Sourcing and logistics       | ...  | ...  | ...  |                |
| Manufacturing                | ...  | ...  | ...  |                |
| Total                        | ...  | ...  | ...  |                |

Break headcount to categories suitable for your case but make sure that same categories are used across different countries/sales

**Define how your organization will develop**

Company X organization 20XX-20YY-20ZZ

20XX 20YY 20ZZ

REDDAL

© Reddal Inc. This material is

After making the headcount plan show how your organization will develop in short and long term.

### Create P&L

**Conclude your business plan in P&L**

Company X P&L 20XX-20YY-20ZZ

|                      | 20XX | 20YY | 20ZZ | Considerations |
|----------------------|------|------|------|----------------|
| Order Intake         |      |      |      |                |
| Revenues             |      |      |      |                |
| Gross Margin         |      |      |      |                |
| GM%                  |      |      |      |                |
| Fixed costs          |      |      |      |                |
| Depreciations        |      |      |      |                |
| EBIT                 |      |      |      |                |
| EBIT%                |      |      |      |                |
| Number of employees  |      |      |      |                |
| Revenue per employee |      |      |      |                |
| <Other key figures>  |      |      |      |                |

Just like with headcount plan break P&L to items that are suitable for your case but make sure that same breakdown is used across different countries/sales units and that they understand the categories the same way. Otherwise it is impossible to compare countries or sales units

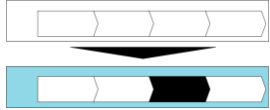
Other key figures might be such as Revenue per sales headcount

REDDAL

Create pro-forma P&L for the planning period. Numbers should be aligned with official budget in order to ensure that GTM strategy is implemented. Therefore, it is good approach to schedule GTM financial planning before or at the same time with annual budgeting process.

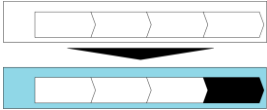
# Structured and well-planned follow-up process supports implementation of the GTM strategy

Create follow-up tools and process



# GTM strategy follow-up is an iterative process

Follow-up and make corrective actions



---

# Agenda

A go-to-market strategy process has two main phases: selection of focus areas and target setting, then action planning and follow-up

## **Choosing the right market entry mode**

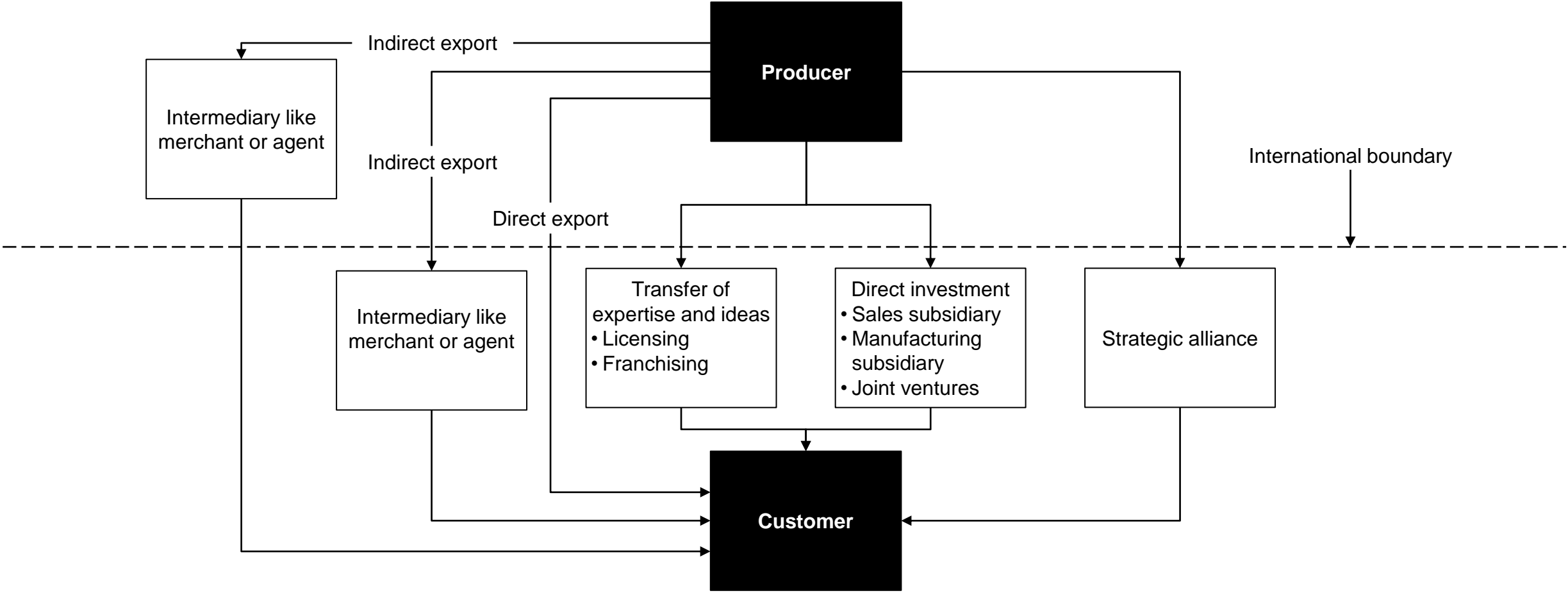
Real-life stories in global expansion attempts – successes, failures and key take-aways

Practical templates and tools can better support new market entry

Q&A

# A simplified classification of international market entry modes includes direct and indirect export, transfer of expertise and ideas, direct investment and strategic alliance

