

Theme: Foreign market entry strategies

Task 1. Test

1. The lowest-commitment entry mode is usually:
 - A) Wholly owned subsidiary
 - B) Joint venture
 - C) Exporting
 - D) Greenfield investment
2. A key advantage of licensing is:
 - A) Full control over operations
 - B) Fast market access with low capital investment
 - C) High protection from IP leakage
 - D) Maximum profit retention
3. Franchising differs from licensing mainly because it:
 - A) Is only used in manufacturing
 - B) Transfers a complete business format and ongoing support
 - C) Requires government ownership
 - D) Cannot be used internationally
4. A company chooses FDI mainly when it wants:
 - A) Minimal risk and minimal control
 - B) High control and long-term presence
 - C) No local adaptation
 - D) Only short-term sales
5. Which factor most increases the attractiveness of joint ventures?
 - A) No need for local knowledge
 - B) Host government restrictions on full foreign ownership
 - C) No cultural differences
 - D) Very stable IP environment
6. Contract manufacturing is best when a firm wants to:
 - A) Keep production at home at all costs
 - B) Produce abroad without building its own factory
 - C) Avoid any quality monitoring
 - D) Avoid foreign partners
7. The biggest risk of exporting is often:
 - A) High political control
 - B) Low logistics and shipping complexity
 - C) Trade barriers and transport costs
 - D) Too much local market knowledge
8. A Greenfield investment means:
 - A) Buying a local company
 - B) Building new facilities from scratch
 - C) Outsourcing to a supplier
 - D) Selling through an agent only
9. The best entry mode when IP protection is weak is often:
 - A) Licensing core technology
 - B) Franchising high-tech processes

- C) Exporting with limited tech transfer / tight control
 - D) Giving full production know-how to partners
10. The main purpose of an entry strategy is to align:
- A) Entry mode with objectives, resources, risk, and market conditions
 - B) Domestic HR policies with local cuisine
 - C) Social media ads with logo colors only
 - D) Accounting rules with holidays

Task 2

Write T (True) or F (False).

1. Exporting always provides the highest level of control.
2. Licensing reduces capital needs but may increase IP risk.
3. Franchising is common in services like fast food and retail.
4. A joint venture can help overcome local market and regulatory barriers.
5. Greenfield investment usually takes longer than acquisitions.
6. Indirect exporting means selling directly to foreign customers without intermediaries.
7. Political risk is irrelevant if demand is high.
8. Entry strategies should consider both firm resources and host-country conditions.
9. Contract manufacturing can create quality-control challenges.
10. Firms sometimes start with exporting and later move toward FDI.

Task 3

An Uzbek dried-fruit producer wants to enter Germany and UAE within one year. Budget is limited, and the firm is worried about brand reputation and product quality.

Answer (2–4 sentences each):

1. Recommend one entry mode for Germany and one for UAE. Explain why.
2. List two key criteria you would use to choose distributors/partners.
3. Identify one major risk in each market and how to reduce it.
4. Suggest one way to test demand before fully committing.