Industries Incumbents’ New Market Entry
Motivations: Sources and Dimensions

By
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All interested are welcome
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Abstract

It has been acknowledged that a firm normally enters a new-market to obtain a profit from it. However, the emerging literature and management practices alike indicate that the entry motivations of established firms are much more complicated than usually assumed. With a critical review of the literature about firms’ new-market entry, we suggest a two-dimensional scheme for various entry motivations. The first dimension represents the extent to which the profits from the new market are relatively more emphasized than the corporate benefits as a whole in new market entry decisions. The second dimension demonstrates how much a potential entrant relies on the competitors’ entry decisions/behaviors when making new market entry decisions. To explain the inter-firm variability on these two motivation dimensions, we examine the firm’s environmental/contextual factors that may lead to the different levels of these motivation dimensions, which include environmental turbulence, competitive intensity, and the stages of the product life-cycle of the new market. Based on these two dimensions of entry motivations, we demonstrate the four different categories of new-market entrants and discuss their characteristics and required resources to be successful. Understanding motivations as well as their contextual influences for a new-market entry should help an incumbent firm to find appropriate entry execution strategies and to predict and dexterously respond to other firms’ new-market entry behaviors.
Bio of Dr Chris Marquis

Chris Marquis is an Associate Professor in the Organizational Behavior unit at the Harvard Business School and is affiliated with the HBS Social Enterprise Initiative. His current research is focused on the topic of corporate social responsibility (CSR) and in particular how historical and geographic processes have shaped firms’ CSR strategies and activities. He has published papers on how local businesses influence the growth of different types of non-profit organizations in US communities, and is currently working on a number of projects that assess how organizations can be designed to maximize both business and social value. He has also published a series of HBS cases focused on the strategy and implementation of CSR activities. This research builds on Marquis’ earlier work that analyzed how firm behavior is shaped by broader contexts such as embeddedness in geographic communities and how environmental conditions during founding periods leave a lasting imprint on organizations. This earlier research examined the effects of these processes in the contexts of community-based social networks and the evolution of the US banking industry.

Marquis’ research has won a number of national awards including the 2006 William H. Newman and Louis R. Pondy Awards from the Academy of Management, 2003 James D. Thompson Award from the American Sociological Association and the 2005 State Farm Doctoral Dissertation Award. He was a finalist in the 2004 INFORMS/Organization Science Dissertation Proposal Competition. He has published in *Academy of Management Journal*, *Academy of Management Review*, *Administrative Science Quarterly*, *American Sociological Review*, *Journal of Management Inquiry*, *Organization Science*, and *Social Networks* as well as a number of edited collections. He is a member of the editorial boards of *Academy of Management Review*, *Administrative Science Quarterly*, *Organization Science* and *Strategic Organization*.

Marquis received a BA in History from Notre Dame, MA in History and MBA in Finance from Pitt, and MA and PhD in Sociology from Michigan. Prior to his academic career, he worked for 6 years in the financial services industry, most recently as Vice President and Technology Manager for a business unit of Bank One Corporation (now J.P. Morgan Chase). Marquis is on the Advisory Board of PNC Financial’s $100,000,000 CSR initiative, Grow Up Great and advises a number of other large global companies on their CSR initiatives.