

Module Title: International Business

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Report

Executive summary

Greggs is a reputable food retailer based in the UK was chosen business which has low-cost bakery food and good distribution in the nation. Concept of international business concerns the cross-border trade and activities involving goods, services, and investments. An analysis of the internationalisation strategies of Greggs with respect to expansion into China indicates that internationalisation provides great growth prospects, profitability, and improved global competitiveness. The rationale for expanding the company into China has been well substantiated by the fact that China has a stable economic growth and increasing consumer demand, but other factors like population size and cost advantage proved to be less dependable due to cultural differences and competition.

The key barriers, especially regulatory and legal restrictions, are the most important issues of concern as compared to cultural and competitive barriers. Localisation will be useful as the most appropriate one in terms of implementation because it will offer the possibility of knowledge provision locally, minimisation of risks despite the possible managerial conflicts. Moreover, exporting will be the best fit as the first entry mode, which would enable Greggs to explore the market with minimum capital outlay. The product adaptation and market research, analysis of the preferences of customers, will help Greggs reach sustainable development and success in the Chinese market.

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Introduction

Internationalisation is described as the expansion of the company operations outside the domestic level in order to extend its activities to international markets with the purpose of attaining business growth, high profitability and competitiveness across borders (Lubis and Muniapan, 2024). Most importantly, it implies the process of embracing alternative models and approaches to international business practice in the process of dealing with cross-border risks and opportunities. Greggs is a reputable food retailer based in the UK which has low-cost bakery food and good distribution in the nation (Greggs, 2026). In addition to that, the firm has recorded successful growth due to effective supply chains, digital innovations and customer-based approaches. Nonetheless, to maintain long-term success and decrease reliance on the domestic market, Greggs is planning to enter Chinese market as it currently does not operate in nation and it should diversify its operations into global markets and become a multinational corporation in the 21st century.

In this report, an overview of Greggs will be provided and explaining why they require expansion into international markets. Along with that, it will critically evaluate the rationale behind the recommendation to venture into China, address probable barriers in the Chinese market, consider an appropriate way of implementation in internationalisation and prescribe an appropriate way of entry.

Literature Review

Concept of International Business

According to Porter, (2023), the *concept of International business* concerns the cross-border trade and activities involving goods, services, and investments. Similar to domestic business, it targets profit, expansion and customer satisfaction with similar functions.

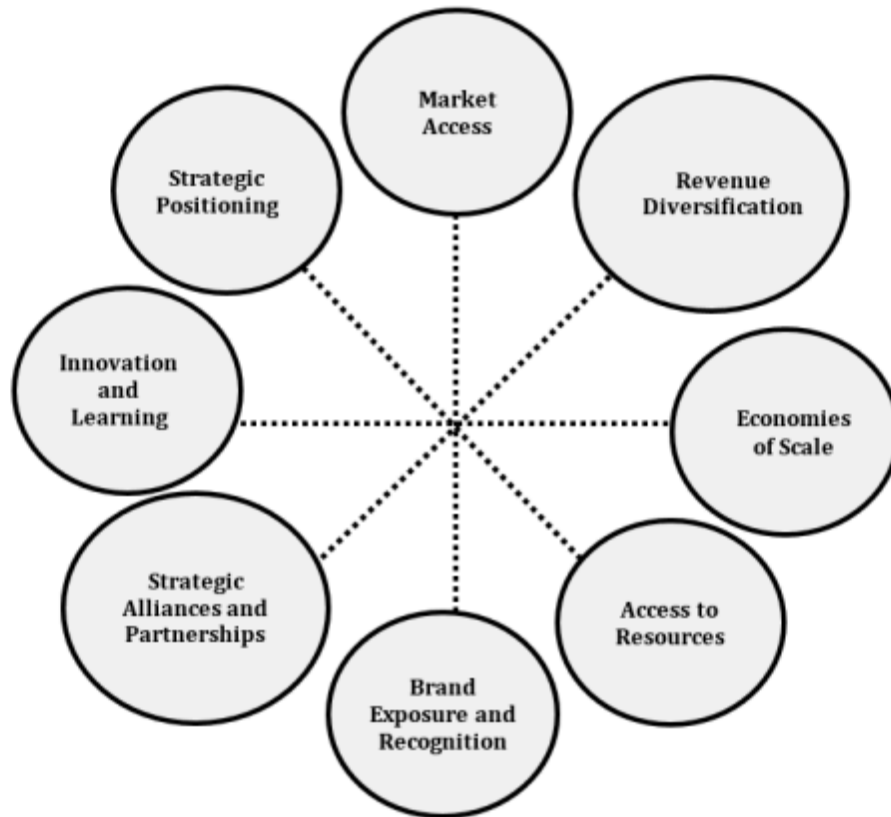


Figure 1: International business

(Source: Gupta *et.al* 2024)