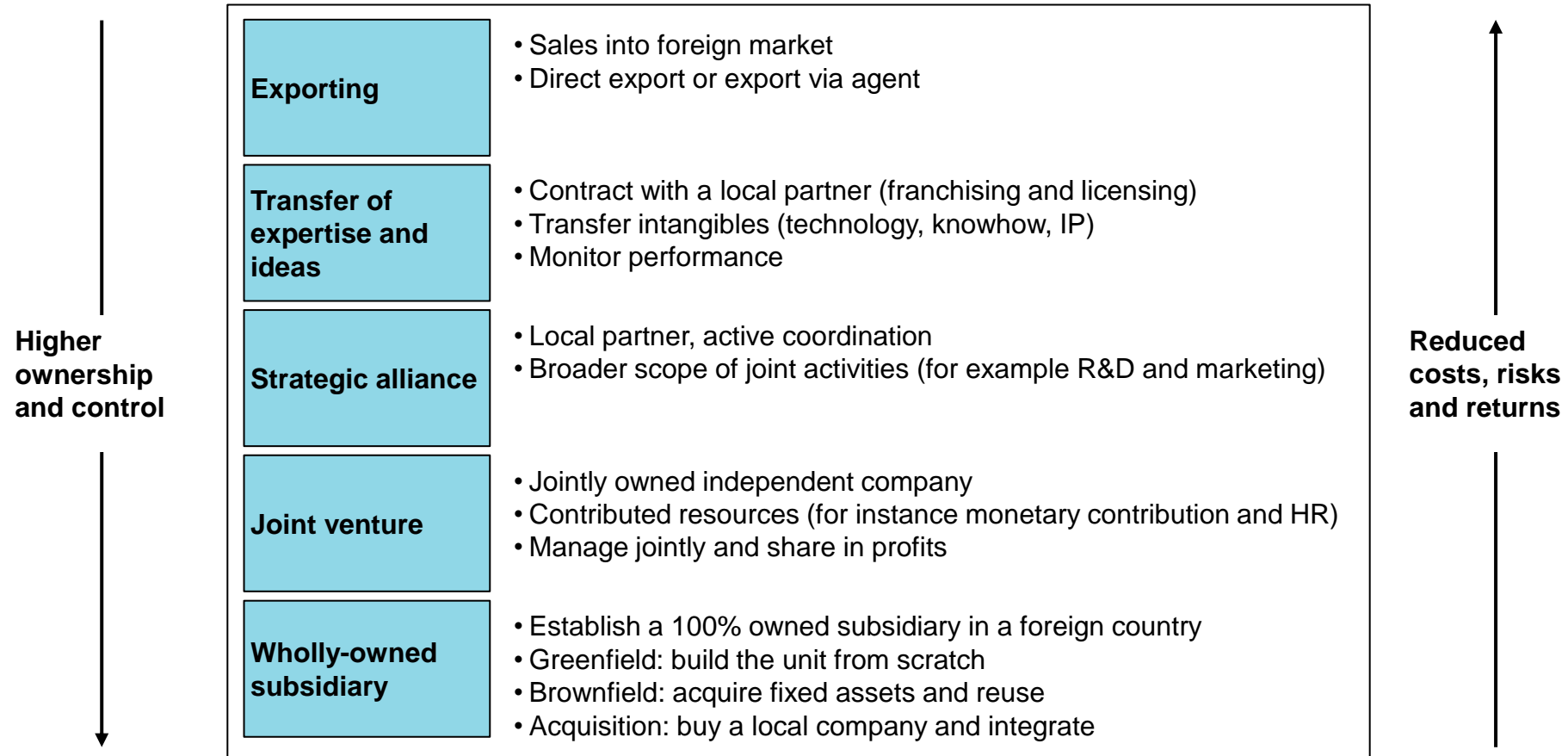
## Schematic view of international market entry modes



Source: Brassington and Pettit, *Principle of marketing* (2000).

# The level of involvement, risk and financial reward increases as a company moves from export to equity stake or acquisition strategy

