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INTRODUCTION

Will discuss how the German giant Lidl plans to take expansionary steps in a Mexican or Norwegian market to add to its success records in the European and North American markets. Lidl began modestly in 1973 with a small shop that runs three members and offers 500 products to 10,500 stores in 29 countries. Lidl has many pros, plus the disadvantages to consider when evaluating the components available in each country, both the pros and cons of this analysis will be reviewed using PESTLE, five-force models, internal value-activities, international business being able to. Accordingly, the next targeted expansion decision will be made.

1. RATIONALE FOR THE SELECTION OF THE NORWEGIAN MARKET

In the context of analysis and monitoring of Norway's overall environmental factors, will review the reasons why the Norwegian market is an essential target for the future expansion of the Lidl supermarket chain and discuss the positive aspects, taking into account some of the negatives that should be considered to ensure successful operations through the PESTLE - Macro Analysis (External Marketing Environment). (Marmol, T.del et al., 2015)

1.1 POLITICAL

1.1.1 IRREGULAR PAYMENTS AND BRIBES

Corruption and bribery do not impede investment in Norway, and it is almost wholly non-existent within the Norwegian government and society. Mutual trust will be created with customers, supported by a broad client base that will reduce the burden, resulting in an impact on Lidl future, by, costs and inflation caused by embezzlement,

1.1.2 POLITICAL RISK

Safe from the political risks of government expropriation/interference, transfer, and political violence because Norway is classified as a low risk 1 in the medium and long term. Based on the fact that Norway does not occur in the political risk zone, it is beneficial to avoid geopolitical risks Which have a direct impact on revenues and the ability to carry out business within Norway and the European Union

1.2 ECONOMICS

Will discuss the factors that have a direct economic impact on Lidl's long-term performance

Inflation

Higher prices on goods and services will be reflected in consumer prices with the same rise rate and thus decrease the purchasing power of the dollar by the same percentage, GDP is the output of subtracting economic growth from inflation (e.g. 5% growth and if inflation is 2%, GDP will be reported at 3%).

The future expectation here high consumption rates resulting from the population, economic growth, and easing the effects of inflation. Lidl will need to identify competencies, innovators and assess inflation risks for both producer and commodity prices and the introduction of technology in the areas of logistics,

Interest Rate

The Norwegian economy is expected to grow next year, regardless of the weak global growth prospects, the inflation rate will remain as it is currently compared to the low unemployment rate from 1991 until 2019 the average interest rate 4.06%.

To repay the interest of the loan, the consumer's turn away from luxury goods. In the event of an increase in the interest rate to save money.

Reflecting on the pattern of the market Lidl will need a policy of cheap offers and goods to speculate with competitors to avoid the negative impact on the size of business growth locally

1.3 SOCIAL

The social component is the quality of education and the buyer sophistication. The excellent quality of education and training will result in outstanding Buyer sophistication. The quality of local education will play a pivotal role that reflects at the level of the skill of the workforce and the managers who will be selected and appointed parallel with the marketing culture of consumers.

This will be reflected in the high rate of urbanisation in the community and therefore all the constituents of the society will be a winner and will be reflected positively on the development of work at Lidl

1.4 TECHNOLOGICAL

By taking advantage of Norway's technological progress, Lidl will benefit from several aspects: Impact on operating and operating costs, secure process and customer sensitive information, improve communication processes to enhance communication with consumers and suppliers, increase employee productivity, expand customer bases to new economic markets, collaborate and outsource new, both internationally and within the country.

1.5 LEGAL

N Judiciary enjoys impartiality, independence and competent jurisdiction in protecting property rights and enforcing commercial contracts for both citizens and foreigners. Lidl's work will be legally affected within Norway in four categories of staff relations, taxation, bureaucratic and international trade. Positively domestic law is intended to protect both consumer and consumer investors. All rules that grant the consumer the right to legal and ensure the stability of the market, therefore, if there is any dispute between Lidl and one of the consumers or suppliers within the community, transparency and integrity guarantee the right of all without fear or concern

1.6 ENVIRONMENT

The quality of robust infrastructure locally plays an essential role in the business sector, which consists of systems necessary for the flow of business and daily life, plays a critical role in transport, communications, energy, water supply and sanitation, Norway is continuously upgrading its infrastructure and maintaining it outside the framework of ageing. Lidl plan will serve the current and future from the ease of distribution and expansion to the logic and objective of customer satisfaction and achieving a competitive and honest