This figure outlines the importance of international market expansion for exploring business growth and economic opportunities (Gupta *et.al* 2024). International business is, however, more functional because it offers access to the bigger markets in the world that boost sales and revenue. It also helps companies to enjoy economies of scale, cut costs through international sourcing and also get access to high technology and skilled labour. Though it is associated with a greater number of risks, including legal and cultural differences, it can help to diversify risks. Thus, international business has higher growth, profits, and a competitive advantage than domestic business.

Reasons to expand into international markets

The business ***reasons to expand into international markets*** are that they would create business growth, augment profits and attain competitiveness on the global front. As per the views of Ediagbonya and Tioluwani, (2023), going international leads to firms being able to reach a larger number of customers and mitigate risk. China, the United States, and Germany are some of the

most important destinations where it can expand. China is especially better as it has a massive population, a fast-growing middle-income and a high demand for both residential and industrial goods. It is also cheap to manufacture, has a well-developed infrastructure, and has an efficient supply chain, which makes it the best place to manufacture and distribute. On the other hand, the United States has high purchasing power and innovation, though it is associated with tough competition and increased cost of operation (Dachs *et.al* 2024). Germany offers financial security and economic accessibility to the broader European market.

International expansion and, in particular, penetration of China would increase profitability in the long run and strategic positioning.

Reasons to enter the Chinese market

Recent global trade performance and the trend in the Chinese economy are strong reasons for businesses to enter the Chinese market. In accordance with Hancock and Tewari, (2026), China hits growth goal after exports beat tariffs in the United States emphasises the fact that China has reached its ***economic growth target of approximately 5%***, and this implies that it is resilient and stable in its growth despite global insecurity and pressure that the United States has imposed on its growth in terms of tariffs. This consistency is a good investment in China, which is easy to make a long-term investment.

China among the world's largest traders of goods, 2023

(% share of world exports/imports)

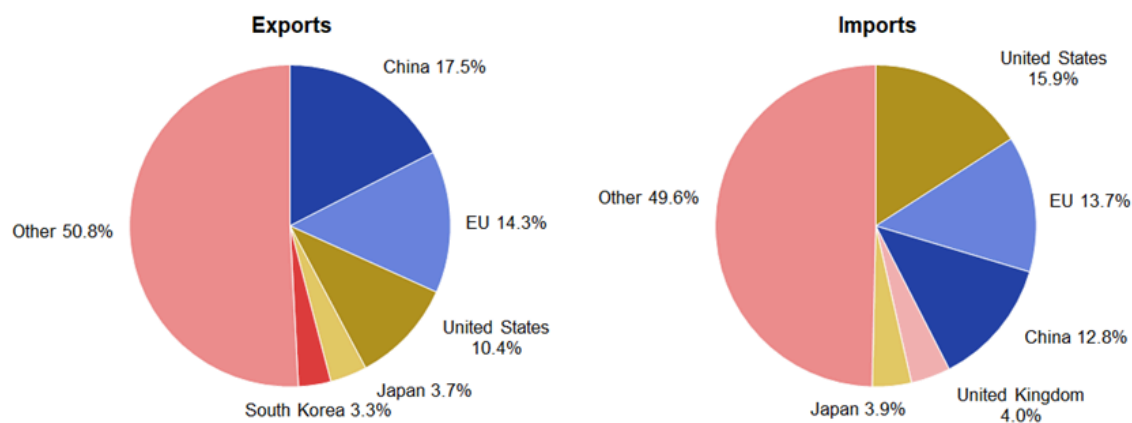


Figure 2: Share of Imports and Exports in China

(Source: Eurostat, 2026)

This figure sheds light on China's import and export capabilities in world trade, which indicates the power of China as the largest trader of goods (Eurostat, 2026). The exports of China are doing well even with tariffs in the US, which reflects the ***robustness of its manufacturing industry, cost-effectiveness, and established supply chains***.