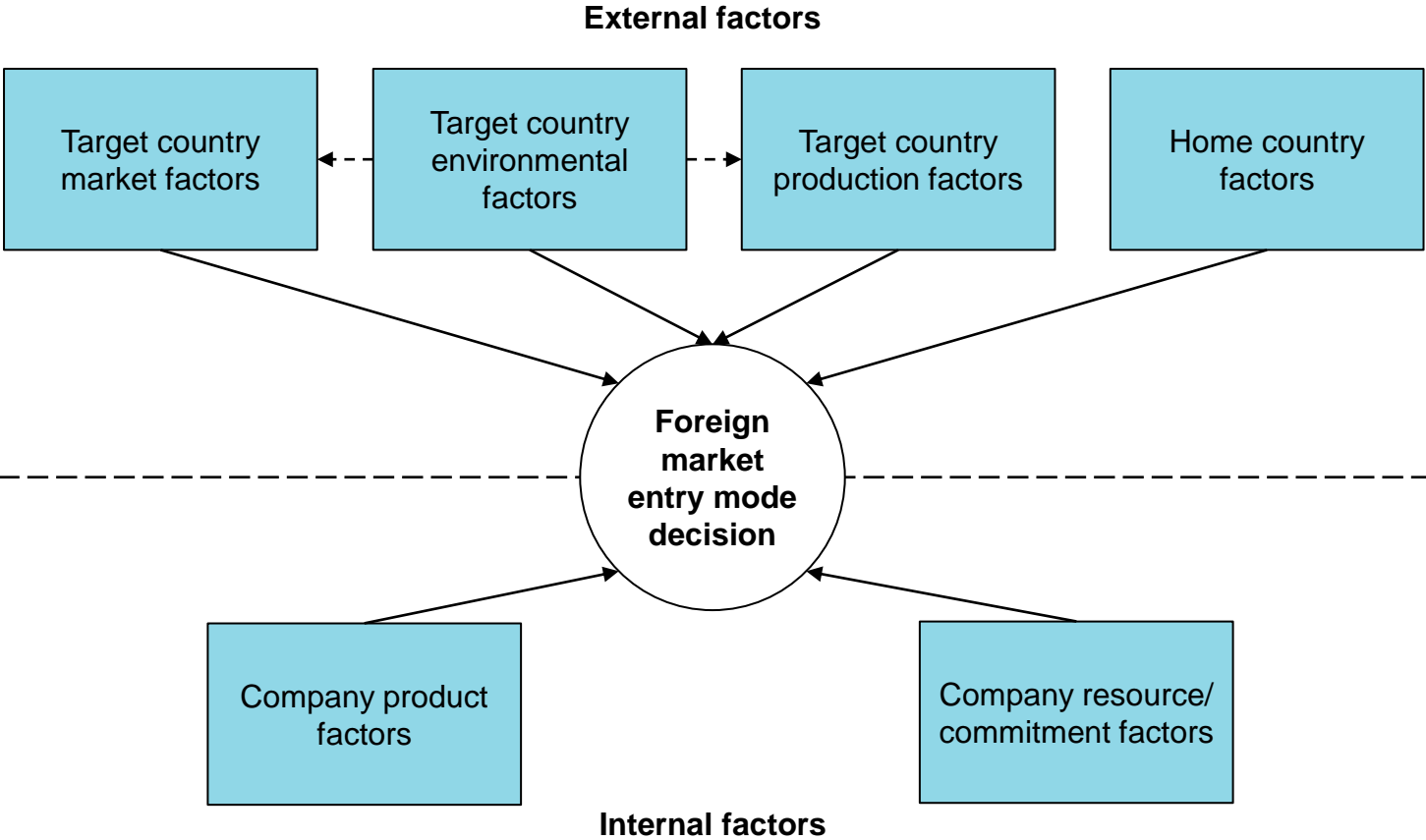
## Overview of international market entry modes





To select the most promising entry mode, both internal factors (company specific) and external factors (target and home country conditions) must be taken into account

Factors influencing entry mode decision making



Source: Franklin R. Root, *Entry strategies for international markets* (2008).

# Finding the optimal balance between profit, risk, and source of production is critical in choosing the correct entry mode

## Entry modes definition, pros and cons (1/2)

| Entry mode               | Definition   | Pros  | Cons  |
|--------------------------|--|---|---|
| <b>Direct export</b>     | <ul style="list-style-type: none"> <li>• Selling directly to the customers in the target market</li> <li>• Clients are importers, wholesalers, distributors, and private consumers</li> </ul>                            | <ul style="list-style-type: none"> <li>• Price and brand control</li> <li>• Direct feedback from ownership of all customer relationships</li> <li>• Internally accumulate local market knowledge</li> </ul>   | <ul style="list-style-type: none"> <li>• High initial cost in resource investment, market research, and brand development (compared to indirect export)</li> <li>• Customized strategy required to accommodate local needs</li> <li>• Decreased profitability from trade barriers such as quotas and tariffs</li> </ul> |
| <b>Indirect export</b>   | <ul style="list-style-type: none"> <li>• Selling indirectly through an intermediary to the customers in the target market</li> <li>• Examples are trading houses, export merchants, and buying offices</li> </ul>        | <ul style="list-style-type: none"> <li>• Safe market entry with minimized risk and costs</li> <li>• Increased sales opportunity from local intermediary's market presence</li> <li>• Easy market exit with minimized costs if necessary</li> </ul>  | <ul style="list-style-type: none"> <li>• Lack of price and brand control due to high reliance on intermediaries</li> <li>• Unsuitable for developing long-term market share</li> <li>• Decreased margin from commission payments to intermediaries</li> </ul>   |
| <b>Direct investment</b> | <ul style="list-style-type: none"> <li>• Establishing production facilities in the target market</li> <li>• Examples are building new factories, a joint venture, or acquiring existing production facilities</li> </ul> | <ul style="list-style-type: none"> <li>• Potential lower production costs from cheaper labor compared to home</li> <li>• Increased production flexibility and customization capabilities to meet local needs</li> <li>• New R&amp;D opportunities for technological advancements</li> </ul> | <ul style="list-style-type: none"> <li>• Identifying reliable local suppliers for production</li> <li>• Adhering to local regulations for production management</li> <li>• Difficult exit strategy because of the high costs in ceasing production</li> </ul>   |

Source: [www.tradeready.ca](http://www.tradeready.ca), Reddal analysis.