2. THE 5-FORCES MODEL ANALYSIS TO NORWAY RETAIL MARKET

Lidl will evaluate the competitive positioning and strengths of Lidl chain supermarket expansion in Norway using Porter Five (5) Forces Model, The assessment will be based on three horizontal competitive forces (threat of alternative products or services, threat of new entrants and competition between existing firms) and two vertical forces (the bargaining power of buyers and the bargaining power of suppliers). (He, J. & Fu, Zhi-Fang, 2001)

2.1 COMPETITIVE RIVALRY

Lidl is a strong competitor to the monopolists of the Norwegian market. They are NorgesGruppen, Reitangruppen, Coop and ICA. All represent 99% of the market. the number of shops per capita 8.7 grocery stores per 10,000 people

Lidl must expand the Norwegian market and not overcoming the current market or in other words, stealing companies that currently dominate the market.

Lidl may offer low-cost offers with enhanced customer engagement features. Expected to show fierce competition from monopolists, that pressure through cost elements, economic regulations, improved distribution infrastructure, supply chain or trade barriers being a foreign investor from the Norwegians

2.2 THREAT OF NEW ENTRANCE

Both of high expenses of joining the Norwegian market and high competition will make the risk very low

New entrants a weak force: Strict policies and permits of the Norwegian government in the establishment of stores. Foreign investors not allowed to construct a new facility; however, launch in existed one in some cities. Incur high capital expenditures resulting from research and development as well as capital requirements Selling premium products instead of standard products and searching customers for mixed products

New entrants strong force: Easy to create a distribution network that reflects the ease of the product on the shelves

2.3 POWER OF SUPPLIERS

There are a few suppliers in the Norwegian market, which increase the bargaining power of suppliers and make them secure due to few local suppliers resulting lack of supply will impact to strong force over Lidl to negotiate the price, which will lead to weak competition between local suppliers, and this is another strong force. A large number of residents or external suppliers weak force giving the strength of competition among external suppliers weak force. The availability of many suppliers will reduce suppliers' ability to influence Lidl's strategic growth especially local suppliers for agriculture and fishery products which have the lion's share of fresh daily sales

2.4 POWER OF CUSTOMERS

Norwegian customers used to research on the desired product before buying prefers Norwegian product, especially ICT products. People have much money to spend more than their expected requests. They have the highest online spending reaching 173 euro monthly. Customers are expected to exert pressure to bargain in the retail market because of the abundant supply of alternative goods between Lidl and monopoly rivals as well as bid prices regardless of brand loyalty. Considering a few consumers, strong force, Little diversity for consumers, a strong force, and The small size of individual purchases (weak force). Focusing on the southern part as Three-quarters of the population in the south. Some residents went to the Swedish market for high prices locally.

The small population makes it difficult to put pressure on retailers, should consider the possibility that some of the consumers' interest to buy the best available deals with the lowest prices available. These two factors will put a clear and explicit pressure on Lidl's marketing management,

2.5 THREAT OF SUBSTITUTES PRODUCTS

Many alternatives to what will be sold to show inside the market and very high quality and accurately will be a point of competition, especially with the rival competitors of the four monopolies of the market. Many of the alternatives are available from a traditional high-quality national product and at a higher cost than those sold by Lidl, although buyers prefer it, strong force, also Lidl used to manage limited SKUs comes up to 2000 SKU such as the USA market, on same time others manage 60,000 SKUs

2.6 RECOMMENDATION

- Collaborate or acquisition with one of the current players in the market who has a full understanding of the market
- Continue in manufacturing to save broker cost
- Adopting diversification strategy among customers, products and target market segments
- Develop a customer loyalty policy by providing customers with a friendly and competitive attitude.
- Bring both high-quality products and brand; price is not a working decision.
- Planning for advertising on local radio, television and magazines.
- Starting ten stores before launch to reach economies of scale. Stores were opened in succession
- Expanding the Norwegian market and not overcoming the current market.
- Building shops within and outside the city limits in line with the Norwegian people's habit of shopping multiple times a week

3. LIDL'S INTERNAL VALUE-ADDING ACTIVITIES

Identify the activities to create value and competitive advantage for Lidl will have an impact on cost reduction, competitive differentiation, increasing profitability and business success, increasing efficiency, low waste and high-quality products at cost. The analysis will demonstrate how Lidl beat the competitors' by using both primary & support activities. It will have a significant impact on the ease of entry into the Norwegian market in line with the nature of the market and its requirements. Especially investment in Human resource will reflect on running the operation in all firm correctly. A robust procurement will guarantee an efficient supply chain (cost and performance).

