

5.24: Points to Remember

1. Selecting global target markets, entry modes, and deciding how much to adapt the company's basic value proposition are intimately related. The choice of customers to serve in a particular country or region with a particular culture determines how and how much a company must adapt its basic value proposition. Conversely, the extent of a company's capabilities in tailoring its offerings around the globe limits or broadens its options to successfully enter new markets or cultures.
 2. Few companies can afford to enter all markets open to them. The track record shows that picking the most attractive foreign markets, determining the best time to enter them, and selecting the right partners and level of investment has proven difficult for many companies, especially when it involves large emerging markets such as China.
 3. Research shows there is a pervasive the-grass-is-always-greener effect that infects global strategic decision making in many, especially globally inexperienced, companies and causes them to overestimate the attractiveness of foreign markets.
 4. Four key factors in selecting global markets are (a) a market's size and growth rate, (b) a particular country or region's institutional contexts, (c) a region's competitive environment, and (d) a market's cultural, administrative, geographic, and economic distance from other markets the company serves.
 5. There is a wide menu of options regarding market entry, from conservative strategies such as first establishing an export base or licensing products to gain experience in a newly targeted country to more aggressive options such as entering an alliance, making an acquisition, or even starting a new subsidiary.
 6. Selecting the right timing of entry is equally critical. And just as many companies have overestimated market potential abroad, and underestimated the time and effort needed to create a real market presence, so have they justified their overseas' expansion on the grounds of an urgent need to participate in the market early.
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