

# Abstract

## Titel:

### **Options and constraints in international Sales – a comparison between theory and praxis**

#### Kurzzusammenfassung:

The thesis explores the existing entry modes for a market expansion. Furthermore, it analyzes determinants and elaborates a decision guideline for choosing the most suitable entry mode. Moreover, the topic of partner management and customer retention are briefly explained. At the end, the findings are applied to the market expansion of a local company which entered the Chinese market. This expansion was critically investigated, findings and learning were derived.

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**Schlagwörter** (3-5 Tags): Entry Modes, Expansion, international sales

## **Initial Situation**

The thesis aims to construct a consolidated view on the existing theories in international sales, since there is no clarity or unison existing in the literature today. Nevertheless, there needs to be a practical component in order to create value.

## **Goals**

To fulfil the goals of this thesis, the following goals need to be achieved:

1. The different and possible entry modes for a Swiss small- to medium sized company are explained.
2. The most relevant determinants to decide on a market entry mode are identified, justified and explained.
3. An understandable and useable guideline to decide on an entry mode is developed.
4. A past expansion of a Swiss company in a specific market is described. Furthermore, the following steps are conducted:
  - The current market penetration of the specific market is evaluated
  - The process of expansion and the specific reasons is explained
  - Praise and criticism are given
  - Changes for the better are proposed
  - Learnings are concluded

## **Methodology**

To gather a decent overview over the current state of research, the existing literature is screened. As a consecutive step, experts of different fields are interviewed in order to receive additional necessary information. Based on these findings, the factsheet and guideline are derived, as well as the text. Finally, these findings are applied to the Chinese market expansion of a Swiss company.

## **Results**

After consulting of theory and experts, the different possible Modes of Entry were evaluated. In a nutshell, every Entry Mode has strengths and weaknesses in different fields.

Subsequently, a factsheet was derived, which displays the main features of each mode in

a comparative ranking. The factsheet provides a basic and quick overview over the Entry Modes and therefore fosters management decisions.

As a second step, the determinants for deciding on Entry Modes were explored, explained and elaborated. A company can take many different factors on various levels into decision. This process is divided in three categories: The Market Entry Decision answers, if a market entry is thoughtful in a particular country. The General Entry Mode Decision narrows down the choice on a General Entry Mode, such as Exporting, Collaboration or Foreign Direct Investment. At last, the Specific Entry Mode Decision explores the detailed entry mode, hereby the Factsheet should be consulted.

As a next step the discipline of Partner Management was explored. Partner Management was broken down to the following process: Evaluation, Training, Communication Materials and Controlling. These steps were explained in relevance for conducting a successful partnership. Important topics in customer retention were additionally discussed, such as E-Business, Shopper marketing and Key Account Management. When dealing with an international customer, these topics are crucial.

As a consecutive step, the past Chinese expansion of a Swiss company was explored. While the theoretical findings agree on the positive Market Entry Decision, they differ in the General Entry Mode Decision. The company chose the Export Mode in order to be the most independent. However, especially low labour and shipping cost and network benefits would favor a Foreign Direct Investment, yet this would contradict the company strategy. Finally, the findings would recommend The Swiss company to conduct a better market research process before an expansion. Moreover, a Foreign Direct Investment could bear a lot of chances. Nevertheless, the expansion with Exporting was a success and their Chinese Volume is growing.