

MNGT-E2009

International Strategy

Session 2 – Exporting and other foreign entry modes



**Aalto University
School of Business**

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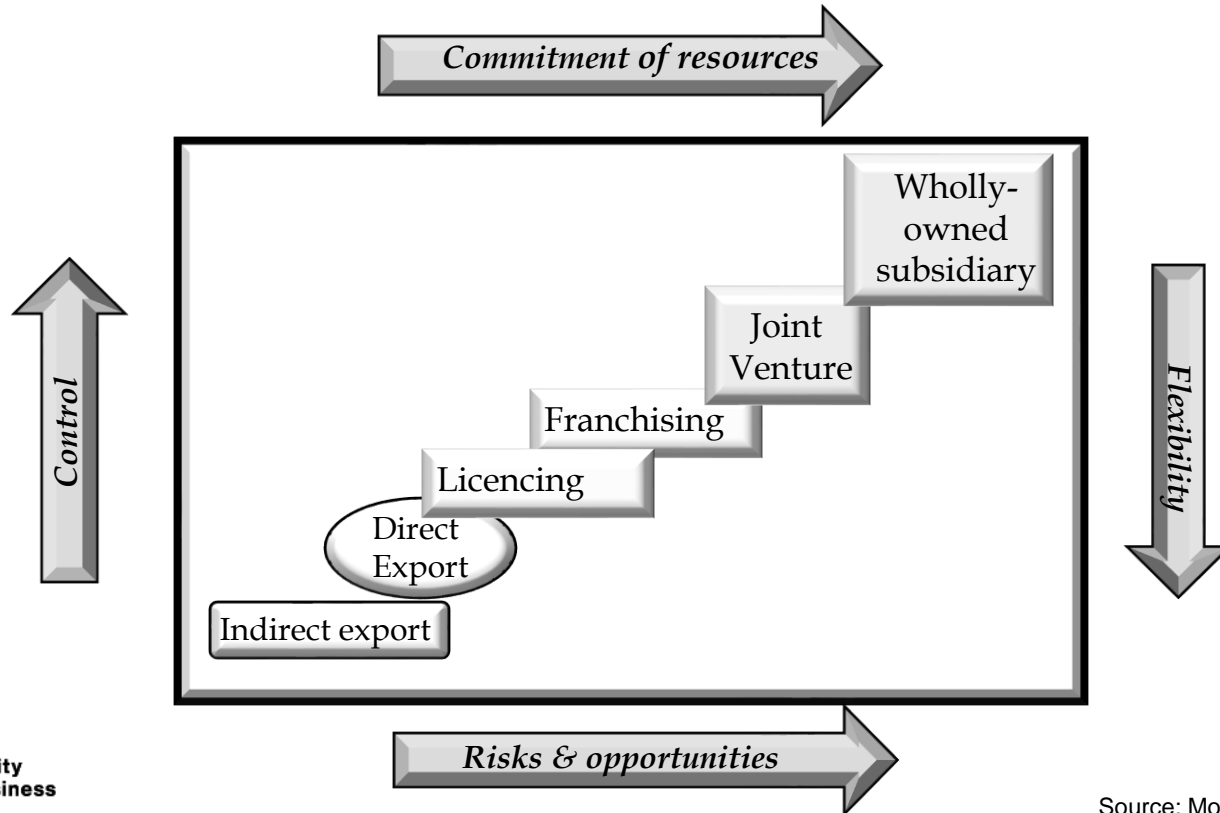
September 9, 2022

Agenda

- **Foreign entry modes**
- **Why and how do firms export?**
- **Exports – the big picture**
- **Discussion with Akintayo Maeda, Sales Manager at Patria Japan**

Foreign entry modes

Market entry modes



Foreign entry modes – benefits and drawbacks

- **Licensing**
- **Franchising**
- **Joint venture**
- **Wholly-owned subsidiary / branch**

Entry barriers

- **Tariff barriers**
- **Non-tariff barriers**
- **Cultural barriers**
- **Language barriers**

Why and how do firms export?

Why do firms export? (Czinkota et al.)

