Selecting Foreign Markets

Global Trade Practices
Chapter 5

200 plus potential markets

How to choose?
- Quick simple models
  - Initial selection
- More detailed "due-diligence"
  - Final analysis before investment
- Experience
  - Develop "a sense" of the market
- Never "fool-proof"

Reasons for Ranking
- No company has unlimited resources
- Market potential (ROI) important in early global expansion
- Methodology for determining most effective market expansion
- Exercise allows systematic approach to decision-making
  - Eliminates personal preference expansion
  - Provides details for successful market entry
Ranking with Analytical Model

- Highlights factors for success
- Previous markets can be used for benchmarking
- Data research provides base for market-entry plan
- Highlights non-industry and product specific barriers
- Can be refined with experience - possibly used in sales forecasts

Selection Process

1) Developing Indicators (Selection Criteria)
   a) Product Specific
   b) Industry Size
   c) Market Growth
2) Convert Data for comparison
3) Determine level of importance (weight)
4) Analyze

Sample Decision Grid

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<thead>
<tr>
<th></th>
<th>Ghana</th>
<th>Togo</th>
<th>Benin</th>
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<tbody>
<tr>
<td>Standard Product</td>
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<td>Industry Competition</td>
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<td>Growth Potential</td>
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**Country VS. Market Analysis**

- **Country**
  - Historical/political borders
  - Data collection
  - Tariffs
  - Customs
  - Focused Trade Agreements

- **Market**
  - Trade alliances
    - NAFTA
    - Mercosur
    - Andean Pact
    - African Trade Blocks
  - Monetary Unions
    - Euro
    - Sefa
    - Eco
  - Metro Areas or economic zones

**Challenges indicated by Ohmae**

- Most data based on political boundaries
- Strategy based on:
  - Limited region within a country
  - Regional market-entry
  - Ranking based on overall opportunity vs. individual countries
  - Value chain decisions - borderless view
    - Purchasing
    - Distribution
    - Marketing
    - Customer service
Regional Slice of Global Strategy

- Pankaj Ghemawat
- Harvard Business Review
  - December 19, 2005
- Recognition of differences in local markets

Clarification of “regions”

- Geographic
  - Global
  - Continental
  - Sub-continenal
  - National
  - Intra-national
  - Local
- Non Geographic Dimensions
  - Cultural
  - Administrative
  - Political
  - Economic
Administrative Regions

- Ghana's Dual System
  - Traditional Regions with Chief
  - Political Administration

- Village of Kopeyia -
  - Aflao Traditional Region
  - Volta Political Region

Togbui Fita
Chief's Council