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MULTI-CRITERIA DECISION-AIDING IN INTERNATIONAL MARKET SELECTION: A CASE STUDY OF IKEA

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Abstract

Foreign market entry (FME) is a strategic decision that significantly influences a firm's competitiveness and long-term growth. However, the increasing complexity of international environments and the multiplicity of criteria involved make market selection a challenging task. This study aims to evaluate, compare, and classify alternative foreign markets within the preliminary stage of international market selection (IMS) using a case study approach. To support this process, three multi-criteria decision-aiding (MCDA) methods – EVAMIX, CoCoSo, and PROMETHEE II – are applied within the MAMIMCA framework, providing a structured and transparent approach to handling multiple and potentially conflicting evaluation criteria. The analysis is conducted from the perspective of IKEA, one of the world's leading transnational corporations, and involves assessing eight candidate markets based on a set of economic, institutional, and industry-specific indicators. The study shows that final market rankings depend on both the selected MCDA method and the applied weighting approach. Across three methods – EVAMIX, CoCoSo, and PROMETHEE II – the results consistently identify Vietnam as the most favorable market for IKEA.

Keywords: international market selection (IMS), foreign market entry (FME), market attractiveness, multi-criteria decision-aiding (MCDA), Multiple Assessment Multiple Importance Multiple Criteria Analysis (MAMIMCA), IKEA.

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1 Introduction

Foreign market entry (FME) constitutes one of the most critical strategic decisions shaping a firm's performance, competitiveness, and long-term growth trajectory (Arbelo, Arbelo-Pérez and Pérez-Gómez, 2024). As international expansion enables firms to transcend the limitations of domestic markets, it has become a natural and often indispensable path of corporate development in an increasingly globalized economy (Root, 1994; Hill, Hwang and Kim, 1990). The ability to successfully enter and operate in foreign markets is now regarded as a defining capability of competitive enterprises, particularly multinational corporations (MNCs), which demonstrate how global presence can translate into sustained market power, economies of scale, and knowledge advantages (Dunning, 1988; Rugman and Verbeke, 2001).

FME represents a strategic and inherently complex decision for any firm. The vast number and diversity of potential foreign markets, coupled with the variety of available entry modes, make the process of internationalization both challenging and multidimensional (Root, 1994; Hill, Hwang and Kim, 1990). This complexity is further amplified by the interplay between a firm's resources, capabilities, strategic objectives, and inherent constraints (Barney, 1991; Wernerfelt, 1984). When pursuing FME, a company must carefully evaluate a broad spectrum of internal and external factors – including market potential, institutional environment, cultural distance, competitive intensity, and transaction costs – many of which exert contradictory pressures on strategic choice (Anderson and Gatignon, 1986; Meyer et al., 2009). In response to the growing complexity and volatility of international markets, the use of quantitative decision-support tools has become widely used in strategic decision-making. These tools enable firms to structure complex problems, assess trade-offs systematically, and integrate diverse criteria into coherent strategic frameworks, thereby enhancing the transparency and rationality of foreign market entry decisions. In this context, multicriteria decision-aiding (MCDA) methods have gained growing recognition for their capacity to capture and synthesize multiple, often conflicting, dimensions of strategic evaluation. By combining quantitative rigor with managerial judgment, MCDA techniques offer a systematic, transparent, and replicable framework for assessing market attractiveness and determining optimal foreign entry strategies (Christian, Zhang and Salifou, 2016; López-Cadavid et al., 2023; Vanegas-López et al., 2021; Baena-Rojas et al., 2021, 2022, 2023; Górecka and Szałucka, 2013, 2014, 2016; Górecka, Szałucka and Mróz-Gorgoń, 2025).

Although foreign market entry has been extensively examined in international business research, significant gaps persist in how target market selection is operationalized and supported by formal decision-making tools. First, existing re-

search on international market selection (IMS) is largely descriptive or theory-driven, offering limited guidance on how selection criteria should be systematically evaluated and integrated in practice, which often results in fragmented or heuristic decision-making. Second, although MCDA methods have increasingly been applied to international market selection, prior studies often rely on simplified and unevenly specified sets of evaluation criteria, predominantly emphasizing economic and market potential indicators, providing less systematic coverage of institutional, regulatory, socio-cultural, and competitive dimensions. Moreover, empirical applications of comprehensive MCDA-based IMS frameworks in large, globally integrated multinational enterprises remain scarce.