Lidl has to consider significant issues in infrastructure that need more efforts from his side to come over the inventory, company management system and planning issues lead him to lose time, efforts and €500 million

3.1 PRIMARY ACTIVITY

3.1.1 INBOUND LOGISTICS

In UK logistics operation 24/6 days plus Sunday can be managed 8-5pm (LTD, S. C. S., 2019). The USA In 2017. Putting his brand on 90% of the supply in his stores, benefited from it by reducing the incremental broker costs. Determine the selling price to control over manufacturing costs, making and feeding its stocks based on fast-moving. Reduced blocking funds in inventory. Success in inbound due to the depth and strength of the relationship with suppliers and the successful management of procurement

3.1.2 OPERATIONS

In UK +700 stores, an average one new store each week. £1.45bn investment next two years (News, J. B. -. B., 2019). In the USA, 2,000 SKUs, while the other competitors have 20,000 in equivalent groceries and 60,000 in supermarkets. Maintain Refrigeration system (including trucks) to guarantee product kept fresh. Successful in returning the consumer repeatedly to the shops, the life cycle of the product is increasing as both consumers and competitors know the brand well.

3.1.3 OUTBOUND LOGISTICS

Success in relationship with both customers and outsourced delivery company (Buymie application), delivering online orders within an hour, releasing space on stores, expenses reduced and deliver the product to the end consumer as planned. Displays the goods in the same purchased carton to accelerate the process of storage and reduce workforce interaction. Controlling inventory cost by reducing the inventory of national products, Maintain simple sticker in the display, controlling cardboard consumption, maintain baskets of dumps and baskets to deliver products.

3.1.4 MARKETING AND SALES

Displaying products at 9% less than Walmart, sell at a higher profit than the national brand, achieve a 5.6% market share, implement marketing strategies such as psychographic segmentation, Targeting and go-to shop, maintaining campaigns such as #LIDLsurprises & price crunch. Reach local customers through local radio social media, and internet (e-catalogue) avoiding a ton of advertising. As per TCG global Loyalty study out of 1,000 customer Lidl score +63 (Bhasin, H., 2019).

Lidl International's sales (€mn)

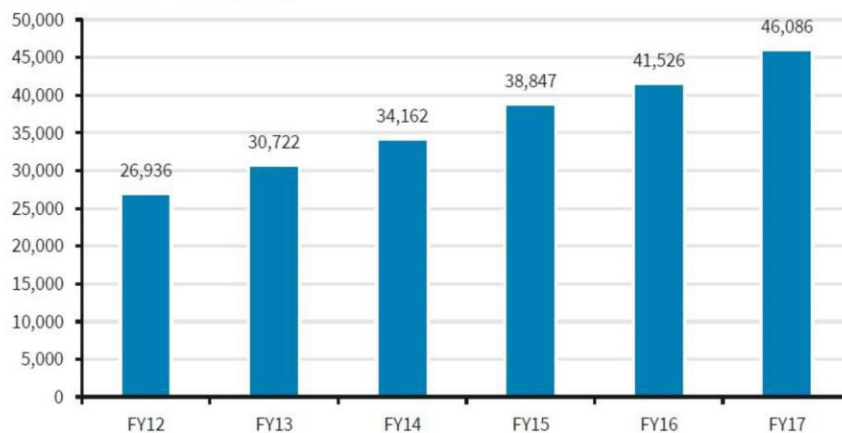


FIGURE 1 LIDL INTERNATIONAL'S SALES (ROMPAEY, S. V., 2019)

2018/2019 sales figures:

- Increased by 7.4% to €104.3bn.
- Rose 8.8% = €81.2bn.
- Outside Germany rose 9.1% = €67.3bn.
- Spain + 11.5% = €4bn
- 40 stores in Italy
- 56% grew in online sales

Capex / sales comparison in the European food retail sector (2017A)

