



FROM THE RESEARCH BENCH

# Foreign-market selection should compare mode-specific fit

A country screen is incomplete when it ranks markets without asking which entry mode fits the evidence, resources, commitment, and learning need.

---

**Sinan Isoglu**, MBA (Quantic)

Commercial growth leader, lecturer and doctoral researcher

PUBLISHED

31 August 2026

READING TIME

11 min

WORDS

2,416

---

<https://isoglu.com/insights/journal/foreign-market-selection-should-compare-mode-specific-fit/>

|                                                                                              |   |
|----------------------------------------------------------------------------------------------|---|
| Management summary                                                                           | 2 |
| Why does an aggregate country attractiveness score fail to support entry mode choice?        | 3 |
| How do sequential market screening models systematically disqualify viable entry modes?      | 4 |
| What does the Zhou et al. empirical framework prove regarding mode-market interaction?       | 4 |
| Why does historical macroeconomic data fail to convert into current commercial entry advice? | 4 |
| How should expansion leadership design a simultaneous mode-market fit screen?                | 5 |
| Which three common analytical assumptions cause market selection screens to fail?            | 6 |
| Why must commercial market scores provide full methodological provenance?                    | 6 |
| What criteria govern whether international teams halt, learn, or execute entry?              | 6 |
| Which observable local market signals disconfirm international site selection?               | 7 |
| Where are the empirical limits of international market screening methodology?                | 7 |
| References                                                                                   | 8 |

## MANAGEMENT SUMMARY

A foreign-market screen can identify an attractive environment and still recommend the wrong decision if entry-mode fit is missing. Exporting, foreign direct investment, partnering, licensing, and other routes impose different requirements for control, commitment, risk, resources, and learning. Zhou, Gomes, and Vendrell-Herrero describe this as a possible Type III error and evaluate market attractiveness with mode suitability rather than as strictly sequential decisions. Their historical illustration is not a current ranking or universal weighting rule. This article turns the boundary into a mode-fit screen that records market conditions, mode conditions, firm capability, commitment, learning, date, and next validation signal. It is a screening framework, not investment advice or proof of superior performance.

Keywords: Foreign-market selection · International market entry · Entry-mode fit · Export strategy · Foreign direct investment

The market can be right and the entry mode wrong. A country may look attractive in a market screen, while exporting, investing locally, partnering, licensing, or another route asks for a different level of control, capital, risk, capability, and learning. If the screen ranks countries first and asks about mode later, it can hide the decision mismatch inside a confident score.

Foreign-market selection should therefore compare mode-specific fit. The question is not only which market looks attractive. It is which market and which mode can the firm investigate, serve, learn in, and commit to under the conditions it has actually declared?

Zhou, Gomes, and Vendrell-Herrero call one version of this mismatch a possible Type III error: entering an appropriate market with an unsuitable entry mode (Zhou et al., 2025). Their proposed approach evaluates market attractiveness and entry-mode suitability together rather than treating them as strictly sequential decisions (Zhou et al., 2025). The article is a methodological illustration, not a current country ranking, a universal mode recommendation, or a causal performance estimate.

The abstract makes the distinction concrete: “not all markets are analogous, that is, equally attractive for export and FDI” (Zhou et al., 2025). This is a warning against treating market attractiveness as independent of the route used to enter it.

## Why does an aggregate country attractiveness score fail to support entry mode choice?

A country score compresses information into a screening signal. It can be useful when its object, date, variables, method, and decision use are visible. It cannot carry every question that follows.

Separate at least six objects:

- 1 Market condition. What environmental opportunity or constraint is being described?
- 2 Market potential. What could exist in the defined market under a stated unit and boundary?
- 3 Firm reach. What could this firm sell under its offer, coverage, capability, and competition assumptions?
- 4 Entry mode. What route creates access, control, commitment, risk, and learning?
- 5 Mode fit. Which conditions make that route workable for the defined situation?
- 6 Entry outcome. What later observation would show that the decision created the intended access, economics, capability, or learning?

Goodman distinguishes market potential as an opportunity or environmental state from a sales forecast conditional on marketing decisions (Goodman, 1972). That distinction matters here. A country screen can inform the first object. It does not become a firm sales forecast because a score is attached to a country.

The institutional-distance analysis offers an adjacent warning. Distance does not mean one thing until the direction, institutional dimension, prior experience, and outcome are named. Entry-mode fit applies the same discipline to the route. A country gap can be a regulatory burden for one mode, a coordination burden for another, and a learning opportunity for a third.

## How do sequential market screening models systematically disqualify viable entry modes?

The usual sequence is understandable. First rank countries. Then choose how to enter the most promising ones. It is simple to explain and often efficient for an initial broad screen. Its weakness appears when the variables that make a country attractive differ from the variables that make a mode workable.

An export route may depend on logistics, cross-border service, local distribution, customs, and the ability to support a customer without local ownership. A local investment may depend on capital, hiring, governance, regulatory presence, supply reliability, and the ability to absorb longer commitment. A partner route may depend on alignment, control, information access, and incentives. These are not just later implementation details. They can change the meaning of “attractive” before the ranking is complete.

