THE HONG KONG POLYTECHNIC UNIVERSITY

DEPARTMENT OF MANAGEMENT & MARKETING

DEPARTMENTAL RESEARCH SEMINAR

Broaden Your Horizons?
Analyzing Firms’ New Market Entry Motivations

By

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Date: Friday, 25 April 2008
Time: 11:00 a.m. - 12:00 noon
Venue: M802

All interested are welcome
Why do firms enter a new market? A conventional wisdom would suggest that firms enter a new market for a profit from the new market sales. However, the emerging literature and practitioners alike indicate that new-market entries of established firms speak to more than profit-based motivation. With a critical review of the literature about firms’ new market entry decision, we suggest a two-dimensional scheme of the incumbent firms’ new-market entry motivations. The first dimension, Profit Focus, describes the relative emphasis market entrants put on the expected sales profit compared to other benefits (e.g., learning of technologies) from a new market entry. The second dimension, Network Influence, indicates the extent to which other firms’ entry decisions affect the focal firm’s market entry. Based on these two dimensions of entry motivations we offer and explain a typology of new market entrants, which is composed of gold-digger, watchdog, rationalizer, and metooist groups of entrants. Further, we provide a series of propositions regarding the driving forces of these two entry motivation dimensions, which are environmental as well as firm-specific factors that shape different levels of entry motivations and eventually lead to different types of market entrants.