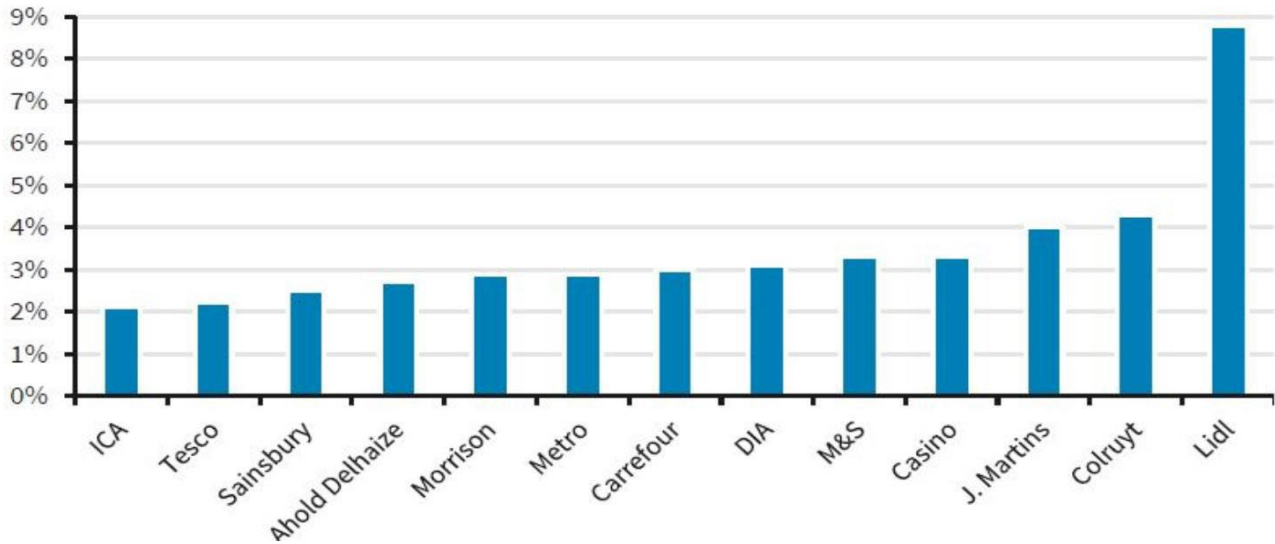


FIGURE 2 CAPEX / SALES COMPARISON IN THE EUROPEAN FOOD RETAIL SECTOR (2017A) (ROMPAEY, S. V., 2019)

3.1.5 SERVICE

Providing online shopping in Ireland and delivering free orders to customers, maintaining the low cost operating principle, Establish customer service website to collect customers feedback, take appropriate action and assist customers. OLIVER WYMAN conducted a survey of Lidl in the USA market, present the achievements made by Lidl reaching customer satisfaction and market participation (George Faigen, T. E. a. S. Y., 2018)

3.2 SUPPORT ACTIVITIES

3.2.1 INFRASTRUCTURE

Problems with the inventory processing system eLWIS disaster (pricing, based on the purchase price, not retail) and the company's management system (weak communication between the company's managers, change in the senior management of the company always and the new administration cancelling the previously agreed initiatives such as Lidl Express Or ordering via the Internet program in some countries). Increase in cost. (Kolf, C. K. & F., 2018)

3.2.2 HUMAN RESOURCE MANAGEMENT

Taken measures of efficiency. Employee turnover increased from €349k to €352k / year. Workers increased by 10% (Rompaey, S. V., 2018). Followed by the rise in wages. Established Talent and

Training department (24-month Programme) is interested in professional development, management/leadership, business skills and individual career (Lidl, L. -. C., 2019) well-trained calibre talented staff will run the operation from inbound, operation and outbound perfectly

Evolution of Full-Time Employees

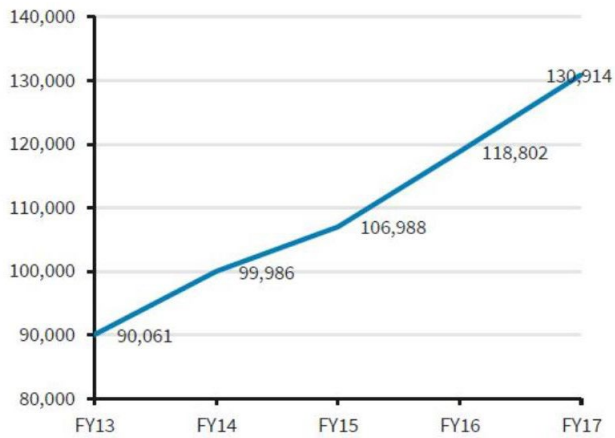


FIGURE 3 EVOLUTION OF FULL-TIME EMPLOYEES (ROMPAEY, S. V., 2019)