Proactive motivations

- Profit advantage
- Unique products
- Technological advantage
- Exclusive information
- Tax benefit
- Economies of scale

Reactive motivations

- Competitive pressures
- Overproduction
- Declining domestic sales
- Excess capacity
- Saturated domestic markets
- Proximity to customers and ports

How do firms export?

- **Market selection**
- **Channel selection**
- **Using intermediaries**
- **Export process**

Market selection and channel design (Czinkota et al.)

- **Identification and screening**
 - **Estimating market potential**
 - **Sales potential**
 - **Competition**
 - **Market barriers**
 - **Customers' willingness to buy**
 - **Product**
 - **Channel structure**
 - **Selecting target markets**
 - **Identifying segments**
1. Customers
 2. Culture
 3. Competition
 4. Company objectives
 5. Character
 6. Capital
 7. Cost
 8. Coverage
 9. Control
 10. Continuity
 11. Communication

Using intermediaries

What is an agent?

An agent is an intermediary you appoint to negotiate and, if required, conclude contracts with customers on your behalf. Agents are paid commission on the sales they make, usually on a percentage basis.

What is a distributor?

A distributor is essentially an independent contractor. In distributor agreements, you sell products or service to a distributor, who then sells these on to their customer, adding a margin to cover the distributor's own costs and profit.



Marimekko's international markets and channels

NET SALES BY MARKET AREA

(EUR 1,000)	4-6/ 2021	4-6/ 2020	Change, %	1-6/ 2021	1-6/ 2020	Change, %	1-12/ 2020
Finland	18,361	11,378	61	32,895	24,952	32	71,145
International sales	14,333	11,948	20	28,902	23,247	24	52,424
Scandinavia	2,880	1,878	53	5,315	3,936	35	9,883
EMEA	2,955	3,277	-10	7,044	5,968	18	13,961
North America	2,244	1,489	51	3,687	3,132	18	6,466
Asia-Pacific	6,255	5,305	18	12,857	10,211	26	22,114
Total	32,695	23,327	40	61,797	48,199	28	123,568

Source: Marimekko financial report 2021



Marimekko subsidiaries, agents and importers

Australia

Marimekko Australia PTY Ltd
Sales office: Fashion, Home, and
Bags&accessories

China and Hong Kong

Sidefame Ltd
Importer and distributor: Fashion, Home, and
Bags&accessories

Denmark

Marimekko Denmark
Sales office: Fashion, Home, and
Bags&accessories

Finland

Marimekko Corporation
Sales Office: Fashion, Home, and
Bags&accessories

France

Diffusion
Agent: Home

Germany, Switzerland, Austria

Marimekko GmbH
Sales Office: Fashion, Home, and
Bags&accessories

Ireland and the United Kingdom

Tales of Design Ltd
Agent: Home

Italy

Piccolo Museo
Agent: Fashion, Home, and Bags&accessories

Japan

Mitsubishi Corporation Fashion co., Ltd.
Importer: Fashion, Home, and Bags&accessories
Look Inc. (Boutique Division)
Distributor: Fashion, Home, and
Bags&accessories

The Netherlands, Belgium, Luxembourg

Mervision, The Netherlands
Agent: Home

Norway

Marimekko Norge, Filial av Marimekko AB
Sales Office: Fashion, Home, and
Bags&accessories

South Korea

I.D. LOOK CO.,LTD.
Importer and distributor: Fashion, Home, and
Bags&accessories

Sweden

Marimekko AB
Sales Office: Fashion, Home, and
Bags&accessories

Taiwan

Yun San Corp.
Importer and distributor: Fashion, Home, and
Bags&accessories

Thailand

Tanachira Retail Corporation Co., Ltd.
Importer and distributor: Fashion, Home, and
Bags&accessories

The United States and Canada

Marimekko North America LLC.
Sales Office: Fashion, Home, and
Bags&accessories

Group discussion: Marimekko's international market entry modes

- What do you think about Marimekko's market selection?
- How about their channel selection?