This study addresses these gaps by proposing a holistic IMS/MCDA-based decision-support model that integrates international business theory with quantitative multi-criteria evaluation. The study contributes to the literature in three ways: first, by operationalizing key external determinants of market attractiveness into a structured and comparable IMS criteria framework; second, by demonstrating the use of MCDA as a systematic decision-aiding tool for evaluating and prioritizing foreign markets; and third, by providing empirical evidence from a globally integrated multinational enterprise, thereby extending IMS research beyond small-scale and emerging-market contexts.

The objective of this paper is to develop a comprehensive model for target market selection through the application of multi-criteria decision-aiding methods. The analysis is conducted from the perspective of IKEA, one of the world's most recognizable transnational corporations, representing the Scandinavian philosophy of design, operational efficiency, and sustainable development. To ensure a clear and logical exposition, the paper is organized as follows. Section 2 reviews the theoretical foundations underlying target market selection and foreign market entry. Section 3 introduces IKEA as the empirical context for applying the IMS/MCDA approach. Section 4 outlines the methodological framework adopted in the research, while Section 5 details the data collected for the case study used to demonstrate the application of the proposed approach. Section 6 discusses the analytical results and their managerial implications, while Section 7 concludes by summarizing the key findings and offering directions for future research.

2 A theoretical framework

Foreign market entry, as a holistic strategic construct, encompasses a sequence of interdependent and mutually reinforcing decisions that collectively determine the scope and effectiveness of a firm's internationalization process (Francioni and Martín Martín, 2024; Chetty, Martín Martín and Bai, 2024; Liesch and

Welch, 2024). These decisions involve defining the motives and strategic objectives for international expansion, identifying the products or services to be internationalized, selecting the target location, determining the entry mode, and deciding on the timing of market entry (Root, 1994; Hill, Hwang and Kim, 1990; Koch, 2001). Each of these elements is interconnected, as the reasons for entering foreign markets directly influence both the selection of entry mode and the choice of geographical destination. Likewise, foreign market location decisions affect entry mode choice and vice versa (Brouthers, 2013; Filatotchev et al., 2007; Meyer and Nguyen, 2005; Zhou, Gomes and Vendrell-Herrero, 2025). At the same time, product characteristics and resource availability constrain or enable specific strategic options (Agarwal and Ramaswami, 1992; Wan et al., 2023).

The interdependence of these dimensions implies that FME should be conceptualized not as a single decision point but as an integrated and iterative strategic process, shaped by both internal firm-specific capabilities and external environmental conditions (Dunning, 1988; Root, 1994; Hill, Hwang and Kim, 1990; Gannon, 1993; Agarwal and Ramaswami, 1992; Malhotra, Agarwal and Ulgado, 2003; Johanson and Vahlne, 2009; Ego, 2023).

Within this broader process, the core of a firm's foreign market strategy lies in two closely interrelated decisions: international market selection (IMS) and foreign market entry mode (FME mode). While FME mode has traditionally attracted substantial scholarly attention as one of the most extensively examined aspects of internationalization (Agarwal and Ramaswami, 1992; Hill, Hwang and Kim, 1990; Madhok, 1997; Brouthers, 2013; Hennart and Slangen, 2015; Wan et al., 2023), IMS is often regarded as the starting point and prerequisite for effective foreign market entry mode. It delineates the scope of a firm's international engagement and establishes the contextual parameters within which subsequent entry mode and operational decisions are made (Root, 1994; Papadopoulos and Martín Martín, 2011; Martín Martín, Chetty and Bai, 2022; Eskiyerli and Aldape Perez, 2024).

International market selection refers to the decision-making process through which firms identify and choose the foreign markets in which they intend to operate (Papadopoulos and Martín Martín, 2011; Francioni and Martín Martín, 2024). In the literature, the concept of IMS has been approached from two distinct perspectives, which differ according to how the notion of a "market" is understood (Papadopoulos and Martín Martín, 2011). The first perspective, adopted in this paper, views IMS as the selection of national country markets, where the world is segmented geographically, and the decision concerns which countries represent the most attractive opportunities for entry (Root, 1994; Sakarya, Eckman and Hyllegard, 2007; Papadopoulos and Martín Martín, 2011). The second perspective conceptualizes IMS as the segmentation of international

markets based on cross-national buyer characteristics, where markets are defined not by borders but by groups of consumers sharing similar needs and behaviours regardless of their location (Day, Fox and Huszagh, 1988; Papadopoulos and Martín Martín, 2011).

