



Europe: Market Entry and Growth Strategy

We help Asian clients to set up and develop their European business. We help to design and implement strategies for market entrance and growth in Europe – through own organizations or partnerships with European companies. Also, we help to establish licensing partnerships with European brands.

A. Targeting European Customers and Partners

Europe has always received special attention from Asian companies and investors – both as one of the world's largest markets and as home of numerous strong and highly reputable companies from industry, service, trading, real estate and consumer products.

The form of their activities varies strongly: They acquire companies, establish Joint Ventures with local partners, appoint local distributors or agents or set up own subsidiaries in Europe.

The intention of their European activities varies strongly as well: They seek to gain access to a strong European brand to help grow their product acceptance and sales in Europe and worldwide, they intend to make use of their well-established distribution network in Europe or worldwide, they aim to get access to leading technical expertise of European companies, they target to utilize European production capacities.

Form and intention of their interest differs between countries. As many Asian companies used the past years to establish a strong manufacturing base and distribution in their home markets, they are now in the position to internationalize and expand their business. As a result, we see Asian companies strongly increasing their activities in Europe and even including listings on the European stock markets.

On the other hand, not all European activities of Asian companies turned out to be successful. Key mistakes:

- Wrong partners
- Wrong type of cooperation agreement, poorly negotiated contracts or little perspective view
- Too high acquisition prices based on little market insights
- Poor merger agreements
- Wrong target markets
- Poor market entry strategies
- Wrong leaders for Europe
- Cultural differences in the new team poorly addressed
- Weak integration of Asian and European activities
- Specific European customer preferences insufficiently addressed

The problems are fundamentally rooted either in strategic deficits during the preparation | starting phase and are difficult to reverse, or in poor collaboration concepts which negatively impact business operations and results.

B. Successful European Business through „Brand and Customer Centricity“

Based on our long experience in setting up and growing market oriented businesses across Europe, TME CONSULTING has compiled the key success factors for entering and developing European markets:

Partnering

- Long-term vision
- Through market screening
- Limitation of activities to top targets only
- Focus on leveraging on your and their strengths

- Reputation of integrity, professionalism, strength
- Forward-looking choice and design of agreements

Market strategy

- Country-specific market analysis
- Focused country portfolio
- Modified country strategies
- Clearly defined brand positioning
- Application of standards along brand values
- Orientation along local customer preferences
- Emotional consistence of all market activities
- Focusing on point of sales for brand building

Operations

- Internal excellence as guiding cultural principle
- Integrated process between Asia and Europe
- Top quality collaboration with trade partners through supportive tools and insights
- Modular tools for European-wide applicability
- Involvement of employees

We developed our „brand & customer centricity“ approach as a modular concept which allows for better manageability during application and also pays respect to our customer's steadily growing possibilities and requirements as their European business continues to unfold.

C. Stringent Project Management

In our “*brand and customer centricity*”-projects we apply a well-structured approach with clear defined steps:

Specifying our Client’s Intention

During the first step, together with our client, we discuss the motives for and the nature of his European business interest. We will discuss alternative fundamental directions to achieve his goals and assess which ones he is open to.

Understanding your Business

During this phase, we will familiarize ourselves with your company – its size, structure, turnover and profit profile, strengths and challenges. Moreover, we look at your customers. We conduct interviews with selected members of your team, analyze existing data of your organization and carry out additional market research.

Mapping Leverages

On this basis we draw a leverage map and specify which characteristics of your business you may be able to leverage in Europe and which ones may impose challenges to overcome. Based on this, we will define market evaluation criteria suitable to characterize the attractiveness of European countries or partners for your targets. We prioritize the criteria and also specify potential no-go criteria with you.

Analysis Markets | Partners

During this step, we carry out substantial investigation on the European markets. To ensure maximum effectiveness we apply a roll-out-drill-down approach: We first collect all possible targets – be it partners or country markets. Then we roll out those for which the no-go criteria applies. After that, we sequentially apply the positive criteria in order of importance and on each step disregard those potential candidates of lowest interest.

We apply this approach because we believe that you should target your first-best option and investigate second-best options only if your first choices may turn out to be unattainable. This refers to partner searches as well as evaluation of country markets.

For the preferred targets, we will carry out in-depth analyses and provide you with a detailed target profile.

Designing Strategy

During this phase, together with our client

we design a strategy most suitable to achieve your previously defined target. This takes into consideration the *brand and customer centricity* success factors, your leverage map and your target’s profiles.

Designing Concept & Tools

During the following phase, we break down the strategy into feasible concepts and develop concrete tools to ensure that the implementation will be applicable and successful.

Implementation

We will assist you in approaching potential partners and in negotiating successful agreements. We will actively help you set up your own European structures or implement changes in your existing European organization. As consultants and implementation

managers we accompany you from strategy to result.

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