Revenues per FTE (€ 000s per annum)

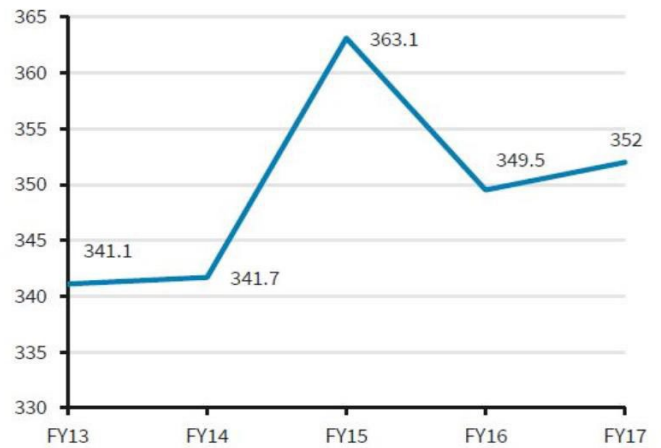


FIGURE 4 REVENUES PER FTE (ROMPAEY, S. V., 2019)

3.2.3 TECHNOLOGY DEVELOPMENT

Introduced ICT, technology and automation in the back rooms and warehouse attached to each store, reduce human interaction and ensure tasks achieved with the minimum number of employees. Complying with Norwegian clean technology, cooperation among all sectors and research institutions.

3.2.4 PROCUREMENT

Forty years Long-Term contracts with approved suppliers in 27 countries for +10k stores reflected a higher purchasing power with suppliers, increased local competitive, utilising large quantities in a limited number of items, (buy larger quantities of fewer products), centralising distribution reflected in lower travel and supply chain costs. Secure perfect supplying will guarantee the required inbound.

Consider import restrictions on the agriculture, fisheries, Clothing and fabric sectors (legislation, country of origin certificates required).

4. THE VARIOUS MODES OF ENTRY NORWAY AND RECOMMEND

How to enter a Norwegian market in a professional and influential manner? Considering all the pros and cons, the best way for both parties Lidl and the Norwegian market avoiding any potential losses, So Lidl will review the entry convenient ways to comply with it. (Tihanyi, L., Devinney, Timothy M. & Pedersen, Torben, 2012)

Lidl will review here brief of each entry mode to the market presenting advantage and disadvantage for each (for Academic briefing, Please refer to Appendix -2)

Lidl has multiple modes to enter the Norwegian market to choose from it. Lidl will discuss the best way to him based on circumstances, goals, and objectives for the firm. our chosen based on Lidle internal resources, capabilities and Norwegian environment

4.1 ENTERING MODES

The fastest way to enter Lidl for the Norwegian market depends on the export of direct goods from the nearest market of Norway, Sweden. The exporting will be through one of the following types: indirect, Direct or cooperative

4.1.1 INDIRECT

The lowest risk for Lidl for lack of direct exposure to the Norwegian market and its risks. Lidl will sell his products to an agent in Norway who then sells the products to an intermediary. Lidl will get market visibility. In the case of market-accepted Lidl, he will gradually increase his presence in compliance with all risks and abusers

4.1.2 DIRECT

Same as an indirect export; however, Lidl will reduce the cost by not involve an agent who sells the good to the intermediary

4.1.3 COOPERATIVE

(Lower risk than direct and indirect) Lidl will perform an agreement with a distributor to use distributer network inside the Norwegian market. Lidle can select his representative and test products in the Norwegian market, also will protect trademark and assets

4.2 CONTRACTUAL MODE

Cooperation between Lidl and other company for mutual benefit considering one of the most popular from the following

4.2.1 FRANCHISING MODE

The franchisee in Norway pays fees and royalties to Lidl to use a trademark, and sell Lidl's products and services including intellectual properties, staff training, Lidl equipment, daily operations and management, however, if Lidl lost control will cumulate to brand quality. Also, the franchisor will not care about Lidl profit or will not have any loyalty to the brand and might be one day become a competitor

4.2.2 LICENSING MODE

An agreement between Lidl and another agent in Norway for a fee, giving permits to this agent to use the property of Lidl. (trademarks, intellectual properties, patents, and production techniques). Impact on Lidl and business limited to reduce the potential profit of direct ownership and affect Lidl trademark in case lost control over the licensee