The literature offers a range of models and frameworks to guide the IMS process, generally emphasizing its systematic, sequential, and multi-stage character (Cavusgil, 1985; Root, 1994; Kumar, Stam, and Joachimsthaler, 1994; Koch, 2001; Papadopoulos and Martín Martín, 2011; Deaza et al., 2020). Early conceptualizations by Cavusgil (1985) and Root (1994) distinguished between preliminary (macro-level) screening, in-depth (micro-level) screening, and final selection, a logic later extended in Koch's (2001) comprehensive review of market and entry mode selection models. The preliminary stage focuses on broad environmental indicators, such as economic development, political risk, trade openness, population size, and infrastructure quality, to filter out unsuitable or high-risk markets. This stage aims to reduce the analytical scope from a global set of possibilities to a manageable subset of promising countries.

In the subsequent in-depth stage, attention shifts to industry- and firm-specific factors, including market growth potential, customer preferences, competitive dynamics, and availability of local partners or distribution networks. Here, qualitative assessments are combined with quantitative indicators to determine market attractiveness more precisely. Scholars consistently advocate the use of structured and criteria-based models, including scoring systems, decision matrices, and, more recently, multi-criteria decision analysis, to enhance transparency and comparability (Cavusgil, 1985; Kumar, Stam and Joachimsthaler, 1994; Koch, 2001; Deaza et al., 2020).

Once the in-depth screening phase is completed, firms move to the final selection stage, which concentrates on firm-specific considerations such as expected profitability, resource requirements, and product compatibility with the existing portfolio (Koch, 2001). At this stage, companies evaluate their sales potential and projected costs for each shortlisted market, confronting these assessments with their strategic objectives and available resources (Koch, 2001). At this stage, the firm seeks to align its strategic objectives with market opportunities, evaluating forecasted revenues and costs to determine which markets offer the optimal balance between potential return and resource commitment (Cavusgil, 1985; Papadopoulos and Martín Martín, 2011; Koch, 2001).

Consequently, IMS is widely regarded as a complex and multidimensional decision, shaped by the interplay of numerous internal and external factors. As noted by Papadopoulos and Martín Martín (2011), this complexity arises from the vast number of potential markets, the heterogeneity of available data, and the sequential and iterative nature of the decision process. Firms must analyze ex-

tensive and often incomplete information regarding economic, political, cultural, and institutional conditions, making systematic comparison across countries highly demanding. Because the number of possible alternatives is extremely large, evaluating all potential markets simultaneously is both impractical and resource-intensive (Papadopoulos and Martín Martín, 2011). Conducting a comprehensive evaluation would require access to vast, reliable, and comparable datasets – often difficult or costly to obtain, particularly for small and medium-sized enterprises. Moreover, decision-makers operate under conditions of bounded rationality (Simon, 1959; Schweizer and Vahlne, 2022), constrained by limited cognitive capacity, time, and information. Consequently, firms adopt a sequential, screening-based approach, starting with a broad elimination of unsuitable markets and gradually narrowing the scope to a manageable set of high-potential candidates for detailed evaluation (Cavusgil, Kiyak and Yeniyurt, 2004). Hence, IMS should be viewed not as a single decision but as an iterative, data-intensive, and learning-based process, integrating analytical assessment with managerial judgment and experiential knowledge (Martín Martín, Chetty and Bai, 2022).

Recognising IMS as a complex and multi-dimensional decision problem driven by the interaction of numerous factors, MCDA methods have increasingly been applied to support foreign market entry strategies (see Table 1). MCDA provides a systematic and transparent framework for addressing decision problems that involve multiple and often conflicting criteria. In the context of international strategy decision-making, its main advantage lies in the ability to structure and decompose complex evaluation tasks, thereby supporting well-grounded and justifiable decisions. Moreover, MCDA techniques enable the integration of both quantitative and qualitative criteria, allowing for a comprehensive and traceable assessment of market attractiveness and strategic alignment. Consequently, MCDA methods such as AHP, TOPSIS, and PROMETHEE provide practical tools for weighting criteria, ranking alternatives, and identifying the most strategically justified target markets. These methods differ in their underlying principles and computational procedures, as illustrated by their specific characteristics, which are described below.