The mode should be named before its fit variables are weighted. Otherwise a general country factor receives the authority of a decision it cannot define. A score can look objective because the route has been left out.

This does not mean every initial screen must model every possible mode. It means the screen should state which mode it is for, which modes are outside scope, and what evidence would cause the mode to change. A narrow screen is more defensible than a broad screen that quietly mixes incompatible conditions.

## What does the Zhou et al. empirical framework prove regarding mode-market interaction?

Zhou et al. begin their illustration with 217 countries and 86 variables. After removing highly correlated variables and countries with more than 10% missing data, they retain 86 countries and 30 variables (Zhou et al., 2025). These are characteristics of the study’s dataset and filtering design, not inputs for a current global ranking.

They distinguish common variables from variables tied to exports or foreign direct investment. Their mode-specific rankings use 20% common variables and 80% mode-related variables (Zhou et al., 2025). The allocation is part of their illustration. It is not a weight to copy into another company’s expansion decision.

The article then compares export and FDI scores with a 45-degree line. It uses the distance and score relationship to classify markets as analogous or distinct in that dataset (Zhou et al., 2025). The reported average distance of 7.01 belongs to the same constructed comparison. It is not a universal threshold for deciding whether two modes fit similarly.

The design is valuable because it makes the mode visible in the screen. A country that is high on common conditions may still differ sharply in export and FDI fit. A country that appears less attractive under one route may warrant a different investigation under another. The result is not that the model tells a firm which route to choose. The result is that the screen can reveal a route-specific question before a country score becomes a commitment.

## Why does historical macroeconomic data fail to convert into current commercial entry advice?

The study’s illustration uses data from 2017 to 2021 and omits industry- and firm-level variables (Zhou et al., 2025). The authors state that criteria and weights should be customized to the circumstances (Zhou et al., 2025). They also focus on export and FDI and note that other modes need their own criteria (Zhou et al., 2025).

Those limits are not a footnote to be carried after the recommendation. They define what the screen can and cannot do. A historical, general-variable country indicator can support a method discussion. It cannot supply current demand, regulatory status, industry economics, firm capability, or an investment case.

Waheeduzzaman's comparison of international market-potential methods describes a trade-off among precision, prediction, price, and pragmatism (Waheeduzzaman, 2008). The implication is practical: choose a method for the decision and the data it can support. If the decision is a broad opportunity screen, a general indicator may be acceptable. If the decision is a committed local operation, the evidence must include the firm and mode conditions that the broad indicator omits.

The screen should therefore carry its date, source level, weighting rationale, and next evidence requirement. A country score without those fields is not necessarily false. It is incomplete as a decision record.

## How should expansion leadership design a simultaneous mode-market fit screen?

Use one row for each candidate market and mode combination, not one row for each country alone. The table below is an author framework with synthetic labels. It contains no country ranking or current market data.

**Table 1** The foreign-market mode-fit screen

| Screen field                 | Question to answer                                                                      | Level to declare                                   | Next evidence or decision                       |
|------------------------------|-----------------------------------------------------------------------------------------|----------------------------------------------------|-------------------------------------------------|
| Common market condition      | What opportunity, constraint, or institutional fact applies across the candidate modes? | Dated external indicator and market boundary       | Which condition is still unverified?            |
| Mode-specific condition      | What changes if the route is export, FDI, or another named mode?                        | Mode, variable, weight, and rationale              | What mode-specific test could overturn the fit? |
| Firm capability              | What can the firm deliver, govern, finance, or learn?                                   | Firm and industry assumptions, not a country proxy | Which capability gap blocks the route?          |
| Commitment and reversibility | What capital, control, time, and exit burden does the mode create?                      | Decision horizon and commitment boundary           | What is the smallest reversible step?           |
| Learning value               | Which uncertainty is worth buying through the route?                                    | Question, experiment, and owner                    | What observation would update the screen?       |
| Validation signal            | What later observation would support, narrow, or falsify the selection?                 | Outcome, comparison, date, and threshold rationale | Proceed, learn, constrain, or stop              |

Author's decision screen grounded in Zhou, Gomes and Vendrell-Herrero (2025), Goodman (1972), and Waheeduzzaman (2008). The study's historical export and FDI illustration informs the separation of common and mode-specific fields; all screening labels and decision rules are author synthesis.

The first two rows prevent the country from carrying the mode. Common conditions may describe the external setting. Mode-specific conditions describe how the route encounters that setting. The same country can therefore create different work under different modes without requiring a contradictory country story.

The next two rows prevent a country score from carrying the firm. Capability and commitment are not properties of a country. They are conditions of the proposed decision. A firm may have local service capability, capital, governance, or prior experience that changes its route fit. A screen that omits those conditions is a market screen, not a firm-specific entry decision.

The final two rows prevent the decision from ending at the ranking. Learning value says why a route may be worth investigating even when the initial commercial case is unresolved. Validation signal says what observation will update the selection. If no next signal exists, the score has become a conclusion without a test.