# Licensing, franchising and strategic alliance provide alternative market entry methods which have become more common nowadays

## Entry modes definition, pros and cons (2/2)

| Entry mode                | Definition  | Pros  | Cons   |
|---------------------------|---|---|--|
| <b>Licensing</b>          | <ul style="list-style-type: none"> <li>Contractual arrangements whereby domestic companies (licensor) share their intangible assets to foreign companies (licensee) accompanied by technical services</li> <li>Category examples are patents, trade secrets, know-how, trademarks</li> <li>Key factors are territorial rights, performance requirements, settlement of disputes</li> <li>Alternatives are export, equity investment, or a mix of the three</li> </ul> | <ul style="list-style-type: none"> <li>Circumvention of import barriers (tariffs or quotas)</li> </ul>  | <ul style="list-style-type: none"> <li>Licensor's lack of control over the marketing plan and program</li> <li>Disclosure or unwarranted use of trade secrets by a licensee before, during, and after a licensing agreement</li> <li>Industrial property laws, antitrust laws, technology control systems</li> </ul> |
| <b>Franchising</b>        | <ul style="list-style-type: none"> <li>Form of licensing which a company (franchisor) licenses a business system as well as property rights to an independent company or person (franchisee)</li> <li>Category examples are fast-food restaurants, car rentals, construction, soft drinks, hotels and motels, real estate</li> <li>Key factors are franchisee's compliance to the policies and procedures laid</li> </ul>   | <ul style="list-style-type: none"> <li>Consistent payment from various fees such as royalties and other compensations</li> </ul>  | <ul style="list-style-type: none"> <li>Steep competition in some industries because of the market domination by U.S. companies</li> </ul>  |
| <b>Strategic alliance</b> | <ul style="list-style-type: none"> <li>A strategic alliance is when two or more entities cooperate to achieve a strategic goal</li> <li>Depending on the goals, alliances can be formed between a company and its suppliers, customers, or even its competitors in some instances, for short, medium or long-term periods</li> </ul>  | <ul style="list-style-type: none"> <li>Knowledge and experience of the market offered by the local partner</li> <li>Shared risk between partners and reducing each company's exposure to potential losses.</li> </ul> | <ul style="list-style-type: none"> <li>Risk of conflict between partners</li> <li>Creation of a future local or international competitor</li> </ul>  |

Source: [www.tradeready.ca](http://www.tradeready.ca), [www.global.vic.gov.au](http://www.global.vic.gov.au), Reddal analysis.

**Using this simple weighted matrix, compare different aspects of each entry option to make an informed decision about the market entry strategy**

**Comparison matrix for entry modes**

|                                     | <b>Investment</b> | <b>Sales</b> | <b>Costs</b> | <b>Profit contribution</b> | <b>Market share</b> | <b>Reversibility</b> | <b>Control</b> | <b>Risk</b> | <b>Other?</b> |
|-------------------------------------|-------------------|--------------|--------------|----------------------------|---------------------|----------------------|----------------|-------------|---------------|
| <i>Weight</i>                       |                   |              |              |                            |                     |                      |                |             |               |
| <b>Indirect exportc</b>             |                   |              |              |                            |                     |                      |                |             |               |
| <b>Direct export</b>                |                   |              |              |                            |                     |                      |                |             |               |
| <b>Licensing</b>                    |                   |              |              |                            |                     |                      |                |             |               |
| <b>Franchising</b>                  |                   |              |              |                            |                     |                      |                |             |               |
| <b>Strategic alliance</b>           |                   |              |              |                            |                     |                      |                |             |               |
| <b>Other contractual agreements</b> |                   |              |              |                            |                     |                      |                |             |               |
| <b>New establishment</b>            |                   |              |              |                            |                     |                      |                |             |               |
| <b>Acquisition</b>                  |                   |              |              |                            |                     |                      |                |             |               |
| <b>Joint venture</b>                |                   |              |              |                            |                     |                      |                |             |               |
| <b>Mixed</b>                        |                   |              |              |                            |                     |                      |                |             |               |

Source: Franklin R. Root, *Entry strategies for international markets* (2008).

---

# Agenda

A go-to-market strategy process has two main phases: selection of focus areas and target setting, then action planning and follow-up

Choosing the right market entry mode

**Real-life stories in global expansion attempts – successes, failures and key take-aways**

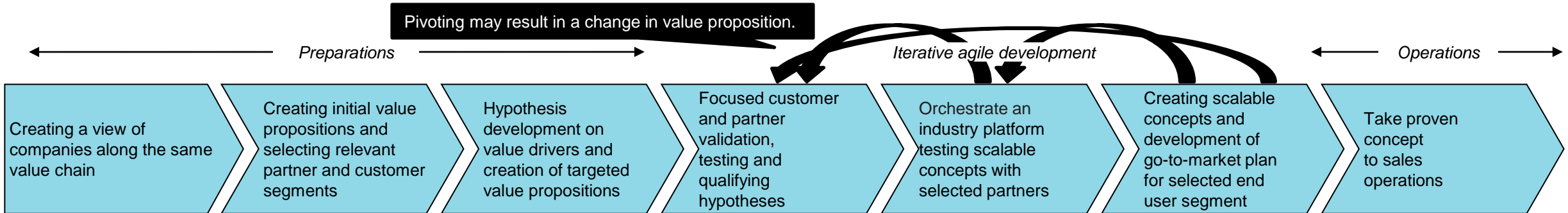
Practical templates and tools can better support new market entry

Q&A

# Company developed an industry platform for new market entry – early-on and pro-active test with customers and partners was critical

## European power electronics company expansion to Asia

### Methodology



### Case summary

- **Objective:** Develop sustainable market entry strategy into a new market and identify partners for offering innovation and value co-creation
- **Approach:** Start with forming a clear view on value chain and customer dynamics with extensive interviews to all key players to gain comprehensive insights, develop market-entry options and partner options, form market entry strategy and facilitate partnership discussion
- **Result:** Strategy formed; pilot programs initiated with one partner selected

### Key challenges and solutions

- Product and industry platform concept is new and not yet has been validated in the market whereas players in the industry are much conservative – close collaboration with pilot customer and partner to validate, test and qualify value potentials