The AHP method structures complex problems into a hierarchical framework of goals, criteria, and alternatives. Through pairwise comparisons, decision-makers provide judgments on the relative importance of criteria and the preference between alternatives, which are then quantified into priority weights. The method synthesizes these judgments to generate a ranking of alternatives, while also allowing for the detection of inconsistencies in the decision-making process.

The TOPSIS method assumes the existence of a hypothetical best solution, which maximizes all beneficial criteria and minimizes all non-beneficial ones, as well as a negative-ideal solution representing the worst case. Alternatives are

assessed by calculating their distance to both reference points, and the relative closeness index is used to establish a ranking.

The PROMETHEE is an outranking approach, in which alternatives are compared pairwise based on preference functions that reflect the decision maker's attitude toward differences in criterion values. PROMETHEE allows for partial (PROMETHEE I) and complete (PROMETHEE II) rankings, with the latter based on net flow scores aggregating positive and negative outranking flows.

Table 1: MCDA methods in international market selection

Authors	**MCDA method**	**Business sector**	**Factors considered**	**Home country**
1	***2***	***3***	***4***	***5***
Górecka and Szałucka (2013)	EXPROM II with veto threshold, PROMETHEE II with veto threshold, modified ELECTRE III	Hygiene, cosmetic, and medical products	External factors	Poland
Marchi, Maria and Micelli (2014)	Fuzzy Expert System (FES)	Stationery	External and internal factors	Italy
Mobin, Dehghanimohammadabadi and Salmon (2014)	SAW, TOPSIS, VIKOR, and Shannon's Entropy Method for determining the relative importance of each criterion	Food	External factors	Iran
Şener (2014)	AHP	Ceramic	External and internal factors	Turkey
Özekenci (2024)	FUCOM, LOPCOW, SPOTIS, RSMVC, CoCoSo, Borda Count	Iron and steel	External factors	Turkey
Gokmenoglu and Alaghemand (2015)	AHP, TOPSIS, and MP-MADM	–	External factors	United States
Aghdaie and Alimardani (2015)	AHP and TOPSIS	Furniture (chairs)	External and internal factors	Iran
Lee, Jung and Han (2017)	Fuzzy LinPreRa-based AHP	Construction	External factors	South Korea
Cano, Campo and Baena (2017)	DEA	Food	External factors	Colombia
Schühly and Tenzer (2017)	AHP	Pharma and FMCG	External factors	Germany and Switzerland
Cano, Campo and Gómez-Montoya (2017)	FUZZY, MONTE CARLO	Food	External factors	Colombia
Oey, Noviyanti and Sanny (2018)	AHP and GP	Metal	External factors	Indonesia
Cano, Baena Rojas and Campo (2019)	AHP	Food	External factors	Colombia

Table 1 cont.

1	*2*	*3*	*4*	*5*
Vanegas-López et al. (2021)	AHP-TOPSIS	Textile	External factors	Colombia
Hashemkhani Zolfani et al. (2021)	EDAS	Food	External and internal factors	Iran
Baena-Rojas et al. (2021)	AHP	Chemical	External factors	Colombia
Baena-Rojas et al. (2022)	AHP	Confection	External factors	Colombia
Baena-Rojas et al. (2023)	SAW	Coffee	External factors	Colombia
López-Cadavid et al. (2023)	AHP and Evaluation Based on Distance from Average Solution (EDAS)	Paper and paperboard	External factors	Colombia
Aydemir (2025)	CAPMA	Sea bass--production	External factors	Turkey
İnan (2025)	GRA and K-Means	Tourism industry	External factors	Turkey

Source: Own elaboration.

A review of recent studies applying multi-criteria decision-aiding methods to international market selection reveals a wide diversity of methodological approaches and industry contexts. The majority of research employs AHP often in combination with TOPSIS, VIKOR, or EDAS – as a core analytical framework for evaluating market attractiveness (Şener, 2014; Hashemkhani Zolfani et al., 2021; Vanegas-López et al., 2021). These models have been applied across various sectors, including food, chemical, textile, and construction, primarily focusing on external, macro-level factors such as economic conditions, political risk, and trade openness. A smaller number of studies incorporate both external and internal determinants, particularly in industries where firm capabilities or product-market fit play a critical role, such as the furniture, stationery, and ceramics sectors (Marchi, Maria and Micelli, 2014; Aghdaie and Alimardani, 2015; Şener, 2014). More advanced approaches, such as PROMETHEE, FUCOM, CoCoSo, DEA, and CAPMA, have been employed in technologically or resource--intensive sectors, including iron and steel, pharmaceuticals, and marine aquaculture (Górecka and Szałucka, 2013; Özekenci, 2024; Aydemir, 2025).

