Factors influencing market and entry mode selection: developing the MEMS model

Adam J. Koch
School of Business, Swinburne University of Technology, Melbourne, Victoria, Australia

Introduction
The holistic model of the market and market entry mode selection process (MEMS), introduced by Koch (2001), has been designed to accommodate all business contexts and most of the relevant business practice. This paper focuses on the evaluation stage of the model and briefly examines the great variety of influences on the MEMS process outcomes. References made throughout this paper to the organisation’s context will help better explicate the character of influences by these various factor categories. They will also make it possible for the reader to compare this author’s suggestions with their own prior understanding of these influences and facilitate further refinement of that understanding.

The scope of the model’s (Koch, 2001) evaluation process is presented in this paper from two angles: that of market selection, and that of market entry mode selection. Lists of factors proposed in this paper have been developed with a view to ensuring a high level of their content validity in most conceivable international business contexts[2]. Care was taken to include in these lists all such factor categories, which can be assumed to exercise a strong influence on this process, if only in some contexts. All factors proposed to influence the market/market entry mode selection process fall into three broad categories: external, internal, and the mixed, internal/external category (see Figures 1 and 2)[3]. Some of the proposed categories of factors may influence some others, adding to the complexity of the discussed decision process.

The role of each of these categories will be briefly characterized to help the reader examine the reasons behind each proposition. Internal environment factors will be looked at first.

Market selection
This paper aims to describe, rather than prescribe, or model, the market/market entry mode selection process. It proposes two comprehensive lists of factor categories, which may, and do, influence outcomes of the selection process. One of these lists relates to market selection, the other – to market entry mode selection[1].

The relative significance of the individual categories, and the way in which the relevant inputs are going to be used in this decision process, depends largely on the context (Bradley, 1984; Cavusgil, 1980; Minor et al., 1991). The lists and associated discussion are based on a comprehensive review of the available literature and on this author’s direct international business experience of 17 years, complemented by his international business consulting. Increasing globalisation of strategic outlook with many companies and the growing role of the Internet in providing international market information in this process were given due consideration.

List of factors proposed in this paper have been developed with a view to ensuring a high level of their content validity in most conceivable international business contexts[2]. Care was taken to include in these lists all such factor categories, which can be assumed to exercise a strong influence on this process, if only in some contexts. All factors proposed to influence the market/market entry mode selection process fall into three broad categories: external, internal, and the mixed, internal/external category (see Figures 1 and 2)[3]. Some of the proposed categories of factors may influence some others, adding to the complexity of the discussed decision process.

The role of each of these categories will be briefly characterized to help the reader examine the reasons behind each proposition. Internal environment factors will be looked at first.

Internal factors
Company strategic orientation
Companies develop strategic orientations[4], which reflect their individual and group experience, values and attitudes of their employees (those currently employed and their predecessors), changes in their business environment and strategic objectives established for the company (some degree of stretch (Hamel and Prahalad, 1994) required to achieve these). Strategic orientation may predispose companies to more, or less, collaboration with their competitors; it is also likely to strongly influence the process of business internationalisation.
Classes of internationalisation refer either to international business in general, or to company export involvement in particular (Cavusgil, 1980; Johanson, 1997). The nexus between these classifications and the ethnocentric, regiocentric, policentric and geocentric types of strategies pursued in international marketing is well worth examining, for both theory building and practical purposes. Stages of company internationalisation are strongly influenced by two factors: company strategic orientation and company international competitiveness. The first one increases, reduces, or...
eliminates company interest in the progress of internationalisation. The latter would, depending on its level, expedite or delay the advancement of company international involvement. The increasing availability of international market information on the Internet would call for a revision of the traditional view of the stages and dynamics of the internationalisation and export development processes (Hamill et al., 1997).
**Company strategic objectives**

Strategic objectives may take many forms, their choice being dependent on company tradition, industry specificity, or personal preferences/interests of those in charge of formulating these objectives. They may refer to, for example, global/local market shares, growth of global/local market sales revenue, export/total sales revenue ratio or profit oriented objectives. Some of these may aim to establish/reinforce perception of the company as a market leader, or reduce strategic risks associated with company survival or growth, etc.