This offers companies stable production capacities and the availability of international distribution channels. According to Lubis and Muniapan, (2024), penetrating China market provides the ***entry to a large population and the fast-rising middle-class with the rising demand for various products and services***. Consumption is further promoted by increasing incomes and urbanisation (Porter, 2023). All these reasons render the Chinese market very attractive for businesses in terms of attaining growth, competitiveness and long-term profitability of international business.

Barriers faced by organisations in the international market

The international market poses serious challenges to global expansion due to barriers experienced by organisations in the international market. ***Legal and regulatory differences*** are one of the greatest ***barriers faced by organisations in the international market***. As per the views of Balmas and Howarth, (2024), in the global market, organisations have to follow various laws, trade policies and restrictions in other countries like China and the United States, thus complicating their operations in international markets as compared to domestic markets with a unified legal framework.

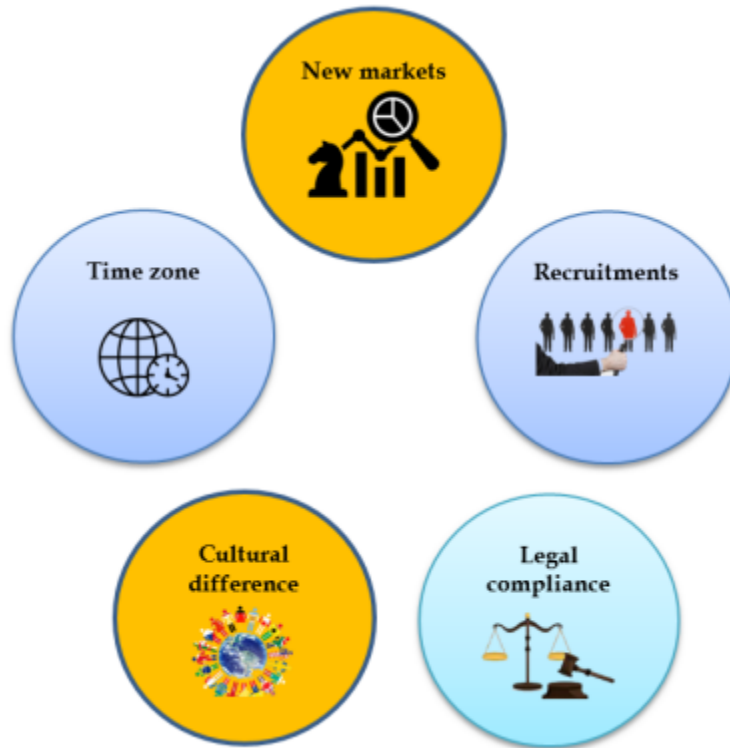


Figure 3: Barriers to internationalisation

(Source: Gupta *et.al* 2024)

This figure demonstrates the risk associated with the expansion of the business into the international market (Gupta *et.al* 2024). An additional barrier is the ***cultural differences***. Companies are experiencing difficulties in the management of consumer behaviour, language and business practices in foreign countries.

Mäkinen, (2023), argued that the Chinese cultural requirements are very different compared to the Western markets, while the domestic markets possess a homogenous culture. Another major barrier is ***economic and financial risk*** that encompasses currency or exchange rate changes and inflation (Sahin and Mert, 2023). The uncertainty of organisations in the global market is greater than when dealing in the domestic market because the currency and economic conditions are more unpredictable (Dachs *et.al* 2024). Comparatively, domestic business has fewer barriers, whereas international market expansion has more opportunities despite the challenges.

Implementation approaches for internationalisation

Implementation approaches for Internationalisation assist organisations to grow successfully in international markets. According to Dalglish, (2025), ***global standardisation*** is the first

internationalisation strategy where organisations take products that are similar to the international markets. This strategy is reasonable because it is less expensive, economies of scale are achieved, and the brand image does not change. Nonetheless, it might not meet varied customer tastes in varied countries. The other strategy is **localisation** whereby organisations localise products and strategies to suit the needs of the local markets. This will be more effective in the culturally diversified markets since the satisfaction and acceptance of the customers will be enhanced. Even though it incurs costs and complexity, it makes the market more aligned and long-term successful in the long run than standardisation. **Wholly owned subsidiaries** are another valuable implementation approach for internationalisation, whereby an organisation owns and controls activities in a given country (Mäkinen, 2023). This gives the greatest control, profitability and good market share but involves much investment and has high risk.