This part of the research highlights the growing importance and applicability of MCDA as a crucial and versatile tool in the international market selection process. Its systematic structure, capacity to handle multiple and conflicting criteria, and flexibility in incorporating both quantitative and qualitative information make it well-suited to the complexity of foreign market evaluation. The

wide range of sectors in which MCDA has been applied shows that these methods are highly adaptable to different decision contexts and industry environments. As a result, MCDA not only supports transparent and justifiable market selection decisions but also offers firms a practical decision-support framework for navigating uncertainty and aligning expansion choices with strategic goals.

3 Case context and company profile

The present study demonstrates the application of MCDA methods in the preliminary stage of international market assessment. The empirical illustration is based on the case of IKEA, one of the world's most recognizable transnational corporations, renowned for its Scandinavian philosophy of design, functionality, and sustainable development. The company was founded in 1943 in Småland, Sweden, by Ingvar Kamprad, who initially sold small household goods by mail order. The name IKEA derives from the founder's initials and the names of his family farm and home village – Ingvar Kamprad Elmtaryd Agunnaryd (www 1).

Today, IKEA represents a global retail network comprising 487 stores across 63 countries, serving over one billion customers annually, as presented in Figure 1 (www 2). According to the official Inter IKEA Group Annual Report (2024), total retail sales for the fiscal year 2024 amounted to EUR 45.1 billion, compared with EUR 47.6 billion in 2023. These figures include sales of IKEA products, food, and services across all global franchisees. The decline of 5.3% primarily attributed to a strategic decision to reduce prices globally, aimed at enhancing affordability and stimulating customer demand amid a challenging macroeconomic environment (www 3).

Despite this temporary contraction in sales value, customer engagement reached record levels. In 2024, IKEA's physical stores welcomed 899 million visitors, representing a 4.5% increase compared with the previous year. Digital engagement grew even more rapidly, with online visits rising from 3.8 billion in 2023 to 4.6 billion in 2024, marking a 21% year-on-year growth (www 4).

IKEA operates as a multinational retail corporation engaged in the design, production, and sale of a wide variety of home furnishings and interior solutions. The company is internationally recognized for its functional, minimalist product design, deeply rooted in Scandinavian modernism and guided by principles of simplicity, practicality, and affordability (Harapiak, 2013; www 3). Its retail concept is built around an immersive customer experience, allowing visitors to explore fully furnished room settings within large-format stores. This showroom model encourages customers to interact directly with products, visualize potential interior layouts, and engage with IKEA's design philosophy in a tangible way (www 1).

Beyond furniture and decorative accessories, IKEA provides a comprehensive portfolio of home-related products and services, including kitchen, bathroom, lighting, textile, and storage solutions, as well as delivery, assembly, and interior planning services (Han, 2022). A cornerstone of IKEA's business model is its ready-to-assemble (RTA) concept, which allows customers to transport and assemble furniture themselves. This innovation has fundamentally reshaped the global furniture industry by lowering production, warehousing, and transportation costs, thereby supporting competitive pricing, supply-chain efficiency, and scalability (Harapiak, 2013; Han, 2022).

IKEA's internationalization process has evolved over eight decades, following a gradual and experience-based expansion trajectory that reflects the logic of the Uppsala internationalization model (Johanson and Vahlne, 1977). The company initially expanded from Sweden into geographically and culturally proximate markets, including Norway, Denmark, Germany, and Switzerland, before entering more distant and institutionally complex markets such as the United States, Russia, China, and India (Harapiak, 2013; Burt, Johansson and Thelander, 2011). This stepwise approach enabled IKEA to accumulate market knowledge, operational experience, and cultural insight, thereby reducing uncertainty and developing capabilities to manage cross-border complexity.

Over time, IKEA's internationalization has shifted from a purely incremental pattern to a network-based strategy, consistent with the Network Model of Internationalization (Forsgren, Holm and Johanson, 2005). The firm's expansion is now driven not only by its own resources but also by a dense global network of suppliers, franchisees, logistics partners, and customers. These relationships constitute key relational assets that enhance IKEA's capacity for innovation, learning, and market adaptation (Song, 2021; Han, 2023).