The strategic planning horizon is an important factor in this respect. Johansson (1997) proposes that the longer the time horizon in company strategic planning, the more likely it is for the company to prefer countries that show greater long-term prospects over those where only the immediate market prospects appear comparatively favorable. This would imply that companies with a relatively short planning horizon would in most instances deny themselves most chances to enhance the firm's competencies, capabilities and skills through global market participation.

He also suggests that, when highest sales and market share prospects are sought by the company, markets believed to be most likely to quickly accept the product are preferred.

**Overseas market selection experience**

Evaluation of company international business experience involves examining its intensity, recency, relevance, character (positive vs negative) etc. Experience is a major factor shaping strategic directions, company corporate culture and collective knowledge, or common wisdom. Without sufficient, relevant experience and knowledge, there tends to be a stronger sense of risk and uncertainty involved in the global marketing decisions, which in turn constrains at least the subjective, if not the objective, freedom of choice of market servicing modes.

Interesting associated aspects include learning processes within the company and industry, their efficiency and effectiveness. The influence of the increasing availability of international market information on the Internet on the dynamics of experience gaining should not be overlooked.

**Company international competitiveness**

Success under the contemporary global business environment conditions is contingent on companies possessing, or being able to access, certain capabilities and skills considered to be of critical importance for a wide array of industries and business situations. Apart from these, other industry-, company- and strategy-specific capabilities and skills may be required from a successful international marketer.

Whilst company competitive performance tends to be ultimately assessed against specific criteria, or targets, benchmarking and benchmarking refer to both categories of key success factors (general and specific). The specific depend more on deductive processes for definition, the general – on inductive.

International competitiveness is often examined in an opportunistic manner, for example, by utilizing easily accessible information on global market shares held by individual companies. A legitimate method as it may prove for some purposes, global market share analysis, however, does not answer one of the fundamentally important questions: which competencies, capabilities and skills explain the company performance in the international marketplace over the past period? Also, analysis based on an examination of global market shares may not help answer another crucial strategic management question: how has it been possible for the company to develop, or obtain access to, its current set of critically important competencies, capabilities and skills?

**Calculation methods applied**

Amongst major relevant distinctions being made are those that refer to two alternatives: methods based on risk assessment versus methods based on benefit evaluation, and second, methods based on the cost logic versus methods based on degree of marketing control (Porter, 1980; Root, 1994). The relative popularity of these alternatives in the relevant business practice depends on the industry, and company, tradition, which in turn is correlated with availability of information, legislation and the general characteristics of the country’s business infrastructure. Individual preferences of those in a position to determine the choice of calculation methods should not be underestimated.

**External/internal category**

**Own/accessible resources**

Companies that have more of their own resources, and/or have secured better access to resources of other companies through various forms of alliances, are less restricted, other things being equal, in their international market selection. In larger, multidivisional companies with many product categories, multiple perspectives may need to be adopted to cater to the different strategy requirements of each
Factors influencing market and entry mode selection: developing the MEMS model
Marketing Intelligence & Planning 19/5 [2001] 351–361

Adam J. Koch

The underlying analysis may be conducted on a largely static or, alternatively, a dynamic platform.

The strategic options of various forms of strategic alliances or the more temporary measure of piggybacking are of increasing popularity as markets become more global, competitiveness becomes more intense and the response time to market must continue to decrease.