The implementation approaches by organisations depend on resources, willingness to take risks, and long-term internationalisation strategy.

Entry modes for internationalisation

Internationalisation entry modes are strategies applied by organisations to venture and do business in foreign markets. **Exporting** is one of the most common entry modes in which firms sell goods in their home country to international markets like China. Low risk and low investment are required in this entry mode, with minimal control over distribution. Nielsen and Marinova, (2022), have argued that **Licensing** is the other form of entry mode through which internationalisation is done by organisations by permitting foreign firms to use their brand, technology, or products on condition of paying fees. This makes it less risky in terms of finances and makes it possible to enter the market within a short time, but insufficient control of quality and operations. Another effective entry mode is that of **foreign direct investment (FDI)**, which is the entry mode where organisations set up or buy businesses in international markets such as the United States (Dalglish, 2025).

This offers complete control, increased profit potential and long-term presence at the expense of high cost and risk. All in all, these internationalisation entry methods assist organisations to go global depending on their resources and strategic goals.

Theoretical framework

The internationalisation theory is a theory that defines how and why organisations expand to other markets abroad. In accordance with Wu and Vahlne, (2022), the **Uppsala Model** is one of

them, and the researcher proposes that a company internationalises in stages with the lowest-commitment entry modes like exporting and commits more as time passes and it learns the market. It is an approach that is based on learning and eliminating uncertainty step by step. Conversely, the *Eclectic Paradigm (OLI Framework)* is a paradigm that describes internationalisation in accordance with the advantages of Ownership, Location, and Internalisation (Sen *et.al* 2024). It posits that companies go global with them having some special resources, advantageous foreign destinations, and even when they desire to have control over the operations, as opposed to outsourcing.

Whereas the Uppsala Model has its priority on the process of gradual learning and low risk, the eclectic paradigm is concerned with strategic decision-making and competitive advantage.

Analysis and discussion

Overview of the company selected

The business profile of the company chosen is Greggs, one of the biggest food-on-the-go retail stores in the UK, with a menu comprising bakery goods, snacks, and drinks (Greggs, 2026). Greggs was established in 1939 and evolved into a big chain of food on the go in the UK, with products such as sausage rolls, high digital ordering and takeaway food, and stable growth. Greggs showcases the *concept of international business* in that understands the *nature of international business and various models and perspectives of international business practice*, including the potential cross-border expansion and strategic growth planning. The firm has effective supply chains, digital innovation and customer-oriented services. Greggs, being a *multinational firm in the 21st century*, is able to respond to changing consumer trends, technology and competitive environments, which points to the changing quality of the multinational business practice.

The *rationale behind their need to expand into international markets* is informed by the growth prospects, the elevated profitability and competitiveness in the global market (Lim and Mandrinos, 2023). International market expansion in China will ensure Greggs serves more customers and will not be over-dependent on the domestic market. It will also allow economies of scale, brand awareness and innovations. It is based on various models and approaches to international business practice that international expansion facilitates risk diversification and sustainability in the long run. Thus, the internationalisation will enhance Greggs as a global company in the 21st century.

Rationale behind the recommendation to enter China

The *rationale behind the recommendation to enter China* by Greggs will be largely driven by the fact that China has a very *good and sustainable economic growth*. As emphasised, China targets growth achievement with exports prevailing over the US tariffs (Hancock and Tewari, 2026). China recorded approximately 5% growth amid the pressure from United States tariffs, thus showing resilience and a favourable business environment for international firms. This argument will be quite effective as a stable economic growth raises consumer buying power, business confidence and guarantees business sustainability among firms such as Greggs in international markets.