Figure 1: The international presence of IKEA (28th July 2025)

Source: Own elaboration based on (www 2).

IKEA's choice of entry modes reflects a balance between control and flexibility. The company follows a dual-track approach, combining wholly owned subsidiaries in core and mature markets with franchise partnerships in more geographically or institutionally distant regions (www 5).

In core and mature markets, IKEA often operates through wholly owned subsidiaries, primarily under the Ingka Group – comprising Ingka Holding B.V. (based in the Netherlands) and its controlled entities (www 6). This structure allows the company to maintain tight strategic control over key areas such as omnichannel integration, customer experience, as well as sustainability and digital innovation initiatives.

Ingka Group (formerly the IKEA Group) is the largest and most significant franchisee within the IKEA system, playing a central operational role across the global network. It owns 100% of its operating subsidiaries, manages approximately 90% of all IKEA stores worldwide, and is responsible for full-scale retail operations across most European, North American, and Asian markets (www 6; www 5).

Although these retail operations are legally independent entities, they all function under franchise agreements with Inter IKEA Systems B.V. This entity functions as the global franchisor, granting licenses to independently owned franchisees that operate IKEA stores under uniform standards of design, quality, sustainability, and customer experience (www 2; www 5). Thus, while Inter IKEA Systems retains ownership of the brand and strategic governance of the franchise model, the Ingka Group ensures direct operational execution and market presence through its wholly owned subsidiaries. This dual structure combines centralized brand control with decentralized retail management, ensuring both global consistency and local responsiveness.

Figure 2: IKEA's organizational architecture

Source: Own elaboration based on (www 5).

In more distant or regulation-sensitive markets, IKEA uses international franchising, enabling local adaptation while maintaining centralized brand governance (www 2). The franchising model has been particularly effective in regions such as the Middle East, Southeast Asia, and Latin America, where local partners such as the Al-Futtaim Group (United Arab Emirates), Ikano Retail (Malaysia), and Falabella Group (South America) possess the institutional knowledge and networks required for market entry (Burt, Johansson and Thelander, 2011).

This hybrid approach – centralized strategic control combined with decentralized operational autonomy – has proven crucial to IKEA's success. By separating concept ownership (Inter IKEA Systems) from retail operations (franchisees), IKEA maintains tight control over its intellectual property and global brand identity while fostering entrepreneurial agility among local operators (Figure 2). This governance model has enabled IKEA to standardize the core elements of its brand and customer experience, such as store layout, self-service logistics, and the principle of democratic design, while leveraging local franchisees to adapt product assortments and marketing strategies to specific cultural and economic contexts (Liu, 2023).

Initially, IKEA pursued a strongly standardized global strategy, inspired by Levitt's (1983) thesis on the globalization of markets, emphasizing identical store layouts, product designs, and promotional campaigns across countries. However, research by Burt, Johansson and Thelander (2011) demonstrates that full standardization proved less effective in culturally distant contexts, such as China. IKEA's early challenges in China – stemming from misalignment between product design, pricing, and local housing conditions – prompted a shift toward a "glocalized" strategy, blending global efficiency with local responsiveness. In China, IKEA adapted its product range to include smaller furniture suited to compact apartments, diversified its textile and decorative product lines, and adjusted pricing and communication strategies to resonate with local consumers (Liu, 2023). Similarly, in India, the company adopted a value-oriented assortment, introduced in-store restaurants serving local cuisine (Tandon, 2018), and expanded small-format city stores to cater to dense urban markets (Tandon, 2025).

The characteristics of IKEA's internationalization strategy and global operating model provide a relevant and robust context for demonstrating how MCDA-based frameworks can support evidence-based international market selection through the systematic evaluation and comparison of complex external market conditions.

4 Methodology

A decision-making framework based on multi-criteria decision analysis has been proposed to assist firms in refining the strategic selection of target markets while addressing a spectrum of managerial objectives. This framework draws upon the MAMIMCA methodology (Multiple Assessment Multiple Importance Multiple Criteria Analysis), developed by Górecka (2020), which promotes a simultaneous application of diverse MCDA techniques and differentiated weighting schemes for evaluation criteria, thereby enabling a more comprehensive and resilient assessment.