Networking

Through measures such as participation in international trade fairs, exhibitions, sharing the same suppliers, buyers, through strategic alliances, joint ventures and ad hoc consortia (tendering process), companies develop their networks and increase their internationalisation (Johanson and Mattson, 1988). Certain ethnic groups (e.g. Chinese) have been found more likely to develop their business networks on the basis of shared ethnicity (Ch'ng, 1993). Contemporary requirements of globalisation, in particular implications of the rapid growth of electronic commerce (Nouwens and Bouwman, 1996), may affect these tendencies and forms they take.

Similarity/proximity of overseas market

Psychic distance (Vahlne and Wiedersheim-Paul, 1977) has been found to often influence overseas market selection. Length and strength of cultural and business links between one’s own and some foreign countries, stereotypes or dominant perceptions of these countries, company employees’ familiarity with these countries and individual perceptions of decision makers or influencers exercise a considerable influence on the choice of markets and on the order in which they get selected. The role of relevant experience and that of expatriates in forming perceptions of foreign markets are difficult to underestimate in this respect.

Market portfolio congruity

A company’s current market portfolio is a result of incremental changes brought about by decisions taken in pursuing various past global expansion objectives. Over a long period of time, not only the market environment, but also the company logic of market selection (Root, 1994) may change. Thus, the structure of a company’s market portfolio may often appear incompatible with company current environment and strategy, if current, rather than past, external and internal environment conditions, competitive position of the company and objectives form the backdrop of analysis.

The company may need to modify its current market portfolio, to ensure its congruity and a better match with the current company objectives and its external environment. Synergies able to produce, for example, risk or cost reduction may be sought on such occasions.

More specifically, such an analysis would take into consideration:

• similarity of customer requirements or customer expectations between countries;
• similarity of product uses and circumstances; and
• similarity of standards.

It would also help to estimate costs of supplying different product/services to different countries and their impact on customer demand volume and on brand loyalty.

Expansion sequence optimization

If future global expansion objectives become our frame of reference, another market selection problem emerges: what would be the most suitable new foreign markets, and the sequence of entering them, given our anticipation of the global market environment and company’s future resources, competencies and capabilities. Initial stages of this analysis may draw on available clusterings of countries[6] based on their general socioeconomic characteristics? Proper contextualisation of such clusterings through reference to the appropriate industry context, and prediction of its changes, needs to be undertaken on most occasions.

Many companies expand globally in a cascade manner, starting from either:

• markets considered least demanding and then entering more, and more challenging foreign markets, as their experience, competencies, capabilities and skills grow; or
• markets where demand for some new products has already reached the level which makes an entry a commercially viable proposition for them, and then moving to markets that follow the pioneers.

The best sequence of market expansion should be sought for the company to use its resources efficiently and sustain its global growth.

External factors

Country market potential

Country market potential is a common criterion used in market selection (Hodgson and Uyterhoeven, 1962; Johansson, 1997; Moyer, 1968; Root, 1994). Yet, the role of judgment, and the potential for political contamination of the relevant product statistics or country rankings, are often
underestimated (Samli, 1977). Reliability of the relevant information, and of the methods used in obtaining it, has attracted considerable attention (Cavusgil, 1983; Van Wood and Goolsby, 1987). Discussion of product market specific variables to be used in market potential estimation would appear to be in need of further intensification with many more industries to be examined. This proposed direction would assist educators as well as enhance communication of theory with concrete business contexts.

**Competitive significance of the market**

Another traditional point of interest concerns importance of lead markets as cues used in assessing company current performance and predicting its changes (Elliott and Cameron, 1994). Leading (or lead) markets (usually large, strong at the high-end of the product line, free from government regulation and protective measures, with strong competitors and demanding customers) are of considerable strategic significance in global marketing (Elliott and Cameron, 1994). Managing to get into these markets and staying there provide the company with an excellent opportunity to bring up its capabilities and skills to the highest levels required globally. On the other hand, this presence can be used in the company’s introductory promotion in third markets to bolster up their competitive credentials.

Product performance and customer expectations gaps between lead markets and other countries may at times be very substantial. These gaps may be used as a basis on which to compare the competencies, capabilities and skills of competing companies. Ongoing study of the relevant trends helps reduce the danger of developing rankings based on some outdated market information.