Views on market and value chain established  
Month 1

Key value drivers identified and validation with selected partner/customer started  
Month 2

GTM plan formed with business model identified, value propositions validated, and partners/target customers selected  
Month 3

# Looking at each market as a new market to counter availability bias – experience that worked in other markets does not always work elsewhere

## European electrification company expansion to Asia

### International expansion strategy process

Market research and preparation for partner search

Long listing and initial evaluation

Meetings and short-listing

Contact support and follow-up

### Case summary

- Objective: Develop a market entry strategy for company to enter South Korean market and identify potential partners to accelerate market entry
- Approach: A comprehensive mapping of value chain including value chain steps, competitive and regulatory landscape and dynamics helps company to fill the gaps in its existing value propositions for Korean market with help from potential partners
- Result: The company established a foothold in South Korea

### Key challenges and solutions

- The company has been very successful in Europe with its unique offering and value propositions. It wants to quickly deploy successful European model to South Korean market
- Complication is that South Korea has its own unique technology ecosystem and government also plays a key role along the entire value chain due to energy security concerns
- A thorough understanding of the Korean market helps the company to re-think about its offering from “from Europe” to “in Korea for Korean”

Thorough understanding of value chain and competitive landscape

January – February

Developing new value propositions based on Korean market dynamics

March – April

Initiating partner long-list and assessment

April – May

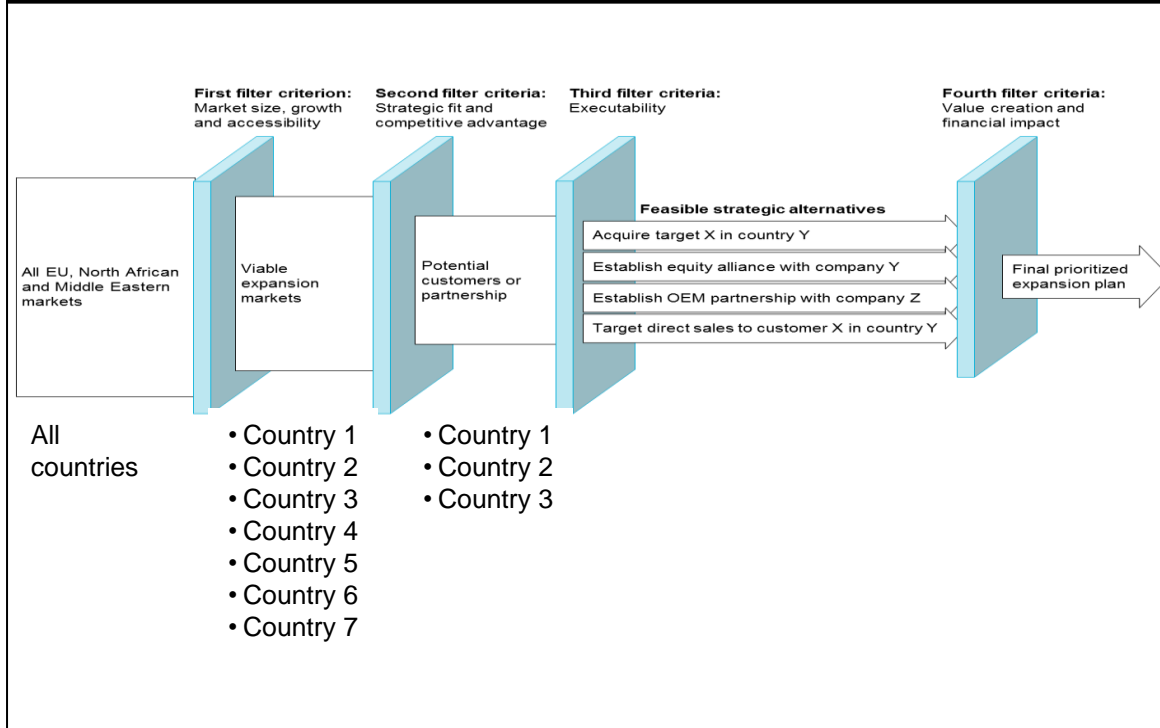
Meeting potential partnership to gauge interest

April – June

# A Middle-Eastern home appliance group grew its international business organically and inorganically over the course of 2 years

## Middle-Eastern home appliance company expansion to Europe

### International expansion strategy process

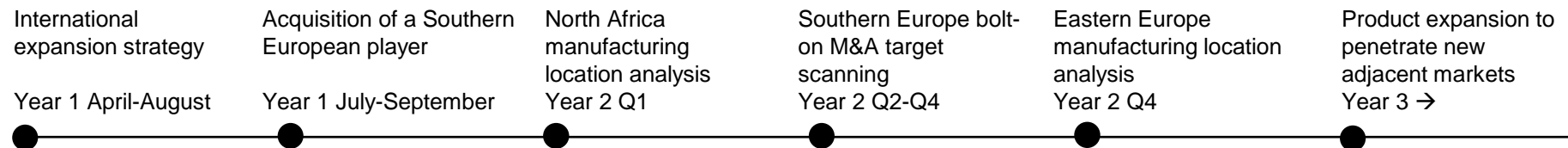


### Case summary

- Objective: Develop and implement a coherent strategy to grow the company from the Gulf region to the rest of the MENA region and Europe, increasing the share of international revenue of the group 5-fold and leveraging acquisitions
- Approach: Due to high uncertainty in the region, after developing the overall strategy, detailed execution plans were re-iterated based on latest information throughout the implementation
- Result: The company established a foothold in Northern Africa and Southern Europe and met its revenue targets