4.3 INVESTMENT MODE

Lidl will make a substantial investment in Norway include mergers and acquisitions, joint ventures and greenfield investments and this will comply when Norwegian market size very big or in high demand. However, the political risk of the Norwegian government's support of local companies compared to foreign companies

4.3.1 JOINT VENTURES MODE

Lidle can expand into Norwegian market form joint ventures with a local partner, sharing the rewards and risks, however other profits and liabilities as per agreed in the contract between both of them. This mode is suitable for some Norwegian sections such as waterfalls, mines, real estate, cultivable land, petroleum, and forests. Lidl will have some legal conflict with partners coming also form different culture between both of them

1.3.2.1 STRATEGIC ACQUISITIONS / WHOLLY-OWNED SUBSIDIARY MODE

Fasts mode to business, an agreement between Lidl and another agent in Norway for a fee, Lidl will acquire the property of this existing player. The result from the correct implementation and utilise existing management, assets and infrastructure is a high profit

4.4 PREFERABLE MODLE TO ENTER

All the evidence in the Norwegian society and economy is forced Lidl to enter the Norwegian market with the **cooperation** first then end up with **acquiring** one of the current existed players preferable who understood the Norwegian market well

4.5 RECOMMENDATION DURING ENTERING NORWEGIAN MARKET

The market is limited to 99% among four players: NorgesGruppen, Reitangruppen, Coop and ICA. Hence Lidl needs to start with cooperate and end up with acquiring any of those. Entry into the market should be based on expanding the competitive market and not stealing the dominant companies on the market. The nature and behaviour of the customers are not tending to low price products, vice versa oriented towards their high-quality natural product written in Norwegian on it. Avoiding unbranded or german products.

Lidl needs to prove that he is most gain an unacceptable treatment to staff and establishing a healthy environment. Avoid importing agriculture & fishery from outside Norway for government rule and restriction. As per low in some city not accepted to build new facilities as a foreign investor, that will endorse the concept of cooperation and acquiring to launch in existed facilities. Customers habits shopping more than once weekly that will comply with Lidl concept of fresh daily sales

5. APPENDIX-1

Historical Data Related to Norway Expansion - Lidle Come to Norway in 2004 and lost in 2008

Lidl decided to expand into Europe in Norway on September 23, 2004, but after four years of fierce fighting, the Lidl owner raised the white flag and decided to withdraw from the Norwegian market, leaving a battle he lost

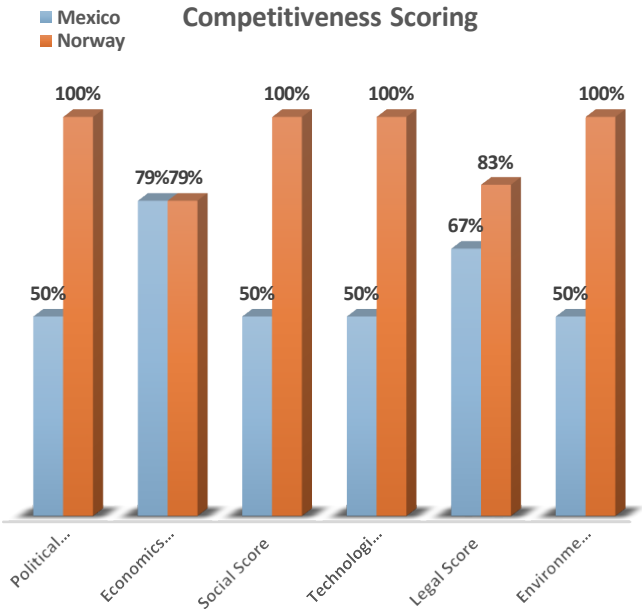
5.1 SCORING OF COMPETITIVENESS SCORING (1 IS THE BEST. HOWEVER ZERO IS THE WORST)

