



CASE 1: BIMBA & LOLA

The Spanish Company Bimba & Lola has adopted an expansion plan for 2013 in Europe. New stores will be opened in Milano, London and Paris.

Bimba & Lola main competitive advantages are:

- **Reputed trademark**
- **Design**
- **Stores' decoration (know-how)**
- **Convenient locations in trendy commercial areas**

Which expansion strategy would you recommend?

In choosing an expansion strategy, Bimba & Lola should try to leverage the reputed trademark and its consolidated corporate image in the market based on modern design and fashionable decoration. To that end, franchising seems the most advisable expansion strategy as Bimba & Lola retains control over the business image but reallocate part of the financial risk.

On the other hand, the need to gain presence in trendy commercial areas would require important investment if opening subsidiaries is considered. Therefore, although the need to control the business image could recommend the path of opening subsidiaries, the high costs discourage it.

In sum, franchising seems the optimal expansion solution.

CASE 2: TALGO

The Spanish Company TALGO has manufactured an innovative wagon for high speed trains. TALGO has received an expression of interest from the Chinese Government to build two new high-speed train lines in the south of the country. According to the Chinese policy, the engineering project has to be designed and developed by a China-based company. But the Chinese government is firmly interested in buying 100 wagons from TALGO. Expertise, technical knowledge and sophisticated training will be also required from TALGO

Which cooperation strategy would you recommend?

The requirement laid down by the Chinese government that the project must be developed and run by a China-based company forces to consider expansion options where either a subsidiary is created or a collaboration agreement is established between Talgo and the Chinese company. Insofar as the expertise, technical knowledge and



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sophisticated training of Talgo is needed in the running of the project in China, a joint venture seems a highly advisable option. In particular, a corporate joint venture could be a viable option. A China-based corporate joint venture would be incorporated with the participation of Talgo, as main partner, and other local partners.

CASE 3: HUERTAS DE ALBALÁ WINERY

The Spanish Vineyard Huertas de Albalá (HA), a small vineyard located in Cádiz, is planning to export their wine varieties to India responding to the increasing demand from this country and the growing popularity of Spanish wines in Indian largest cities. HA has not previous experience in the Indian market. Local knowledge and contacts will be necessary. India is an emerging market but HA is uncertain about its real prospective. HA offer is reduced to 5 varieties, its production is reduced and all its wines are relatively expensive

Which commercial / expansion strategy would you recommend?

Huertas de Albalá needs to devise a commercial/expansion strategy that balances its reduced offer and limited capacity of exporting with the opportunity of expanding its business into a large market with uncertain prospect. HA lacks knowledge and contacts in the local market. Hence, HA should rely on a local collaborator. As the prospects of grow are promising but unpredictable, HA should make its best efforts to minimize the risks and pass them to the local collaborator who should be in a better position to estimate and manage them. To that end, a local distributor or a local commercial agent would be the optimal solution.