### Key challenges and solutions

- A number of markets in the regions seemed attractive, however the management lacked a detailed view on the market expansion priorities and uncertainty in the region further complicated the situation
- During the process, an available acquisition target was identified in Southern Europe, however the ongoing auction process was expected to increase the price and the large company was going to be challenging to integrate
- In the strategy development process, target markets were short-listed and initial go-to-market approaches were developed, then, a detailed feasibility study based on on-the-ground research was conducted in select countries to identify the best manufacturing locations for the target markets; as political risks increased, feasibility studies were refocused to markets next on the priority list
- The acquisition of a carveout of the target was negotiated, enabling the creation of an R&D and logistics center to penetrate the market
- With the footholds in the target market established, bolt-on M&A and product expansion work was begun to speed up improve market penetration





---

# Agenda

A go-to-market strategy process has two main phases: selection of focus areas and target setting, then action planning and follow-up

Choosing the right market entry mode

Real-life stories in global expansion attempts – successes, failures and key take-aways

**Practical templates and tools can better support new market entry**

Q&A

# We analyze our ability to capture on relevant dimensions

## Company X ability to capture in different segments

You can also evaluate ability to capture with Harvey Balls instead of numbers. However, numbers are better when you have many dimensions and segments. After conducting the whole analysis you can set colors for focus segments.

Do not add too many dimensions because it makes it difficult to draw conclusions.

- 3 We are strong
- 0 We are weak

### Focus segments

- Continue on growth path
- Capitalize growth opportunities

|           | Knowhow | Product fit | Market acceptance | Sales coverage | Service capability | Summary |
|-----------|---------|-------------|-------------------|----------------|--------------------|---------|
|           | 20%     | 20%         | 20%               | 20%            | 20%                | 100%    |
| Segment 1 | 1       | 3           | 3                 | 3              | 2                  | 2,4     |
| Segment 2 | 1       | 2           | 3                 | 1              | 2                  | 1,8     |
| Segment 3 | 1       | 1           | 3                 | 3              | 1                  | 1,8     |
| Segment 4 | 2       | 0           | 0                 | 2              | 2                  | 1,2     |
| Segment 5 | 0       | 0           | 0                 | 2              | 1                  | 0,6     |

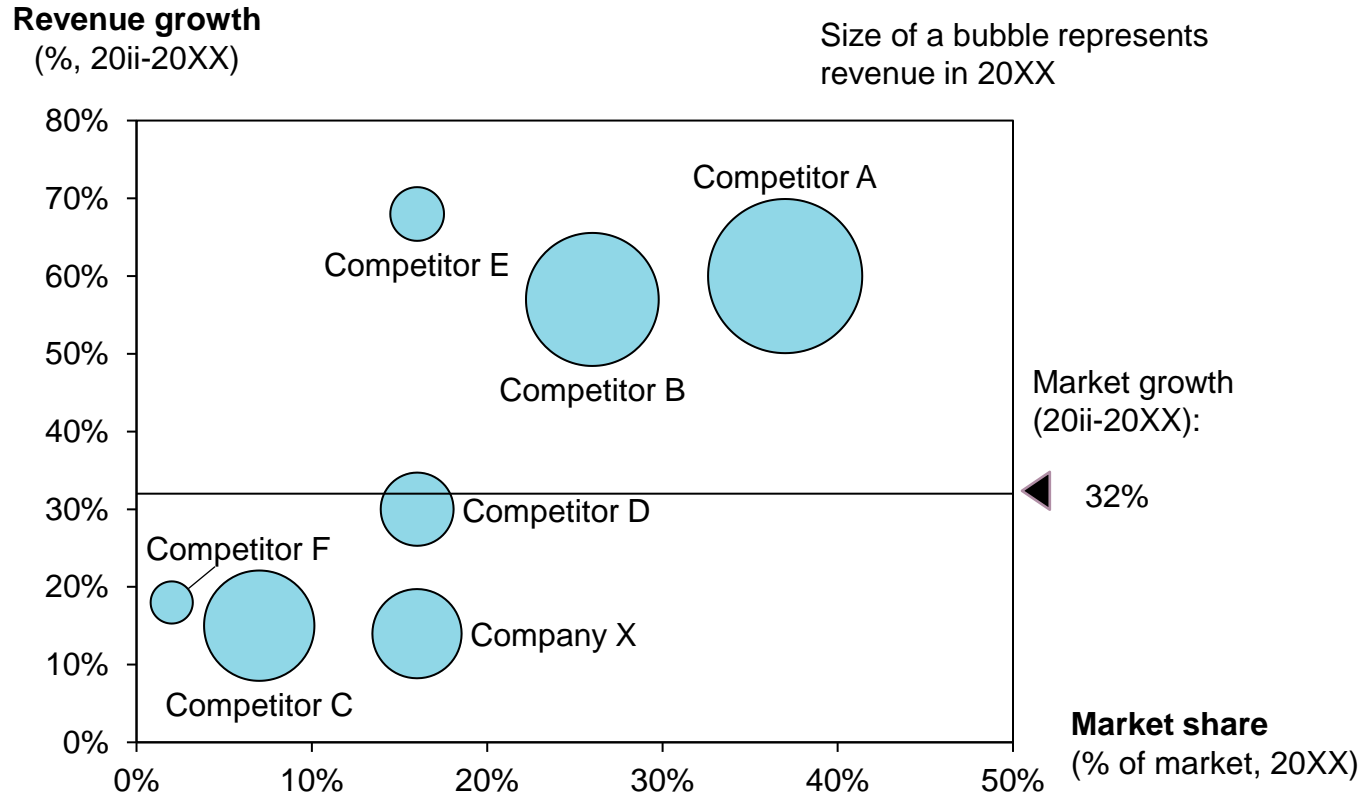
You can set different weights to different dimensions.