Export process



VIENTIPROSESSIOPAS

Tarjouspyynnöstä tavarantoimituksiin

16.10.2013

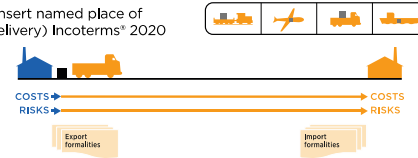


TARJOUSPYYNNÖSTÄ TAVARATOIMITUKSEEN	3
1. TARJOUKSEN VALMISTELU	3
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RULES FOR ANY MODE OR MODES OF TRANSPORT

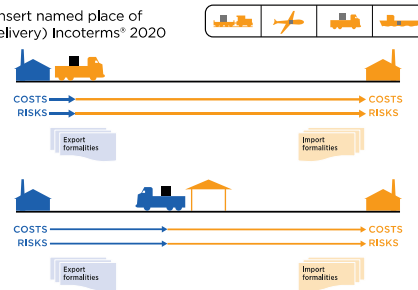
EXW Ex Works

(Insert named place of delivery) Incoterms[®] 2020



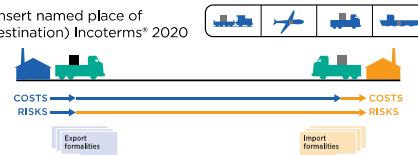
FCA Free Carrier

(Insert named place of delivery) Incoterms[®] 2020



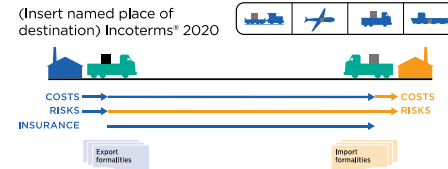
CPT Carriage Paid To

(Insert named place of destination) Incoterms[®] 2020



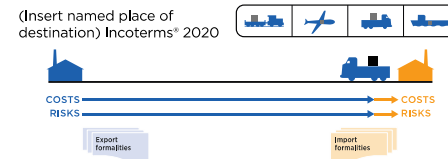
CIP Carriage and Insurance Paid To

(Insert named place of destination) Incoterms[®] 2020



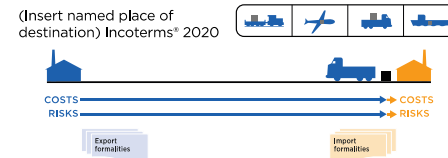
DAP Delivered at Place

(Insert named place of destination) Incoterms[®] 2020



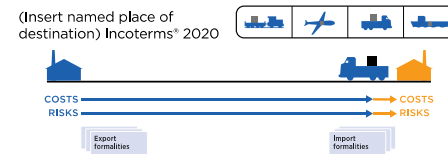
DPU Delivered at Place Unloaded

(Insert named place of destination) Incoterms[®] 2020



DDP Delivered Duty Paid

(Insert named place of destination) Incoterms[®] 2020



Exports – the big picture



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Export statistics: The big picture

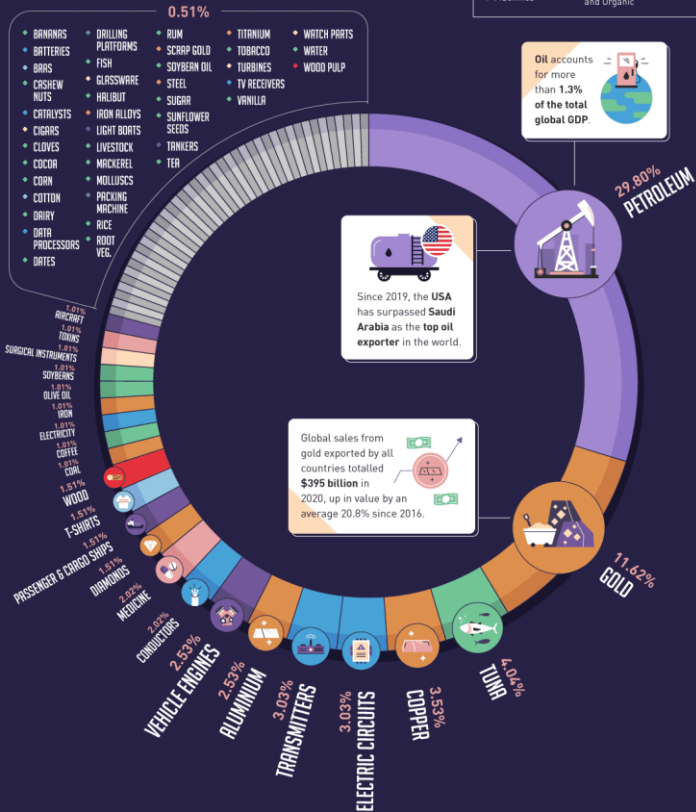
Source: *Businessfinancing.co.uk*
(2019)