## **Which three common analytical assumptions cause market selection screens to fail?**

One score for every mode. The same country score is copied into export, FDI, and partner decisions. The score may be accurate for its variables and still be silent on the route. The repair is to name the mode before selecting or weighting the mode variables.

The familiar-mode default. A team chooses the route it knows and then interprets country evidence through that route. Familiarity can be a capability advantage, but it should be recorded as a firm condition rather than disguised as country attractiveness. The next question is what learning or commitment the familiar route avoids and what it prevents.

A current ranking without a date. A table is presented as if it describes the present even though its variables, source levels, weights, and comparison window are historical. The repair is to attach a date and state which new evidence is required before commitment.

These failures do not imply that scoring is useless. They show why the score must be subordinate to the decision object. A small, dated, mode-specific screen can support better judgment than a larger undated ranking.

## **Why must commercial market scores provide full methodological provenance?**

Treat the score as a trace, not a verdict. Record which data produced it, which variables are missing, which transformations were made, and who decided the weighting. Also state whether the number is an external market condition, a model estimate, or an internal assumption. That lets a later discussion inspect the right part of the screen.

This matters especially when two modes receive different values. The difference may reflect a real mode condition, different data quality, different weighting, or a missing firm variable. Without provenance, it is unclear whether the difference is a signal about the market, the method, or the information gap. A provenance field slows the ranking, but it improves the next question.

## **What criteria govern whether international teams halt, learn, or execute entry?**

The screen can support three early states without pretending to predict entry success.

No-go means the current evidence shows an unacceptable constraint or an unresolved mismatch between mode and capability for the declared decision. It is a decision under the stated boundary, not a claim that the market is permanently unattractive.

Learn means the opportunity and mode fit are uncertain, but a reversible investigation can answer a named question. The record should state the resource, owner, observation, and stop rule. Learning is not a softer word for proceeding without a decision.

Proceed means the current evidence supports the next commitment under a declared scope, date, mode, and validation plan. It does not mean the country ranking predicted success. The next validation signal remains part of the decision.

This state language keeps the screen honest. An attractive common-market signal can support learning while firm capability is checked. A strong mode-specific fit can still be constrained by commitment. A no-go can be revisited when the mode, evidence date, or firm capability changes.

## Which observable local market signals disconfirm international site selection?

Narrow or park the screen if:

- the entry mode is not named before its fit variables are weighted;
- a market-potential score is treated as firm sales potential or entry success;
- the date, source level, or historical window is missing;
- the screen has no firm capability, commitment, or reversibility field;
- the mode changes but the validation signal stays the same by default;
- the next evidence is described as “more research” without an observable result;
- a published weight or distance is transferred without a new rationale.

The source set does not establish a current country ranking, a universal mode prescription, or a causal performance effect from mode choice. It supports a more modest and more useful claim: market selection should make the mode visible early enough that the right evidence can be gathered for the actual commitment.

## Where are the empirical limits of international market screening methodology?

Zhou et al. provide a published illustration of joint market and mode screening for export and FDI, with historical data and explicit limits. Goodman and Waheeduzzaman help keep market opportunity, conditional sales, method choice, and decision use separate. The screen is an author synthesis. It includes no current country data, private market intelligence, geopolitical forecast, or investment recommendation.

The related method matrix for premarket forecasting asks how methods should be reconciled when the product is not yet observed in the market. This article applies the same discipline to international selection: the ranking is a signal, while mode, capability, commitment, and the next evidence determine what decision it can support.

## REFERENCES

---

- Goodman, C. S. (1972). Measuring industrial markets: Uses and limitations of available data for market measurement. *Industrial Marketing Management*, 3, 279–293. [https://doi.org/10.1016/0019-8501\(72\)90020-X](https://doi.org/10.1016/0019-8501(72)90020-X)
- Waheeduzzaman, A. N. M. (2008). Market potential estimation in international markets: A comparison of methods. *Journal of Global Marketing*, 21(4), 307–320. <https://doi.org/10.1080/08911760802206144>
- Zhou, Y., Gomes, E., & Vendrell-Herrero, F. (2025). Optimizing international market selection: A dynamic approach integrating export and FDI entry modes. *Thunderbird International Business Review*, 67(6), 739–755. <https://doi.org/10.1002/tie.70007>

END OF ESSAY

---

#### HOW TO CITE THIS ESSAY

Isoglu, S. (2026, August 31). Foreign-market selection should compare mode-specific fit.

Sinan Isoglu.

<https://isoglu.com/insights/journal/foreign-market-selection-should-compare-mode-specific-fit/>

#### KEEP READING

---

From the research bench

### **Institutional distance is asymmetric uncertainty**

<https://isoglu.com/insights/journal/institutional-distance-is-asymmetric-uncertainty/>

From the research bench

### **A public forum is not a market survey**

<https://isoglu.com/insights/journal/a-public-forum-is-not-a-market-survey/>

From the research bench

### **Mixed reactions are not brand polarization**

<https://isoglu.com/insights/journal/mixed-reactions-are-not-brand-polarization/>



**Sinan Isoglu**, MBA (Quantic)

Commercial growth leader, lecturer and doctoral researcher