Attacking the competitors’ profit base (usually their domestic market) is an increasingly popular strategy amongst those following a global strategy. Preempting a competitor’s move into a new, important market is another one.

**Anticipated overseas market risks**

Another market selection aspect which has received more attention than most others was foreign market risks assessment (Backhaus and Meyer, 1986; De la Torre and Neckar, 1990; Kobrin, 1979). This has been driven by the interest in it of export credit guarantee organizations, banks and companies involved in international business.

There are three major categories of international business risks (e.g. Czinkota and Ronkainen, 1996):

- ownership risks (expropriation, confiscation and domestication);
- operating risks (exchange risks, over-investment and price controls related risks); and
- transfer risks.

An equally important area is one of managerial perception of risks, reliability/absence of bias/“up-to-datedness” of inputs/risk estimates. Whenever no prescribed method in calculating some risks is available, the role of perception grows considerably.

**Market entry mode selection**

The list of basic factor categories for market entry mode selection (Figure 2) under the MEMS model is the same as for market selection: internal, external and mixed.

**Internal factors**

*Company size/resources*

Smaller companies usually have fewer market servicing options (Benito and Welch, 1994), as their very limited own resources may simply not allow, or discourage from, some market entry modes. For example, establishing a fully owned subsidiary often involves very substantial investment and correspondingly high risk levels. Similarly, small companies may not have sufficient management potential and special skills to enter foreign markets through establishing fully owned foreign based subsidiaries or international joint ventures.

The influence of company size on its freedom of choice in selecting market entry mode and their relevant preferences depends on industry-specific resource demands for individual market entry modes. In the chemical industry, for instance, this relationship will be much stronger than in the computer software industry.

*Management locus of control*

The significance of management locus of control for the degree of company international business involvement and the market entry mode preference is often underestimated, if not overlooked altogether. Yet strong internal, or external, loci of control are likely to considerably affect manager perceptions; the way their intuition works and their market entry mode decisions may thus, particularly in less experienced companies, determine the outcome of this decision process.

If the decision is significantly influenced by a number of managers, we have a potentiality of locus of control discord; depending on its management style, the company will either disregard loci of control which do not agree
with that of the decision maker (authoritarian end of the spectrum) or undertake actions aimed at achieving perceptual consensus with regard to the situation on hand (participative end of the spectrum).

Finally, one has to acknowledge that individual loci of control may change, as a result of some critical events or, more gradually, as the relevant experience grows. Many, perhaps most, managers will never change their locus of control. So the question: “is locus of control a matter of nature or nurture?” must remain unanswered here.

**Experience in using MEMs**

How many times, how recently, in what circumstances (similar enough, dissimilar) the company (or its competitors) have used any particular market entry mode, their relevant success rates and degrees – all these factors obviously influence both market entry selection process and the choices themselves (Paliwoda and Thomas, 1998; Root, 1994; Van Fleet, 1991).

Companies that have gathered a considerable knowledge of a region prefer to invest resources into business ventures in that region rather than seek contractual modes there.

Companies’ management cultures will influence decision influencers’, and decision takers’, behaviour. If, for instance, negative personal consequences are certain for proponents of an unsuccessful untried entry mode, untried modes will then be shunned by the company decision makers.

Effectiveness, and efficiency, of the organisational learning depend on the amount of experience gathered by individuals, and on the prevalence of reflection sharing in the company.

It would appear that there may well be a certain optimal duration of the above-mentioned responsibility in any given context; going beyond it may increase the chances for experience, both group and individual, to continue to affect the decision process outcomes as strongly as before. It has been suggested that managerial succession often explains the changes in the preferred market servicing modes. The market entry selection process is more likely to be subject to scrutiny and ongoing improvement, if the shared reflection-in-action becomes commonplace. Increased accessibility of information on the Internet can be anticipated to speed up experience acquisition (Hamill et al., 1997).