THE WORLD'S BIGGEST EXPORTS

We took a deep dive into data published by the leading center for research on the world economy (CEPII) to get a clear picture of how the global export market breaks down.

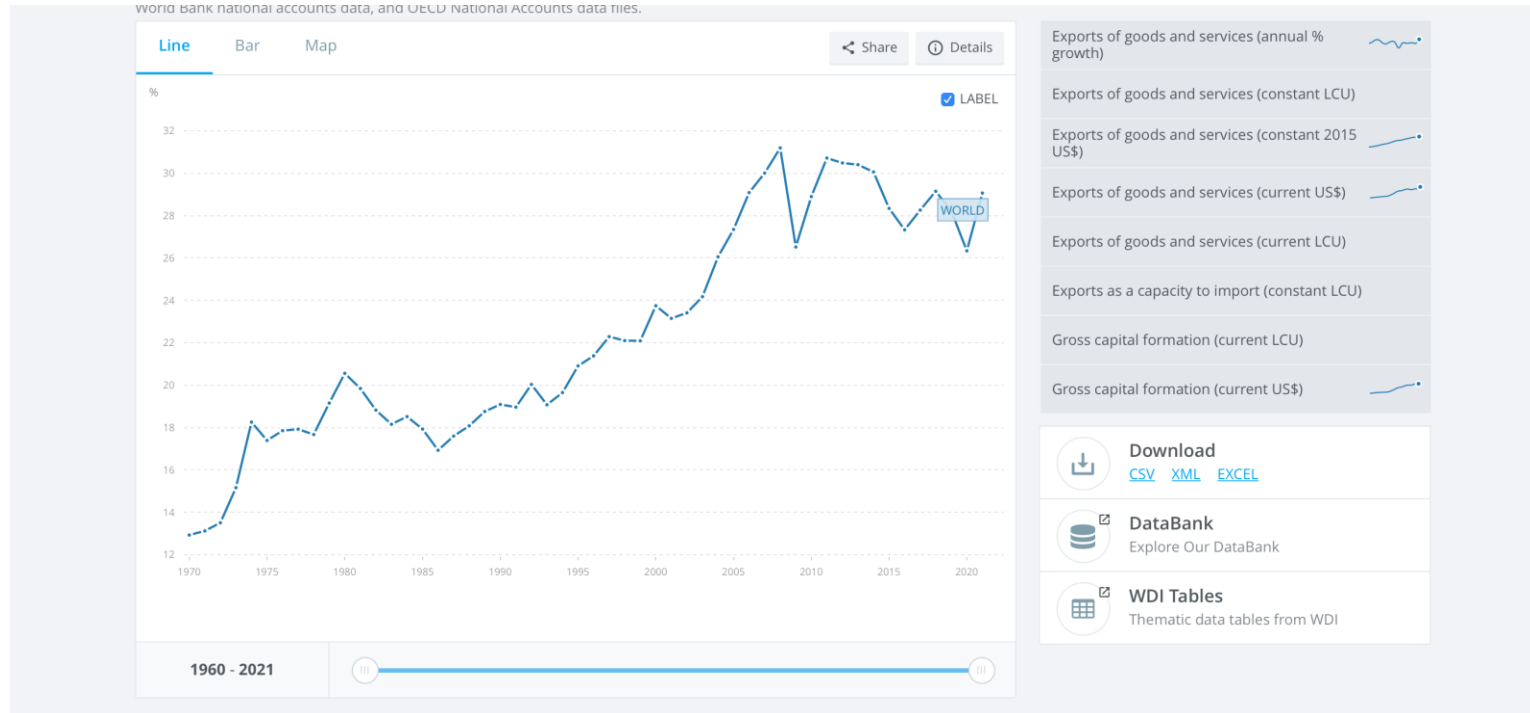
CATEGORY

- Electronics
- Food and Produce
- Fuel
- Machines
- Materials
- Medicine
- Metals
- Minerals
- Misc
- Transportation
- Textiles
- Textiles and Organic