	2017 - 2018 Global Competitiveness Report			
	Mexico	Score 51 / 137	Norway	Score 11 / 137
6.1.1 POLITICAL SCORE		4/8 (50%)		8/8 (100%)
Irregular payments and bribes [A]	105 / 37	1/2	10 / 137	2/2
Transparency of government policymaking[A]	63 / 137	1/2	7 / 137	2/2
Burden of government regulation[A]	120 / 37	1/2	28 / 137	2/2
Political Risk – Country Risk [B]	Moderate	1/2	Very Low	2/2
6.1.2 ECONOMICS SCORE		11/14 (79%)		11/14 (79%)
GDP (PPP) \$ billions[A]	11 / 137 \$1,046.0	2/2	47 / 137 \$370.4	1/2
Tax Rate[A]	9.2	2/2	20.3	1/2
GDP per capita (USD) [A]	8,554.60	1/2	70,391.60	2/2
Population in Millions[A]	122.3	2/2	5.3	1/2
Labour market efficiency[A]	105 / 137	1/2	12 / 137	2/2
Economic Rick - Country Risk [B]	Low	2/2	Low	2/2
Financial System Risk - Country Risk [B]	Moderate	1/2	Very Low	2/2

6.1.3 SOCIAL SCORE		3/6 (50%)		6/6 (100%)
Quality of the education system[A]	108 / 137	1/2	11 / 137	2/2
Buyer sophistication[A]	62 / 137	1/2	22 / 137	2/2
Ethical behaviour of firms[A]	117 / 137	1/2	9 / 137	2/2
6.1.4 TECHNOLOGICAL SCORE		5/10 (50%)		10/10 (100%)
Mobile-broadband subscriptions /100 pop[A]	70 / 137	1/2	20 / 137	2/2
Internet users % pop[A]	68 / 137	1/2	4 / 137	2/2
Fixed-broadband Internet subscriptions /100 pop[A]	62 / 137	1/2	6 / 137	2/2
Internet bandwidth kb/s/user[A]	82 / 137	1/2	10 / 137	2/2
Capacity for innovation[A]	70 / 137	1/2	18 / 137	2/2
6.1.5 LEGAL SCORE		8/12 (67%)		10/12 (83%)
Intellectual property protection[A]	67 / 137	1/2	19 / 137	2/2
Judicial independence[A]	113 / 137	1/2	3 / 137	2/2
Prevalence of non-tariff barriers[A]	57 / 137	2/2	66 / 137	1/2
Trade tariffs (% duty) [A]	73 / 137	1/2	42 / 137	2/2
Prevalence of foreign ownership[A]	25 / 137	2/2	43 / 137	1/2
Business impact of rules on FDI [A]	38 / 137	1/2	43 / 137	2/2
6.1.6 ENVIRONMENT SCORE		6/12 (50%)		12/12 (100%)
Quality of overall infrastructure[A]	71 / 137	1/2	24 / 137	2/2
Quality of electricity supply[A]	72 / 137	1/2	1 / 137	2/2

Quality of roads[A]	52 / 137	1/2	58 / 137	2/2
Quality of railroad infrastructure[A]	65 / 137	1/2	36 / 137	2/2
Quality of port infrastructure[A]	62 / 137	1/2	13 / 137	2/2
Quality of air transport infrastructure[A]	67 / 137	1/2	10 / 137	2/2
Grand Total Score		37/62		57/62
		60%		92%

Category	Mexico	Norway
Political	4/8	8/8
Economics	11/14	11/14
Social	3/6	6/6
Technological	5/10	10/10
Legal	8/12	10/12
Environment	6/12	12/12
Grand Total	37/62	57/62
	60%	92%
	Less Attractive	Most Attractive



5.2 LIDL ADVANTAGE FROM EU EXPANSION?

Expansion within the most significant international trading entity of 450 million consumers using the same currency, which has a reflection on the use of purchasing power without fear of the impact of any financial risks due to the strength of the money. An entity that includes all the industries necessary for any activity or society fights monopoly and eliminates bad morals that are contrary to the honest competition. There will be no trade barriers. Secure exchange experience and competencies reflected

5.3 CONCLUSION & DECISION

The figures and analytical indicators lead us to open the activity in Norway and consider:

Avoid entering into a dispute the government, saving time, effort and expenses, and following government laws on the activity of supermarkets and grocery stores. Dealing with popular customs and attempts to gain the confidence of the Norwegian people and speak the same language that the Norwegian people want to win.

Employ experienced economists and analysts to translate the above analyses and take them seriously and translate them into marketing and production plans. Norwegian labour laws and policy with the grocery stores provide that the opening of shops in the Oslo and Stavanger must be in constructed building not in a new one.