**Management risk attitudes**

The level to which the company will accept various international business risks depends on the context: the company’s financial situation, its strategic options, the competitiveness of its competitive environment, its relevant experience etc. Risks may be estimated by using appropriate formulae. One should, however, bear in mind that the perception of risks associated with individual market entry modes or countries may influence companies’ decisions considerably, as well.

The less risk-averse the management, the more likely it is for the company to select countries that show greater long-term prospects and promise to enhance the firm’s capabilities (Johansson, 1997, p. 124).

**Market share targets**

When the criterion used in market entry mode selection is sales or market share maximization, market entry modes which are believed to be most likely to deliver the desirable results within established planning periods will be preferred.

For instance, if maximization of market share appears to be contingent on the development of own distribution and after-sales network, the company may decide to prefer a fully owned/majority marketing subsidiary to be the entry mode into a certain foreign country. If it seeks to maximize export sales revenue growth over the next two or three years, it may be prone to use indirect exporting over other entry modes into new markets.

**Calculation methods applied**

The broad alternatives of risk or benefit based calculation method and cost or control based calculation method are available also with regard to the market entry selection. Some concrete methods may not, however, be applicable to each of the contemplated entry modes, either because of the unavailability of the required data, or because of the different logic, and dynamics of these entry modes (Erramilli and Rao, 1993; Goodnow, 1985; Klein, 1989; Root, 1994). If the market entry selection is to be based on direct comparisons of the anticipated outcomes of competing modes of market entry, the choice of method should make it possible.

**Profit targets**

Various market entry modes are likely to produce different levels of profit; equally importantly, the dynamics of profit generation of various modes (take, for example, indirect export and investment in a new manufacturing and marketing overseas operation) will be very dissimilar. The former will show some profits almost immediately and then may soon level off, the latter may mean no profits for three or four years (construction cycle, time needed to establish all necessary market contacts, acquire/build all necessary assets, train the
Factors influencing market and entry mode selection: developing the MEMS model

Adam J. Koch
Marketing Intelligence & Planning
19/5 [2001] 351–361

Developing the MEMS model

Salesforce as required, develop customer base, etc.). A long decision horizon may prefer the latter, a short one will prefer the former. The suitability of the method used in estimating and comparing anticipated profits between various entry modes and reliability of inputs are two other important concerns. Johansson (1997) suggests that the lower the target rates of return, the more likely it is for the company to select countries that show greater long-term prospects and promise to enhance the firm's capabilities.

External/internal category

Competencies, capabilities and skills required/available for each MEM

Recently, the competence-based perspective has been adopted by several authors to propose and examine capabilities and skills considered critical in the contemporary international business (Jagodka, 1997; Koch, 1997). Owing to the transformation of the global business environment, re-appraisal of the mechanisms through which international competitiveness may be established and furthered is a necessity for international market participants. Importance of individual competencies, capabilities and skills depends on the context components: product category, area of (contemplated) presence, form of business and company strategic objectives (Koch, 1997).

The complementary suggestion by Luostarinen and SvaÈrd (1982) that human resource policy should lead, rather than follow, company overall international strategy bears some important implications for the international market participants.

Sufficiency and reliability of information inputs

Unavailability of some information needed to make comparisons between various entry modes, different definitions and methods used in gathering data in different foreign countries, finally inaccuracies in, and obsolence of, data as well as various forms of bias may make it difficult, or impossible, to compare competing market entry modes properly.

External facts

Characteristics of the overseas country business environment

While the general characteristics of overseas country business environments are usually very easy to obtain these days, industry and company-specific information is usually more difficult to acquire. Whilst the former category of information is not always free from bias, complete and up-to-date, the latter is considered quite sensitive and usually not provided free of charge; indeed, it may be quite costly to obtain, a concern for small beginners, in particular.

