

Exhibit 6–13: Advantages and Disadvantages of Market Entry Strategies

Market Entry Strategy	Major Advantages	Major Disadvantages
Acquisition	<ul style="list-style-type: none"> • Rapid market entry • Image already established • Performance known before purchase 	<ul style="list-style-type: none"> • New business may be unfamiliar to parent • Takes a long time to assimilate organization's culture • New management team may be required • High initial cost
Licensing	<ul style="list-style-type: none"> • Rapid access to proven technology • Reduced financial exposure • Access to brand name • Exclusive territory 	<ul style="list-style-type: none"> • Not a substitute for internal technical competence • Not proprietary technology • Dependent on licensor • Rules and regulations
Venture Capital Investment	<ul style="list-style-type: none"> • Can provide window on new technology or market • Low risk 	<ul style="list-style-type: none"> • Alone, unlikely to be a major stimulus of growth • Extended time to profitability
Merger	<ul style="list-style-type: none"> • Uses existing resources • Retains existing markets and products • Reduces competition 	<ul style="list-style-type: none"> • Takes a long time to merge cultures • Merger match often difficult to find
Alliance	<ul style="list-style-type: none"> • Fills in gaps in product line • Creates efficiencies (e.g., bargaining power) • Reduces competition in weak markets • Stabilizes referral base • Shared risk 	<ul style="list-style-type: none"> • Potential for conflict between members • Limits potential markets/products • Difficult to align resources • Governance issues
Joint Venture	<ul style="list-style-type: none"> • Technological/marketing joint ventures can exploit small/large organizational synergies • Spreads distribution risks 	<ul style="list-style-type: none"> • Potential for conflict between partners (shared vs. proprietary) • Objectives of partners may not be compatible
Internal Development	<ul style="list-style-type: none"> • Uses existing resources • Organization maintains a high level of control • Presents image of developing (growth) organization 	<ul style="list-style-type: none"> • Time lag to break even • Unfamiliarity with new markets • Obtaining significant gains in market shares against strong competitors may be difficult
Internal Venture	<ul style="list-style-type: none"> • Uses existing resources • May enable organization to hold a talented entrepreneur • Isolates development from organization's bureaucracy 	<ul style="list-style-type: none"> • Mixed record of success • Organization's internal climate (culture) often unsuitable