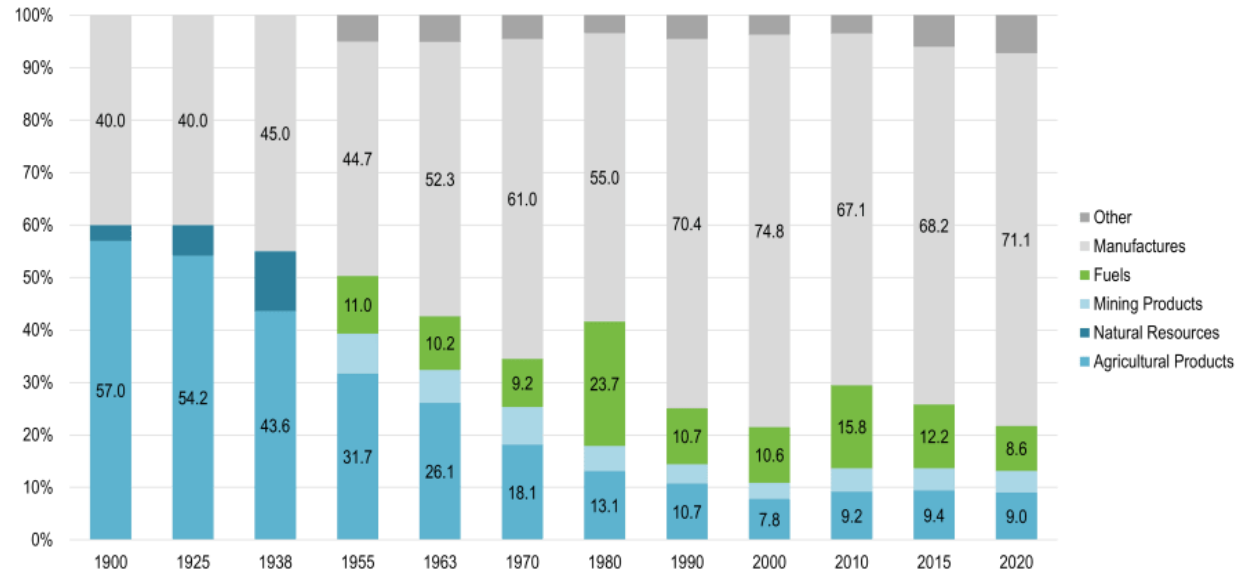
Export statistics: Growth of exports

Source: World Bank (2020)



Export statistics: Major export products

Source: WTO (2020)



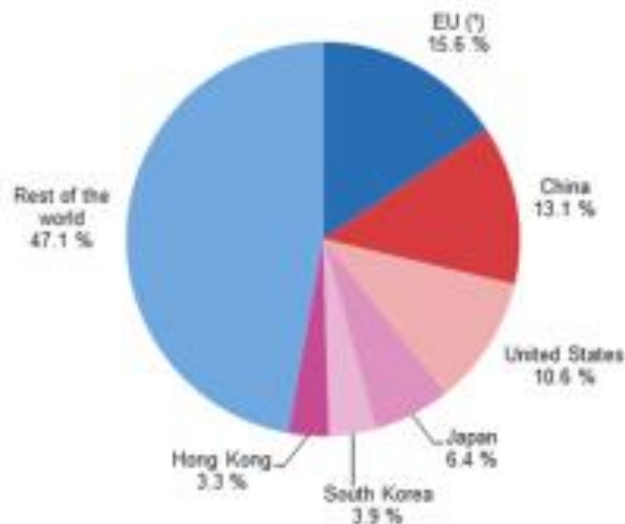
Share of Product Groups in World Merchandise Trade, 1900-2020

