ENTERING NEW MARKETS

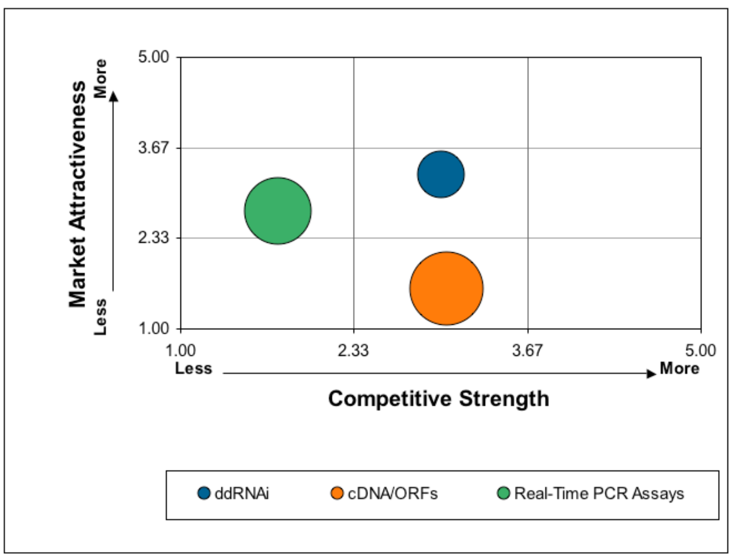
Companies can enter a new market through internal development, a joint venture, or an acquisition. It is both an exciting and challenging endeavor. Unfortunately, new market entry because the market is experiencing a higher than usual growth rate, because it is seemingly growing faster compared to competing markets, or simply because the opportunity appears to have a profitable outcome are frequently seen. In the excitement that surrounds the move, however, managers fail to examine the market's structural barriers to entry and the likely reaction of competitors. Both of these factors carry significant costs in terms of up-front investments and start-up losses which must be carefully considered before the entry decision is made.

Preparing an extensive study of the market is an effective method to assess the viability of an entry.

Market Entry Reports are Used to:
- Identify potential markets to enter
- Measure barriers to entry, especially product differentiation, switching costs, and access to customers and distributors
- Estimate competitor reaction

Market Entry Reports Provide Managers with:
- An understanding of the likely costs of entry
- Strategies for countering competitor reactions
- Evaluations of potential joint venture candidates

The depth of your study can vary depending on the objectives of your study. For example the Market Attractiveness Model, allows us to rate responses on a given scale and correlate market attractiveness to competitive strength.



Each circle on the map represents one of the three segments to be entered, where the size of the circle is proportional to the segment's size. A circle's position on the map that indicates High Attractiveness and Low Competitive Strength would indicate that that a company would need to calculate whether the benefits of entering an attractive market outweigh the cost of the investments needed to increase its competitiveness.

Typical objectives of a study include:

Purchasing Practices
- Identify approximate budget for specified products
- Determine why purchases of specified products will increase, decrease, or remain unchanged in the future

Product Features
- Describe the performance characteristics desired
- Determine the customer's definition of "quality" and the relative importance of price

Competitive Dynamics
- Determine each suppliers share of the customer's budget for specified products
- Describe the competing products' differentiation and applications

Summary

BioInformatics' Market Entry services help managers assess the long-term potential of a market as well as the costs of entry. By focusing on customer perceptions and requirements, managers can devise a strategy for a sequenced entry into sub-segments of the target market. Such an approach increases the probability of success by reducing the costs of overcoming structural barriers and appears less threatening to existing competitors, while allowing managers to gain experience gradually, thus avoiding detrimental missteps.