

Internationalization & Export Management (IEM 6CFU)

Internationalization process

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DIPARTIMENTO DI STUDI
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Main steps of Internationalization Process

1. Identification of target countries.
2. Decide on the specific area in which to implement its strategy.
3. quantify or at least estimate the major risks that characterize them.
4. Evaluate the most suitable entry mode into the given market.

It is important to evaluate:

- market opportunities
- available resources
- desired results
- flexibility

Analysis of the target market

Choice based on assessment of a nation's long-run profit potential and potential risks

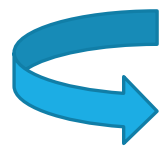


Analysis of the target market

There are many tools available to conduct an external and internal analysis of the current environment in which an organization operates.

The most useful for building are:

- ✓ EXTERNAL ENVIRONMENT ANALYSIS → PEST Analysis
- ✓ INTERNAL ENVIRONMENT ANALYSIS → VRIO



SWOT Analysis (internal & external environment)

The results of these strategy **analysis** tools should be used to review the lobbying objectives set for the organization. Where necessary, the objectives will be amended to reflect the reality of the current situation. However, more often the analysis affects how the objectives are achieved rather than resulting in a change of objectives.

SWOT ANALYSIS

SWOT analysis is a framework for identifying and analyzing an organization's strengths, weaknesses, opportunities and threats.

The primary goal of SWOT analysis is to increase awareness of the factors that go into making a business decision or establishing a business strategy.



The aim of any SWOT analysis is to identify the key internal and external factors that are important to achieving the objective. SWOT analysis groups key pieces of information into two main categories:

- ❖ **Internal factors** – The strengths and weaknesses internal to the organization.
- ❖ **External factors** – The opportunities and threats presented by the external environment to the organization.

Internationalization process

Once identified the target market, firms expanding internationally must decide:

1. when to enter them and on what scale
2. which entry mode to use

1. a **Scale of Entry and Strategic Commitments**

- A strategic commitment has a long-term impact and is difficult to reverse.
- Rapid large-scale market entry can have an important influence on the nature of competition in a market.
- Must be balanced against the resulting risks and lack of flexibility associated with significant commitments.
- Small-scale entry allows a firm to learn about a foreign market while limiting the firm's exposure to that market.

Entry choice

Control relationship
Cooperative relations
(strategic alliances)
Market relationships



- *Export/Import
- *Wholly Owned Subsidiary
- *Mergers/Acquisitions
- *Alliances and Joint Ventures
- *Licensing
- *Franchising
- *Countertrades