Export statistics: Top exporters

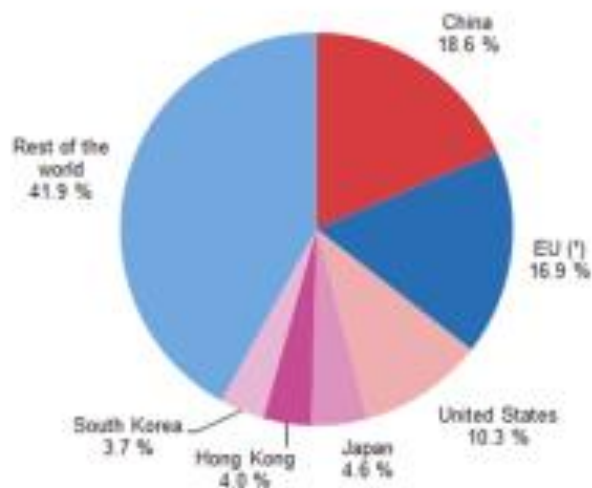
Exports of goods, selected countries, 2010 and 2020

(share of world exports)

2010



2020



Note: the figure shows the top six countries/geographic aggregates with the highest values for exports of goods in 2017. The total value of exports for the world excludes intra-EU trade.

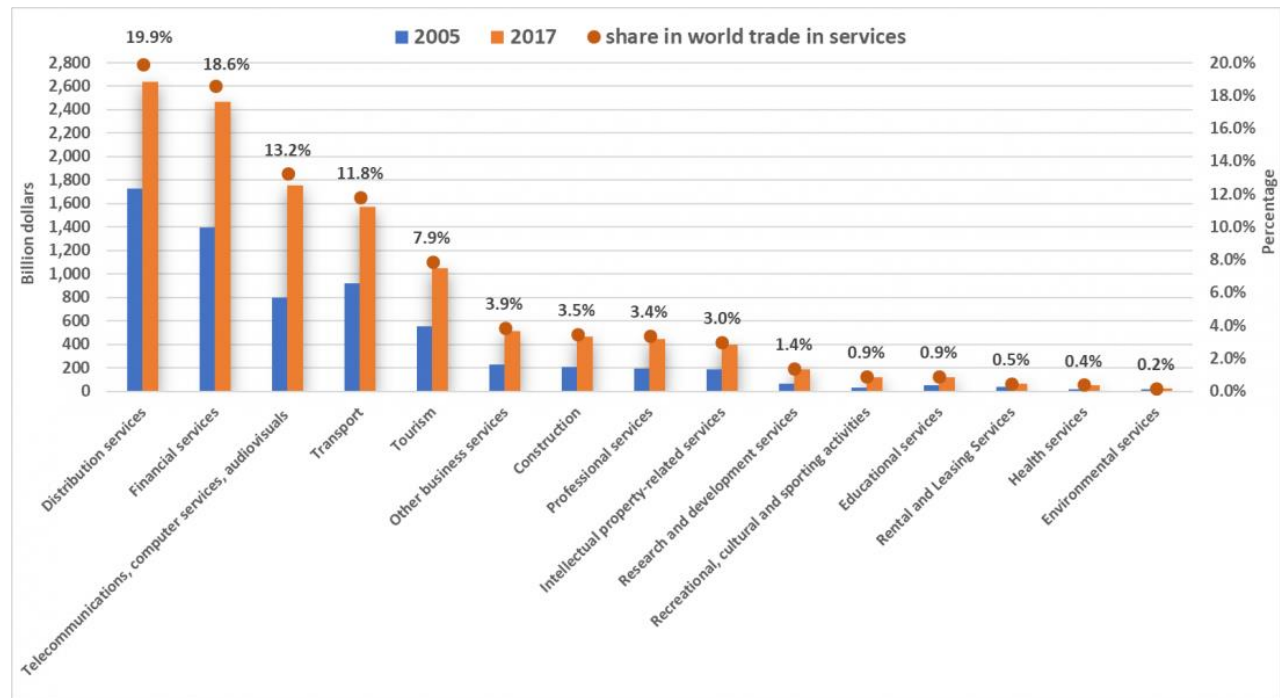
(*) Extra-EU trade.

