



# Growing through International Expansion

We help our customers design their international expansion strategy. We help them to take the choice which new countries to focus on, to choose the right legal form of local representation and to design a market strategy tailored to the specific requirements of the country and accompany him implementing it.

## A. Brand Companies seek to broaden international Market Reach and intensify foreign Market Penetration

Foreign markets are increasingly gaining attention from brand companies and they are searching for ways to increase the number of countries they serve as well as the intensity of penetration they achieve in the respective country. The underlying motivations vary strongly:

- Achieving group wide growth
- Compensating for difficulties in current core countries
- Diversifying market presence
- Capitalizing more strongly on investments made in R&D, production and headquarter fixed costs

The key strategic questions to managers when considering to extend into international markets and to intensify penetration of foreign markets are the following:

- Which are the most attractive foreign markets for the company and how do I select the ones most attractive to me?
- Are these countries currently not being served at all and require a market launch or are they currently insufficiently penetrated and require a strategy to increase market penetration?
- What is the most suitable strategy to achieve local market success in these countries?
- How attractive is the corresponding business case financially?

How do I implement the strategy?

## B. International Growth Strategies maximize financial Return

International growth strategies are for brand companies the keys to optimize their resource allocation and to maximize their international profitability:

- Directing resources to the financially most attractive foreign markets
- Applying local market strategies yielding highest return on investments
- Providing employees in central roles with information needed to ensure high market acceptance locally
- Increasing ability to manage risk

## C. Our Approach to create successful foreign Market Entry Strategies

To help our customers design a foreign expansion and penetration strategy tailored to their company and markets, we pursue a well-structured project approach:

### *Understanding your Business*

We familiarize ourselves with your overall and foreign business:

- Size, structure, organization, international presence
- Business model and key success drivers
- Sales channels
- Product portfolio
- Brand position
- Key international competitors

### *Market Score Card*

Together with the client team, we develop a set of criteria suitable to evaluate the attractiveness of foreign markets. This list includes both market criteria (e.g. size and dynamic)

and indicators referring to the ability to leverage a specific value proposition (e.g. overall price levels, competition) and the key success drivers (e.g. unique selling points, customer service etc.).

### *Market Screening*

We will assess the expression of the score card criteria in the countries under consideration. In order to maximize efficiency of this process we proceed in 3 steps and out-select the countries with lowest attractiveness, while we detail our research on the remaining countries.

This process involves numerous interviews with members of our client, such as regional managers and marketing managers. Additionally, we draw in vast information from external sources such as interviews with managers of non-competing companies with similar business models as well as country and market reports. At the end of this phase, our client will hold a qualified ABC country analysis.

### *A-Country SWOT Analysis*

For A-Countries we apply a much further detailed analysis of the local market. This involves significant research in the market. Aim is to characterize the market with regards to its general attractiveness but also to identify possibilities to leverage our client's specific strengths as well as to highlight potential risks.

In this phase, we carry out in-depth analysis of the local sales channels, presence of international or local key competitors, their respective brand | price | portfolio profile, consumer buying habits and product preferences, import restrictions, logistic challenges

and general availability of qualified personnel.

#### *Expansion Recommendation*

During this step, we define for each A-Country the key elements to be reflected in a successful country strategy. This includes both requirements to be met locally as well as needs to be fulfilled by the central organization (e.g. modified packaging, modifications of product portfolio etc.). Furthermore, we will provide an estimate of the sales potential to be generated during the first 5 years after market launch if the requirements are met.

We will also address the question through which type of local representation form the country should ideally be served – fully owned affiliate | joint venture | agent | distributor.

On this basis the management is in the position to decide on which countries to concentrate the company's further activities.

#### *Financial Modeling*

For the most attractive country | countries we will develop a financial business model. This model is based on the key elements of the local country strategy and draws in additional information from other sources such as country specific cost elements or cost structures experienced in other foreign affiliates. Our financial business model is typically designed for a period of 3, 5 or 10 years depending on the preferences of our clients. Special reference is given to potential risk factors and how they can be controlled for. On this basis, the management is in the position to make a qualified investment decision.

#### *Implementation Planning*

Together with the client's team we will develop a comprehensive launch plan. Its content and structure differ strongly, depending on which type of local representation form is chosen (affiliate | JV etc.). Affiliates is the format, which requires the most preparation, including e.g.: Organization and human resources, process design, product management, marketing and brand management, sales, distribution and pricing, real estate and office, logistics, branding.

We will develop a comprehensive project schedule including tasks, responsibilities, timeline and milestones as well as project management tools.

#### *Implementation*

We will accompany you during the implementation in a role most suitable to your needs and preferences – as coach, project assistant, coordinator or as responsible manager for the project as a whole or for individual elements. We are transformation management experts and have vast experience in setting up and designing international expansion strategies including setting up foreign affiliates. We know how to implement strategies and deal with operational challenges.

#### **Author**

**Stephan Lückenkötter**  
Partner

[s.lueckenkoetter@tme-consulting.com](mailto:s.lueckenkoetter@tme-consulting.com)

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**TME Consulting**  
Giselastraße 12 | 80802 Munich  
[www.tme-consulting.com](http://www.tme-consulting.com)