

## CASE STUDY: Entry Strategy

Our Client was a leading building materials manufacturer, working closely with architects and designers, within high-end commercial and residential projects (“project segment”). Following a history of successful expansion into other markets, and the emerging opportunities in South-East Asia’s construction sector, our Client decided to proceed with the development of a market entry strategy for the region. Given the complex nature of the sector, our Client worked with us to identify the best opportunities and determine how to take advantage of them.

While secondary data were in place, it was largely inadequate in nature for any strategic modeling and decision. Moreover, due to the heavy government importance in the sector especially in certain countries such as Indonesia and Malaysia, there was insufficient existing insight into the real workings of the sector. Therefore, we relied heavily on primary research, by conducting several face-to-face interviews, focusing on key-players within the industry. Interviewees included, for example, officials from government construction bodies, managers of construction enterprises, architects as well as construction experts.

This focus was necessary in order to build up reliable business plans, but also useful for the creation of a database of commercial contacts. As the insight into the real workings of the sector developed, it became evident that to be able to compete successfully in the long term in the “project segment”, characterized by an intense competition and under the table practices, it was necessary to serve the market by manufacturing locally rather than to export the products made in Europe, because of budget constraints. Therefore, the client was advised by us to adopt a different strategy compared to what it had previously implemented in other countries: instead of focusing its efforts and resources on the “project segment” first, it was decided to target high end retailers, already involved in selling other complementary materials and products to affluent customers, both end users and real estate companies (“retail segment”). The strategy consisted in being present in a network of individual and/or franchising shops owned by local investors, focused on this non-price sensitive market niche, and located in high-end districts of “tier 1” cities.

We therefore started to look for potential commercial partners, some of them already identified during the first phase of the project, and we drafted a list of attractive ones to start negotiations with. In a 6 months timeframe, we were able not only to sign commercial agreements in most of South-East Asia countries, but in many cases the first sales were generated, having completed all the necessary steps (training, promotions, etc.) to make the business functioning.