It is important to clearly define how ability to capture levels are defined: compared to leading competitors or other countries/sales units within the organization.

# We provide an overview on the competitive environment

## Overview of the competitor performance (20ii-20XX)

We use historical numbers.



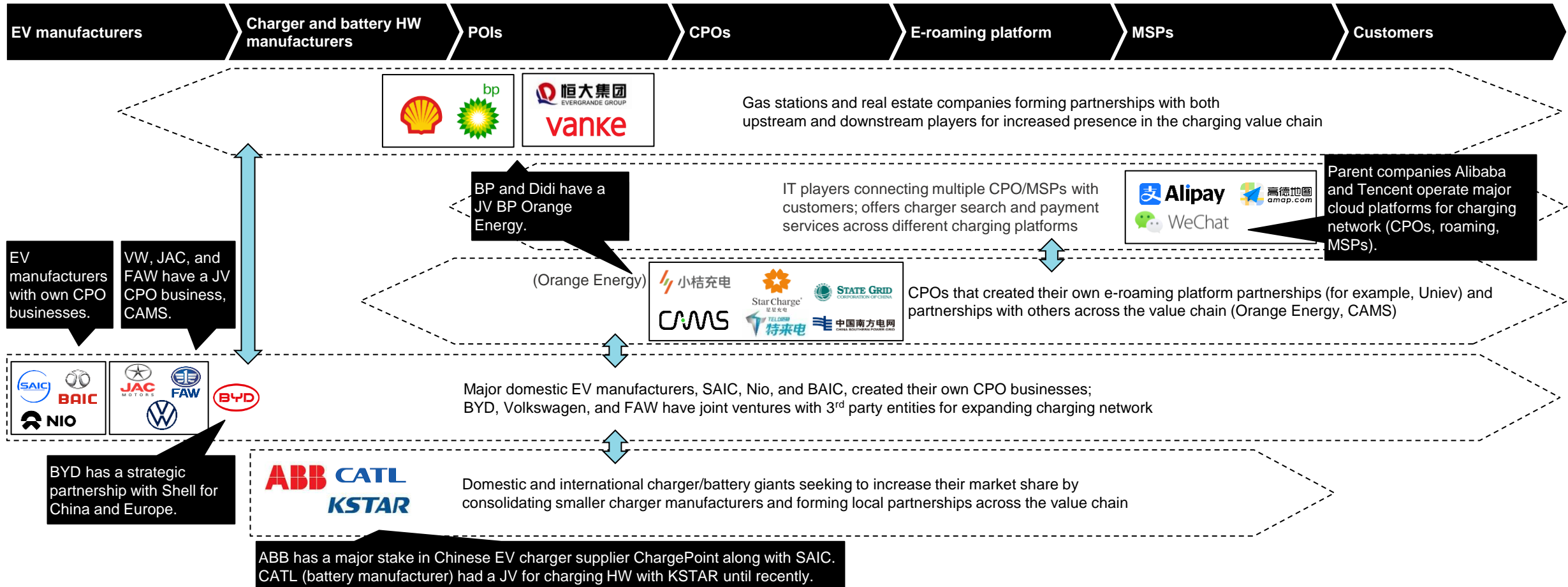
### Conclusions

- <Why have some of the competitors been able to grow faster than the market?>
- <What is the implication for us?>

Note: Graphs are based on dummy figures.

# We map value chain dynamics to capture competitors and value chain partners' intentions

## Roles and interests of different players along China EV charging infrastructure value chain



Source: [KSTAR](#) (2021), [IPE](#) (2021), [Sina](#) (2021), [Reuters](#) (2022), [Shell](#) (2022), [CNSTOCK](#) (2022), [China Daily](#) (2022), [BP](#) (2021), [GLP](#) (2021), [MotorGraph](#) (2019), company websites, Reddal analysis.

# We analyze the competitive intensity based on competitors' ability to capture the market

## Favorability of competition

- 3 Competitors are weak
- 0 Competitors are strong

### Focus segments

- Continue on growth path
- Capitalize growth opportunities

Note that here the scale is reversed compared to the analysis on own ability to capture. Thus, the weaker the competitors the more favorable competition is for us.

Note that if the levels in the analysis on own ability to capture are defined as compared to leading competitors then favorability of competition is not needed since we have included that already in the own ability to capture analysis.

Use same weights as you used for analyzing your own ability to capture.

|           |   | Knowhow | Product fit | Market acceptance | Sales coverage | Service capability | Summary |
|-----------|---|---------|-------------|-------------------|----------------|--------------------|---------|
|           | Main competitors                          | 20%     | 20%         | 20%               | 20%            | 20%                | 100%    |
| Segment 1 | Competitor A, Competitors B               | 1       | 3           | 3                 | 1              | 2                  | 2       |
| Segment 2 | Competitor A, Competitor C                | 2       | 2           | 3                 | 1              | 2                  | 2       |
| Segment 3 | Competitors A, Competitor E, Competitor B | 2       | 1           | 1                 | 1              | 0                  | 1       |
| Segment 4 | Competitor D, Competitor F                | 3       | 3           | 3                 | 3              | 3                  | 3       |
| Segment 5 | Competitor A, Competitor G                | 0       | 0           | 0                 | 0              | 0                  | 0       |

# We analyze market attractiveness based on market conditions

## Market attractiveness of different segments

3 High/Strong/Favorable

0 Low/Poor/Unfavorable

### Focus segments

- Continue on growth path
- Capitalize growth opportunities

Again we can use different weights.