Lidl can not sell cheap milk from Germany to Norway because the Norwegian politicians have a policy of maintaining their farm economy and were unable to do so. The lack of confidence of the Norwegian people in the cheap and new products at the same time, which is contrary to the policy and skill to indicate the sale of cheap and excellent products at the same time. Most of the products sold in Lidl are foreign to the Norwegian people because they are German-made, which in turn rarely accept foreign goods because of the tendency of the national product. They also do not allow the items that carry a lot of international language writing and non-local design for them

6. APPENDIX-2

Lidl will review here brief of each entry mode to the market presenting advantage and disadvantage for each

6.1 EXPORTING MODE

A low-risk phase linked more to small and medium-sized enterprises, designed to handle export and import activities between markets

6.1.1 INDIRECT

When the company decides to sell its products in the foreign markets through independent intermediaries whether he is:

An export trader who buys the goods and become the owner for it and then bear the responsibility to sell.

The export agent, who did not bears responsibility because he receives his commission on sales without taking responsibility for the purchase of goods. (Kotabe, M., & Helsen, K. (2010))

6.1.2 DIRECT

Has many pros compared to indirect exports and companies prefer to export indirectly as soon as the volume of international sales is significant, (Kotabe, M., & Helsen, K. (2010))

6.1.3 COOPERATIVE

Companies resort to cooperative export if they do not wish to allocate their resources, but they want to configure their distribution network taking into account the provisions of control over external operations. This mode is a lower risk than direct and indirect(Kotabe, M., & Helsen, K. (2010))

Advantage

- Can select representatives in the targeted market
- Through the direct exporting can test products in Norwegian markets before investment.
- Will protect patents, goodwill, trademarks and other assets.

Disadvantage

- Offline products will be very costly, will consume time in hiring representative in the targeted market and perform market research
- The best for online products, fastest expansion strategy

6.2 CONTRACTUAL MODE

6.2.1 LICENSING

A two-party agreement was signed through the agreement on intellectual property and the use of the trademark, a low-cost and low-risk license giving permits to an agent to use the property of the company. (trademarks, intellectual properties, patents, and production techniques) for a fee (Creatovate, 2014.)

Advantage

- Low cost and risks.
- The partner has excellent targeted market knowledge — high return on investment.
- More expansion with minimal investment

Disadvantage

- Possibility to reduce the potential profit of direct ownership
- Affects the trademark of The company once lost control over the licensee

6.2.2 FRANCHISING

A typical style in the restaurant market in which franchises are granted to the agent, which in turn retains intellectual property rights, brand exploitation, operation and sale of products. . . etc. in return for a percentage of sales. There is some similarity between the advantages of franchising and licensing (Creatovate, 2014.)

Advantage

- Rapid expansion
- Low cost and risks.
- The partner has excellent Norwegian market knowledge.
- More expansion with minimal investment

Disadvantage

- Losing control over franchisees will affect The company brand quality.
- The franchisor getting royalty fee and does not care about the company profit.
- The franchisor does not have loyalty to the company.

6.3 INVESTMENT MODE

6.3.1 JOINT VENTURES

It has proven to be useful for companies that want to expand their operations internationally and accurately enter emerging markets regardless of whether that company is minority or majority projects or advanced projects. (Creatovate, 2014.)

Advantage

- Risks divided between The company and his Norwegian partner
- Exchange of experience between partners accelerates growth rate and market engagement

Disadvantage

- Legal conflict between The company and his partners will be complicated and long
- The different cultures among the partners will have some adverse effects on the business, however, will disappear over time

6.3.2 STRATEGIC ACQUISITIONS / WHOLLY-OWNED SUBSIDIARY

International companies have a desire to enter the new markets by 100% is a preferred target for companies in the international market, and seeks to follow one of the two: either acquisition through the purchase of an existing company or greenfield operations, which are initially from scratch. (Creatovate, 2014.)

Advantage

- Fastest mode to enter the Norwegian market
- Correct implementation will lead to high profits.
- No need to start from scratch, however, can utilise existing management, assets and infrastructure

Disadvantage

- Risky solution
- The difference in the technological process consider the main most common issues

6.4 FOREIGN DIRECT INVESTMENT

The company will make a substantial investment in the targeted market include mergers and acquisitions, joint ventures and greenfield investments, and this will comply when targeted market size very big or in high demand

Advantage

- Come over Norwegian import restriction in agriculture & fishery sectors
- Support The company manufacturing operation locally in the targeted market.
- Take advantage of low-cost employment, cheap materials, government concessions or tax breaks

Disadvantage

- The political risk of the Norwegian government's support of local companies compared to foreign companies

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