3.1 International business and market entry

Name: ______ Class: ______ Date: ______ **Total: 12 marks**

KEY WORDS export 出口 • import 进口 • joint venture 合资企业 • foreign subsidiary 外国子公司

Objective

Compare international market-entry routes and use risk and evidence to recommend one.

You must be able to:

- distinguish imports from exports
- compare exporting, a joint venture, and a foreign subsidiary
- justify an entry decision for a new market

1 Worked examples

Enter carefully

A bicycle-light company has online orders from Malaysia. It can begin by **exporting** 出口 a small range from its home country. This needs less investment and tests real demand.

A **joint venture** 合资企业 with a local retailer could later provide local knowledge and contacts. A foreign subsidiary gives more control, but it costs more and has greater risk if demand is uncertain.

2 Practice

2.1 State whether a firm selling goods to another country is importing or exporting. [1]

2.2 Identify one benefit of a joint venture with a local business. [1]

2.3 Explain why exporting may be a useful first step into an uncertain market. [2]

3 Exam-style questions

3.1 A snack company is popular at home but has no overseas experience. Recommend an entry route for a nearby new market. Justify your answer. [4]

3.2 Explain two risks the snack company should investigate before it expands internationally. [4]