Similarity and volatility of general business regulation/practices, business infrastructure and supporting industries levels of development, forms, scope and intensity of competition, customer sophistication and customer protection legislation are amongst those characteristics which would normally attract the attention of potential entrants into a foreign market.

Market barriers

Amongst barriers that can make access to foreign markets more difficult, the following categories are considered of major importance (e.g. Cavusgil, 1985; Johansson, 1997; Van Wood and Goolsby, 1987):

- tariff barriers;
- governmental regulations;
- distribution access;
- natural barriers (market success and customer allegiances);
- advanced versus developing countries;
- exit barriers.

Major underlying dimensions and impact of trade barriers have been examined in the literature (e.g. Karakaya and Stahl, 1992; Paliwoda and Thomas, 1998).

Industry feasibility/viability of MEM

Some entry modes (fully owned foreign subsidiary, international joint ventures) may be excluded by law in some countries; some of these exclusions may relate to selected industries considered to be of strategic significance for the state. Some entry modes (licensing) may involve excessive know-how dissemination risk, particularly if the foreign country is not a signatory to the appropriate international conventions. Other hindrances (e.g. restrictive labor regulation and practices, cost of labor, insufficient level of skill) may discourage from establishing a subsidiary, or a joint venture operation in a foreign market. Investing in a foreign subsidiary may secure a favorable taxation treatment (for instance, tax holidays) and save the company a lot of money on avoiding paying custom duties.

Owing to specific risks and costs involved in individual MEMs, and varying associated sales potentials over a period of time, some MEMs may turn out less viable than others in a given situation context.

Popularity of individual MEMs in the overseas market

Some country markets may show a high popularity level for some modes of market entry with the industry in question (Seabright, 1996). Selection of entry mode by new potential entrants will be influenced by
the experience, degree of success of the former entrants and the anticipated product market situation. In most instances, a very positive experience in a particular entry mode and the expectations of growing demand and stable business environment will encourage emulation of the mode of entry most popular there. On the other hand, companies that had positive experiences in different entry modes in other markets before may sometimes be tempted to try an alternative to the mode of entry prevalent in the new market, if that could improve strategy match.

**Market growth rate**
As a market entry selection criterion, market growth rate can be expected to be of considerable significance. If a market is growing at a fast rate, and this rate of growth does not seem sustainable over several years, the company will be well advised to tap into this opportunity without any delay and use indirect or direct exporting. If demand in a foreign market is anticipated to be very large, but only in several years, establishing own manufacturing/marketing subsidiaries may be the best answer.

**Image support requirements**
In some industries, companies that want to build and sustain the image of a leading global supplier have got to be present in leading markets. Whoever produces industrial robots would like to have customers in Japan, leading printing machinery manufacturers want to have German or US customers in their reference lists; global suppliers of wine would want to have a firm foothold in France and, perhaps, Italy and Germany. Some companies may license their inventions to increase their role as global providers of newest technology, and influence the relevant industry standards. Maintaining the same high standard of the after-sales service may lead to the preference of modes that help achieve this objective through establishing high control over the distribution and service network. Image support requirements may be manifold, to correspond with various company strategies and their aspects.

**Global management efficiency requirements**
Increasing involvement in international business raises the awareness of the limitations of the company’s resources and, sooner or later, results in a re-definition of the company’s global strategy. For some companies choosing a diversified, multinational mode of operation is the answer, for others – the standardised, global approach may turn out to be more appropriate from the strategic efficiency point of view.

Critical success factors and companies’ core capabilities must be examined to find the optimal organisational structure and strategy to follow. Avoiding excessive diversity of the global market entry portfolio may be strong advice for most global companies. All possible economies of scale (and scope) that may flow from such a portfolio must be investigated and organisation structures and strategies of all competitors considered. Lesser involvement required from the company headquarters in some entry modes may be another decision factor.