Conversely, all other reasons, like the high population size and the advantage of cost, will be relatively low. Despite having a large population, China is not a sure demand location since consumer habits, cultural inclinations and eating patterns might not be as similar to those of Greggs. This brings about a doubt about market acceptance. Equally, as China has long been a low-cost source of production, its strength due to increasing labour costs and stiff competition with local food chains diminishes with time (Martins *et.al* 2022). Thus, economic growth will be much better and more stable rationale than population size or cost-effectiveness. It will provide a uniform basis of revenue collection, strategic orientation, and competitive advantage in the long term, and therefore, it will be the best justification why Greggs should venture into the Chinese market.

Barriers while expanding into the Chinese market

Expansion barriers to the Chinese market by Greggs will be high, and the most important barrier will be the *regulatory and legal barriers*. China has stringent government controls, compounding licensing procedures and strict control on foreign business, which creates hard conditions of entry (Dalglish, 2025). The barrier will be even greater than the others, as non-compliance may slow down the entry process, raise the expenses, or even stop operations altogether. Another factor that adds to the unpredictability can be the alteration in the policies and state intervention, and this will make it more difficult to be able to plan long-term strategies and have consistent operations in the market by Greggs.

Other barriers, including *cultural differences* and *consumer preferences*, will be essential, though less difficult to manage. Greggs will be able to customise their menu, to launch localised products, as well as do some market research to address the Chinese consumer preferences. On

the same note, there is a lot of competition with the local food chains, but this can be handled with good branding, pricing policies and product differentiation to draw customers (Lim and Mandrinos, 2023). Thus, in comparison, regulatory and legal barriers will be the most significant because their impact directly affects the entry into the market, the control of operations, and business sustainability. This will render them a more daunting hurdle than the cultural or competition hurdle in venturing into the Chinese market. Nevertheless, they will be required to be dealt with the help of strategic partnerships and planning, but regulatory restrictions are even harder to control and are more likely to lead to unsuccessful expansion.

Critically evaluate the implementation approach

Greggs will have viable **implementation approach of internationalisation** into China based on the **localisation strategy**. One of the pertinent implementation approaches for internationalisation that Greggs can adopt to internationalise in China will be localisation, whereby products and strategies will be aligned to the requirements of the Chinese market. This innovative method can highly validate since China boasts of unique cultural tastes and consumer behaviours. Greggs will be able to enhance its market acceptance and develop a better presence in the market by altering its menu and advertising. Martins *et.al* (2022), argued that, on the other hand, global standardisation is aimed at providing homogeneous goods in different markets, a factor that can save on costs and also economies of scale. Nonetheless, this strategy will work less in China because it ignores the local preferences and cultural variations that may lead to the restriction of demand. Although standardisation will be a sure way of achieving uniformity, it might not achieve customer engagement in a heterogeneous market such as China.