Source: Eurostat (online data code: ex_it_introle), United Nations (Comtrade) and International Monetary Fund (Direction of Trade Statistics)

Export statistics: Service exports

Source: SUERF

World trade in commercial services by sector, 2005 and 2017
(Billion dollars and percentage)



Export statistics: Finland



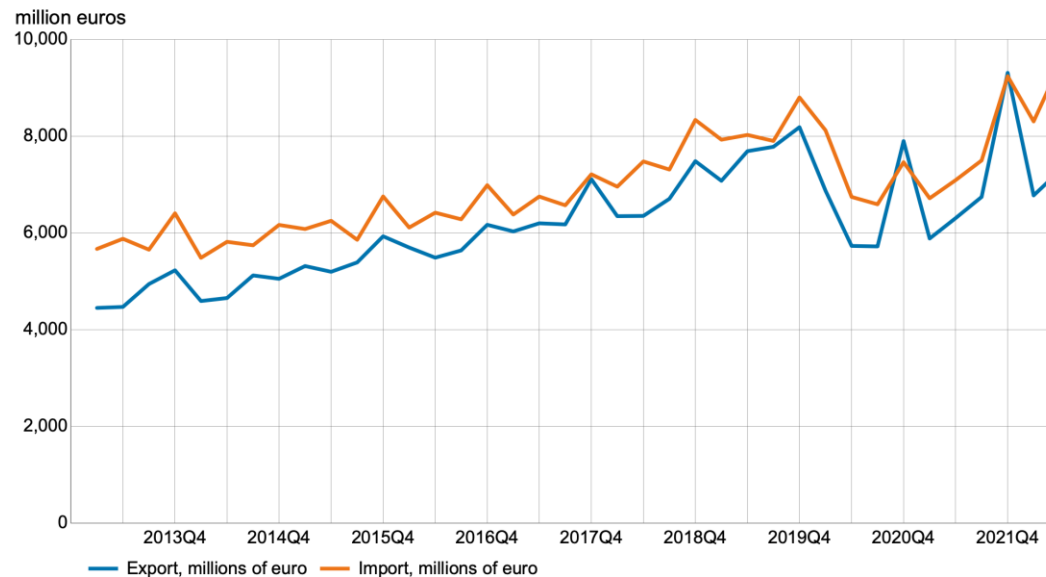
Source: Statistics Finland, International trade in goods and services



