



The staged international expansion model

The staged international expansion model describes a **sequential process** whereby companies gradually increase their commitment to newly entered markets, as they build market knowledge and capabilities.

This model articulates different **entry modes** – such like export, licensing, joint-venture, wholly-owned subsidiary – according to the **CAGE distance**.





The staged international expansion model: a gradual commitment

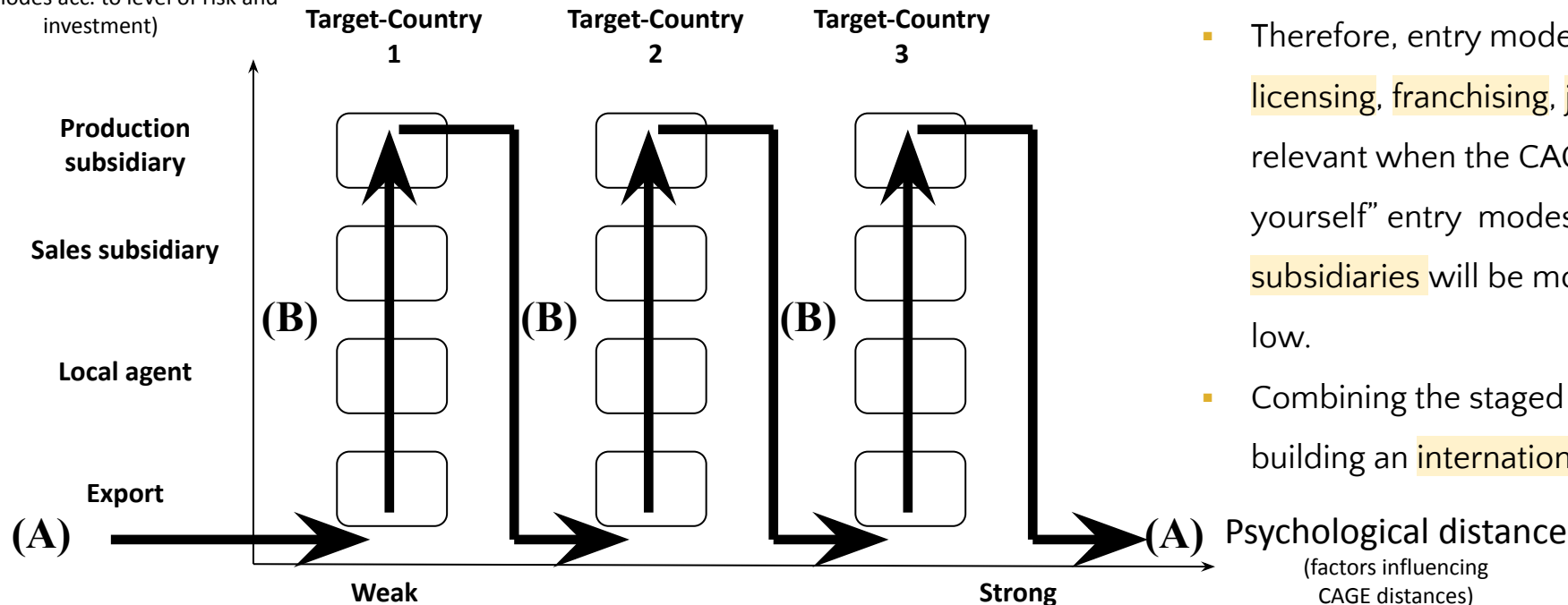


The staged international expansion model proposes a sequential process whereby companies gradually increase their commitment to newly entered markets, as they build market knowledge and capabilities.

- The higher the CAGE distance, the higher the liability of foreignness and thus, the more dependent on a local partner the success of market entry.
- Therefore, entry modes relying on a third part, such like licensing, franchising, joint-venture or M&A will be more relevant when the CAGE distance is high; whereas, “do it yourself” entry modes, such like exporting or wholly-owned subsidiaries will be more relevant when the CAGE distance is low.
- Combining the staged model with CAGE framework helps building an internationalization strategy roadmap.

Establishment chain

(entry modes acc. to level of risk and investment)





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