You can either make separate, more detailed analysis on competition (see previous slides) and the put the result in here or simply analyze the competition here.

|           | Our market share potential* | Segment size | Segment growth | Favorability of competition** | Segment profitability | Summary |
|-----------|-----------------------------|--------------|----------------|-------------------------------|-----------------------|---------|
| Weight    | 20%                         | 20%          | 20%            | 20%                           | 20%                   | 100%    |
| Segment 1 | 3                           | 2            | 3              | 2                             | 3                     | 2,6     |
| Segment 2 | 3                           | 3            | 3              | 2                             | 2                     | 2,6     |
| Segment 3 | 1                           | 2            | 3              | 1                             | 0                     | 1,4     |
| Segment 4 | 2                           | 2            | 2              | 3                             | 3                     | 2,4     |
| Segment 5 | 2                           | 1            | 2              | 0                             | 2                     | 1,4     |

Define ranges for

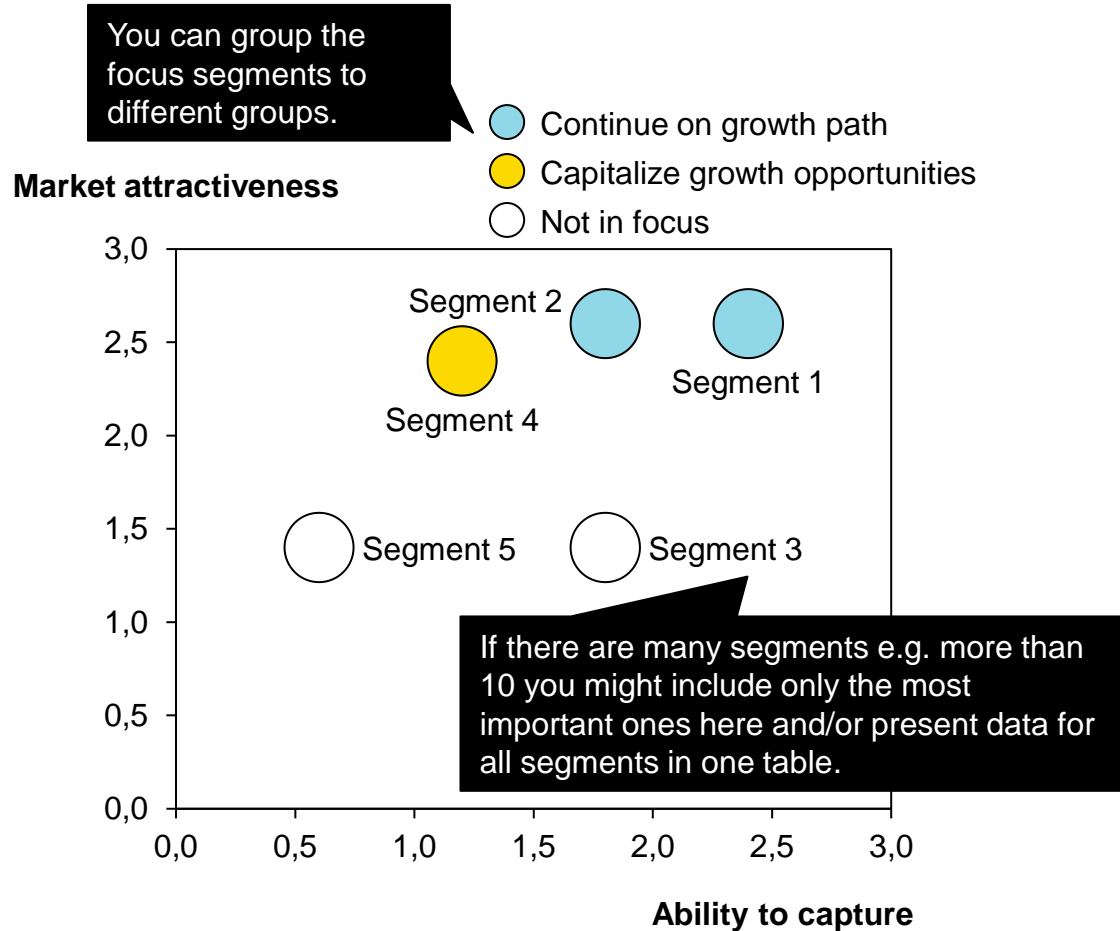
- Market share potential (high potential when the current market share is 0-5%)
- Segment size attractiveness (high when the current size is >20 % of the market)
- Segment growth attractiveness (high when the CAGR > 2\* the market growth)

\*The lower our current market share, the higher the potential.

\*\*The lower the competitors' ability to capture the more favorable competitive environment.

# We choose focus segments based on market attractiveness and our ability to capture

## Summary of the attractiveness of different segments



| Segment   | Reasoning why segment was chosen/not chosen as focus segment |
|-----------|--|
| Segment 1 | Text   |
| Segment 2 | Text   |
| Segment 3 | Text   |
| Segment 4 | Text   |
| Segment 5 | Text   |

It is good to add also a verbal analysis why some segment was chosen/not chosen as focus segment.

---

# Agenda

A go-to-market strategy process has two main phases: selection of focus areas and target setting, then action planning and follow-up

Choosing the right market entry mode

Real-life stories in global expansion attempts – successes, failures and key take-aways

Practical templates and tools can better support new market entry

**Q&A**





Working together for successful  
growth!