Export statistics: Service exports from Finland

Source: Statistics Finland, International trade and services

Export and import of services by service item, quarterly

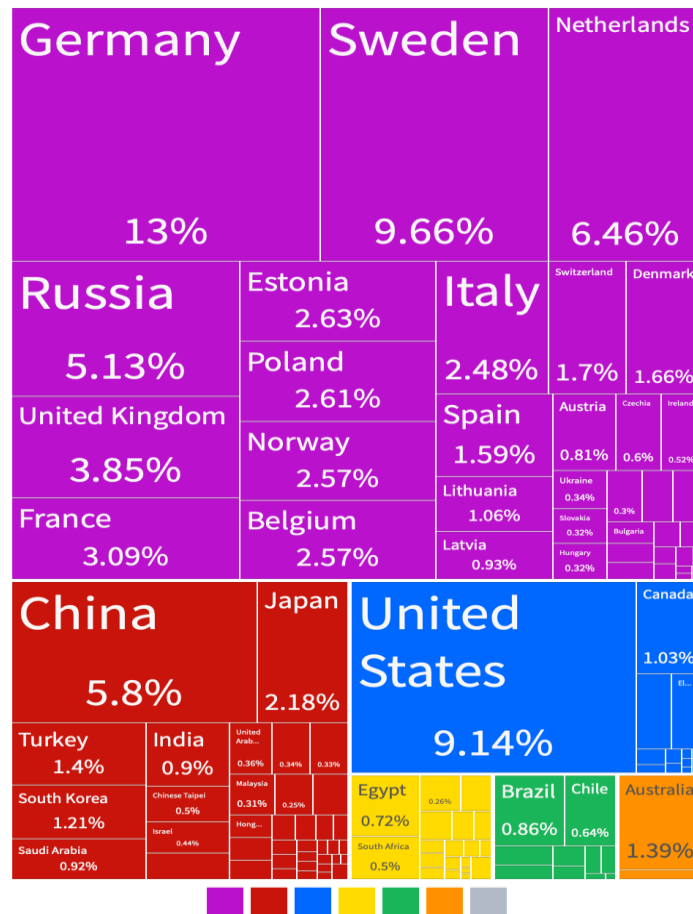


Export statistics: Destinations of Finnish exports

Source:

<https://oec.world/en/profile/country/fin>

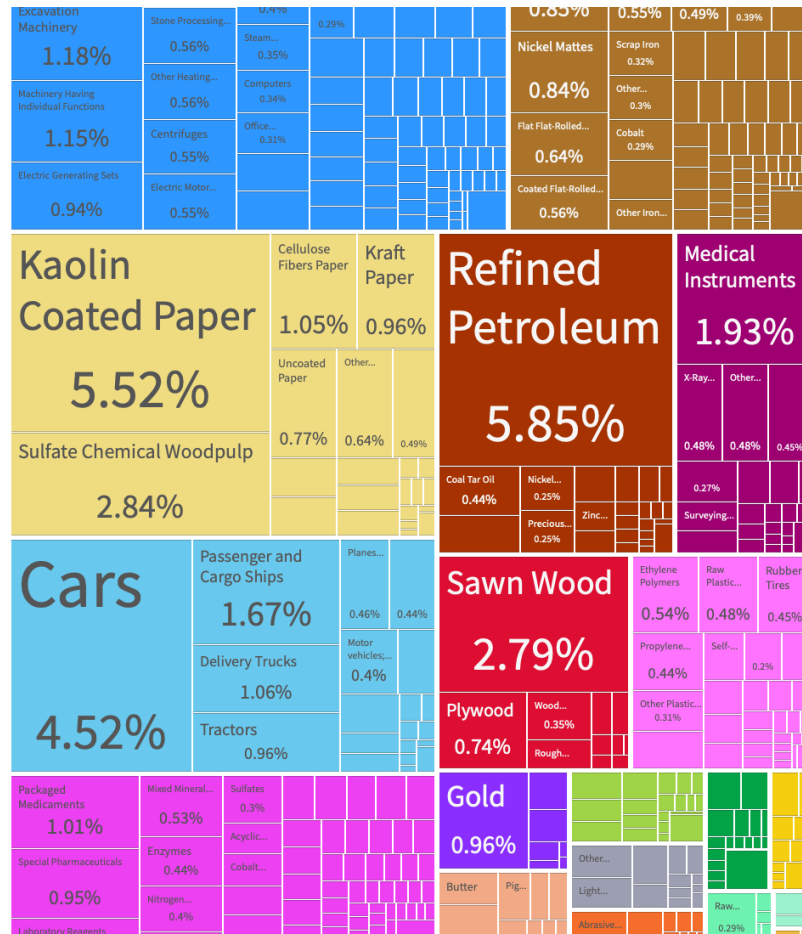
Destinations (2020)
[Click to Select a Country]
Total: \$67.5B



Export statistics: Finnish exports by product

Source:
<https://oec.world/en/profile/country/fin>

Exports (2020)
Total: \$67.5B



Group discussion: Who exports what where?

- **Use oec.world**
- **Pick one country or product**
- **Explore what they export and where / who are the major exporters of the product**

Discussion with Akintayo Maeda, Sales Manager at Patria Japan

Case Intro & Location Choice

Tuesday 13 September, Perttu Kähäri

- LeanLab Case introduction, CEO Ville Österlund
- Research project on Headquarters locations
 - HQs and politics – Case Nordea, Tiina Ahva, Consultant, BCG
- Location choice in MNEs and startups based on the literature and case examples



Thank you!



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