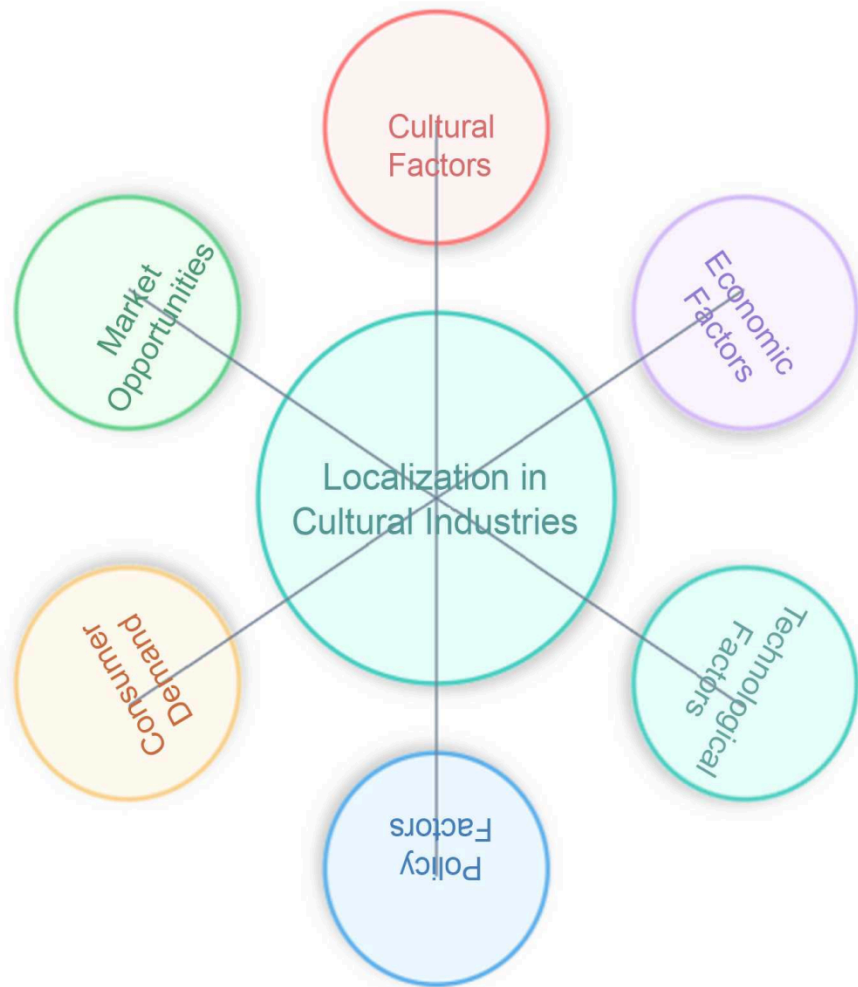


Figure 4: Localisation strategy

(Source: Li, 2024)

This figure outlines the key opportunities related to localisation as the implementation approach for internationalisation (Li, 2024). Localisation, in comparison, will be more costly and complex in its operation because it may require adaptation and research as opposed to standardisation, which can be less expensive. Nonetheless, the long-term advantages of localisation will be higher, including increased customer satisfaction, brand relevance and competitive advantage. So, despite the efficiency of global standardisation, wholly owned subsidiaries, and localisation would be better in internationalising Greggs to China because it will suit local market conditions and help Greggs to sustain business growth. Moreover, the *Uppsala Model* also promotes the implementation strategy as it fosters slow growth. This means that Greggs will have to first work

together, understand the market environment, minimise uncertainty and later commit more resources to China as they gain experience and familiarity.

Mode of entry

Exporting will be the most appropriate recommended entry mode that Greggs can use in an effort to expand to China. This exporting mode of entry strategy entails the manufacturing of the products within the home country and shipment to the Chinese market with the help of distributors or local affiliates (Nielsen and Marinova, 2022). Exporting would also be most suitable for Greggs because it involves relatively low capital, and risks financial loss, which is crucial when entering a new and unstable overseas market. It will enable the company to have a feeling of demand, consumers' preferences, and market conditions in place before pursuing strategies that are more resource-intensive.

One significant benefit of exporting can be that this will allow Greggs to expand its operations step by step without having to contend with the full rigidity of regulatory procedures that the setup of physical operations in China. It will also favour a conservative strategy in accordance with the theories of internationalisation, like gradual expansion. Exporting, however, will have restrictions such as a lack of control on branding, distribution and customer experience, which could impact uniformity and perceived quality (Balmas and Howarth, 2024). Also, the cost of transportation, tariffs, and intermediaries may decrease profitability. Exporting can be less risky than other entry modes, such as licensing and foreign direct investment, and also have less control and slower market penetration. Thus, the most appropriate mode of entry that Greggs should use at the first stage of international expansion is exporting, which will facilitate low-risk, gradual expansion.

Conclusions and recommendations

Conclusion

From the overall discussion, it can be concluded that Greggs has a high internationalisation potential through its expansion into China. The analysis reveals that the economic growth, market demand, and strategic opportunities of China are much greater compared to the possible barriers, such as the regulatory challenges and cultural differences. Effective expansion can be assisted by means of appropriate modes of entry and implementation. All in all, expansion to the Chinese market presents Greggs with long-term expansion, competitiveness, and increased globalisation to operate in a growing and dynamic business environment.

Recommendation

Greggs should undertake internationalisation in China with menu localisation and AI suggestions as recommendations. The company should *evaluate the role of technology and innovation in developing international business in the 21st Century*, whereby innovative approaches assist Greggs in dealing with risks and reaping maximum advantages of internationalisation greatly (Ediagbonya and Tioluwani, 2023). The company will be required to work on product adaptation to local taste, invest in market research and establish good relationships with the supply chain. This will help Greggs to take appropriate control of regulations, consumer preferences, and a good presence in the market, which will guarantee sustainable growth, enhanced competitiveness, and long-term success in the Chinese market.

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