

Leibniz Universität Hannover  
Wirtschaftswissenschaftliche Fakultät  
Informationswirtschaft

Bachelorthesis

Professor: Prof. Dr. Michael Breitner

Academic advisor: Dr. Nadine Guhr

# Market Entry Modes and Strategies for a Successful Internationalization of an E-Commerce Company

## **Abstract**

Previous studies have explored different Market Entry Modes and Strategies to expand internationally. These researches have analyzed the modes and strategies with the highest prospects separately and never in one interdependent approach. In contrast, the following Bachelor Thesis is dedicated to investigate their impact in both a distinctive and an interconnected manner. The findings show that Entry Modes and Strategies have a comparable impact on the success of the Internationalization. Furthermore, the findings suggest for new business to expand with exporting, while established companies should establish an Alliance or Joint Venture on a short-term, however committing to a subsidiary on a long-term perspective. With regards to Entry Strategies, particularly the incorporation of culture and the antecedents of the technology acceptance model may increase customer engagement.

Final version: 11.08.2016

**Kaiser, Mette**



**Content**

- 1. Introduction ..... 1**
- 2. Theoretical Foundation..... 3**
  - 2.1 E-Commerce..... 3**
  - 2.2 Overview of Entry Modes and Entry Strategies ..... 5**
- 3. Conceptual Model for an International Market Entry..... 9**
  - 3.1 Relevant Market Entry Modes for E-Commerce..... 9**
  - 3.2 Market Entry Strategies..... 11**
  - 3.3 Conceptual Model for an Internationalization..... 18**
- 4. Analysis ..... 24**
  - 4.1 Research of Market Entry Modes ..... 25**
  - 4.2 Research of Market Entry Strategies..... 32**
- 5. Discussion..... 40**
  - 5.1 Limitations and Findings in Research of Market Entry Modes ..... 40**
  - 5.2 Limitations and Findings in Research of Market Entry Strategies..... 43**
  - 5.3 Implications for Future Research and Business..... 50**
- 6. Conclusion..... 52**
- References ..... A**

## **1. Introduction**

In the recent century, e-commerce has rapidly grown as a substitute for stationary shops as well as it has fundamentally changed the business of selling products and services. Projections estimate that global sales will reach \$ 9.9 trillion in 2020 (pfsweb.com 2016, p. 3; Gielens and Dekimpe 2001, p. 236). Both success and either hard competition or stagnation in the home country force companies to expand internationally (Rothaermel et al. 2006; Axinn and Matthyssens 2002, p. 437).

However the Internet in particular signified by its high dynamic innovations enables a recently unknown basis with ubiquitous accessibility and new types of products and activities for an enlarged clientele (Kim et al. 2004, p. 572; Geykens et al. 2002, p. 102; Lucking-Riley and Spulber 2001, p. 246).

Before being able to approach users and to sell goods or services, it is mandatory to establish a legal basis with an accountable entry mode for the following distribution. Yet, there might be other factors that influence and challenge the final success, which will be further defined as entry strategies. Their effects are often critically discussed and are not essentially determined to lead to a high productivity for the e-commerce. Among the enhanced variety of strategies that could be taken into consideration, only a few will be further outlined as all would exceed the pensum of this thesis.

Prior research has already elaborated on the entry modes and impacting strategies that refer to a successful commerce abroad, but it was to my best knowledge never examined in a connected network (Ekeledo and Sivakumar 2004; Rothaermel et al. 2006; Gielens and Dekimpe 2001).

Thus the approach of this Bachelor Thesis is to outline various Entry Modes as well as other factors accounting for a successful internationalization of E-Commerce Companies. Studying Companies from different industries as well as prior analysis, their impact shall be critically examined to enable the eventual objective of establishing a Model for a sustainable and successful expansion abroad.

In accordance, the Thesis shall make both a managerial and theoretical contribution leading to the following fundamental questions:

*Which Entry Mode will be the best option to expand abroad for an E-Commerce and how much do further Entry Strategies account to maximize the expansions' success?*

In the following chapter the e-commerce with its relevant differentiations within business and private sectors as well as the most popular entry modes will be defined to establish a better knowledge of the further research.

This in turn will begin with a specified study of a few concrete entry modes related to both their advantages and disadvantages for the e-commerce players to afterwards discuss the most important strategies and their probable influences. The results will lead to a model whose accuracy and liability will be examined in an analysis of both prior research and profits, market share and returns of both popular and rather unpopular enterprises.

Before finishing the Bachelor Thesis with a short conclusion, the fifth chapter attempts to engage in a discussion of prior analysis, its adequacy itself and its results referring to the model in order to provide implications for business and further research.

## **6. Conclusion**

The Bachelor Thesis aimed to analyze the key factors for a successful internationalization of an e-commerce in order to offer a best practice model for business as well as recommendations for further research.

As entry modes and strategies have so far never been examined in a connected context towards internationalization, the Thesis is able to deliver a holistic approach with the incorporation of both dimensions as highly important contributors for a positive result.

Never the less, there are various further strategies and modes that are required to be taken into consideration in further research, particularly in terms of an e-commerce while being in the decision process of how to expand abroad.

In addition, due to the high dynamics in the world of technology and Internet, many strategies and entry modes that account for the current time might not be valuable anymore in the future. New inventions might completely change the strategies practiced so far, new trends might be incorporated into existing processes. That is why it is necessary to frequently revise the results the impact the adapted entry modes and strategies may have, as well as to evaluate whether additional variables may account for a higher success compared to the ones examined and bundled in this thesis. Particularly social media provides methods of feedback from the customer side and both promotions and advertisement from the company side with an impressive speed, thus leading to unknown business potential. In which way social media impacts the methods and success of doing business is an interesting field in the context of entry strategies.

With that being said, the Bachelor Thesis is able to establish helpful benefits for the current time, but the results may have to be adjusted on a frequent basis to meet the actual needs and match the ongoing research.