**Conclusion**
This paper’s comprehensive discussion of factors influencing the MEMS process has revealed that this process is influenced by a larger number of the external and internal environment factors than most previous models have assumed. Influence of some factor categories proposed in this paper is ill recognised by the predominantly prescriptive literature[7]. To increase the content validity of its models, theory needs to integrate findings of various narrow studies and explore a wider spectrum of the relevant MEMS practice.

The relative importance of individual factor categories in the MEMS process has been found here to depend on the external and internal environment of the company. Further, accessibility of various external and internal environment information has been found to influence the pace of the internationalisation process, the quality of market/market entry mode decisions, and the ultimate market/ market entry choices made by the company.

The increasing role of the Internet and the WWW in transforming the international business environment (Nouwens and Bouwman, 1996; Quelch and Klein, 1996) necessitates a corresponding shift in the discussion of the MEMS process. In particular, the role of the Internet and the WWW in:

- facilitating international business information acquisition;
- reducing the perceived and real risks; and
- expediting the internationalisation process of small and medium-sized enterprises can be properly investigated and acknowledged. Some associated radical changes to international business theory, including conventional views on the internationalisation and export development processes are anticipated by, for example, Hamill et al. (1997).

The fully contextualised in-depth examination of market/market entry mode selection practice should be carried out more systematically and longitudinally, to develop a sufficient knowledge basis on which to
formulate enhanced models. Examination of associated information flows (Benito et al., 1993) would be of particular significance. A holistic perspective would help bridge the gap between the narrowness of most current models and the immense complexity of global business decisions. It would also provide an efficient guidance in designing these processes by individual companies, to suit their particular contexts. This paper aims to guide some related further investigation. Verification of some of its current propositions through more intensive, longitudinal study of the relevant practice, including the associated information flows (Benito et al., 1993), is necessary. A continuing systematic examination of changes in global market expansion and market servicing patterns by individual industries and companies is likely to help develop theory and foster beneficial reflection and improvement of the relevant business practice.

Notes
1 This separation in no way contradicts, or weakens, the earlier argument that market selection and market entry mode selection are parts of the same decision process; dividing this paper’s discussion into two parts serves here to simply reduce the complexity of the necessary graphic representation (see Figure 1 and 2).
2 Some names of factor categories used in this paper will not strictly correspond with those used in some pre-existing classifications; readers should not find it difficult, however, to relate the factor categories of this model into the categories used elsewhere.
3 Introduction of the mixed category was required due to the inherent characteristics of some of the factors proposed in this paper (such as company international competitiveness involves comparing data which come from both inside and outside the company; similarity/proximity of the overseas market involves both the “hard” external elements, such as geographic distance, those “soft” external, such as business culture and language and those “soft” subjective, like management perceptions) which would not fit the alternative, dichotomic classification.
4 At least two strategic orientation classifications may be applied here: proactive, reactive and planned orientation (Glaister and Thwaites, 1983), and companies as prospectors, analyzers and defenders (Miles and Snow, 1984).
5 Classification used by the Australian government export agency Austrade distinguishes between five internationalization stages: Export Awareness, Market Identification, Market Entry, Market Consolidation, and Market Investment. Export development process, according to Czinkota and Ronkainen (1996), also has five stages, and these are: Export Awareness, Export Interest, Export Trial, Export Evaluation, and Export Adoption.
6 Cavusgil (1990) proposes five such clusters: dependent societies; seekers; luxury and leisure societies; and the rocking chairs; these, or similar, references could obviously be applied to fragments of country markets as well.
7 Examples of these would be company strategic orientation, company international competitiveness, market portfolio congruity; expansion sequence optimization; industry viability of MEM, calculation method applied, management locus of control, popularity of MEMs (“risk reduction” effect) and profitability targets.

References and further reading
Factors influencing market and entry mode selection: developing the MEMS model

Adam J. Koch
Marketing Intelligence & Planning
19/5 [2001] 351–361