In the proposed procedure, three multi-criteria decision-aiding methods are employed: the PROMETHEE II method (Brans and Vincke, 1985; Brans, Vincke and Mareschal, 1986), the Combined Compromise Solution (CoCoSo) method (Yazdani et al., 2019), and the EVAMIX method (Voogd, 1982, 1983). These techniques were selected on the basis of a comprehensive assessment of the strengths and limitations of various MCDA approaches (see Górecka, 2011, 2012), with particular attention to their methodological features.

A key criterion for their selection was the ability of all three methods to generate a complete pre-order of the alternatives – namely, the target markets – accompanied by corresponding numerical scores in the final output. This characteristic is especially valuable, as alternative output formats, such as partial preorders or graph-based representations, may be perceived as less intuitive or persuasive by potential users of the procedure. The PROMETHEE II method was chosen for its user-friendly nature, marked by conceptual clarity and computational simplicity. The CoCoSo method, which synthesizes three aggregation strategies to derive an optimal ranking by balancing weighted sum and weighted product models, was selected for its distinctive aggregation mechanism that enhances the reliability of compromise solutions. The EVAMIX method was included due to its capacity to handle heterogeneous evaluation data. Specifically, it differentiates between qualitative and quantitative criteria, producing a final assessment score for each alternative by integrating separate evaluations for each data type. The subsequent sections provide a concise overview of the aforementioned MCDA methods.

Let $A = \{a_1, a_2, \dots, a_m\}$ be a finite set of m distinct alternatives, each corresponding to a potential target market. Define $X = \{x_1, x_2, \dots, x_n\}$ as the set of n evaluation criteria, and let $W = [w_1, w_2, \dots, w_n]$ represent the associated vector of weights, satisfying the condition $\sum_{k=1}^{n} w_k = 1$. The term $x_k(a_i)$ denotes the assessment of alternative a_i with respect to criterion x_k.

PROMETHEE II

The PROMETHEE II methodology is structured through a sequence of procedural stages, as formulated by Brans and Mareschal (2005):

1. Definition of a generalized criterion $\{x_k, P_k(a_i, a_j)\}$ for each criterion k (for simplicity, it is here assumed that all criteria are maximized; x_k is the *k*th criterion and $P_k(a_i, a_j)$ represents the preference function showing the strength of preference for alternative a_i over alternative a_j according to criterion k: $P_k(a_i, a_j) = X_k[d_k(a_i, a_j)]\ \forall a_i, a_j$ where $d_k = x_k(a_i) - x_k(a_j)$ and for which $P_k(a_i, a_j) \in [0; 1]$. According to the originators of the PROMETHEE methodology, six distinct categories of generalized preference functions have been established, as presented in Table 2.

Table 2: Types of generalized criteria

Generalized criterion	Preference function	Parameters
Type 1: usual criterion	$P_k(d_k) = \begin{cases} 0, & if \quad d_k \le 0 \\ 1, & if \quad d_k > 0 \end{cases}$	none
Type 2: quasi-criterion (U-shape criterion)	$P_k(d_k) = \begin{cases} 0, & if \quad d_k \le q_k \\ 1, & if \quad d_k > q_k \end{cases}$	indifference threshold q_k
Type 3: V-shape criterion	$P_k(d_k) = \begin{cases} 0, & if \quad d_k \le 0 \\ \frac{d_k}{p_k}, & if \quad 0 < d_k \le p_k \\ 1, & if \quad d_k > p_k \end{cases}$	preference threshold p_k
Type 4: level criterion	$P_k(d_k) = \begin{cases} 0, & if \quad d_k \le q_k \\ \frac{1}{2}, & if \quad q_k < d_k \le p_k \\ 1, & if \quad d_k > p_k \end{cases}$	indifference threshold q_k preference threshold p_k
Type 5: pseudo-criterion (V-shape with the indifference criterion)	$P_k(d_k) = \begin{cases} 0, & if \quad d_k \le q_k \\ \frac{d_k - q_k}{p_k - q_k}, & if \quad q_k < d_k \le p_k \\ 1, & if \quad d_k > p_k \end{cases}$	indifference threshold q_k preference threshold p_k
Type 6: Gaussian criterion	$P_k(d_k) = \begin{cases} 0, & if \quad d_k \le 0 \\ 1 - \exp(\frac{-d_k^2}{2s^2}), & if \quad d_k > 0 \end{cases}$	s_k (defines the inflection point of the preference function)

Source: Brans, Vincke and Mareschal (1986).

In the evaluation procedure used to assess target markets, the first type of generalized criterion (the usual criterion) was applied uniformly across all criteria.

2. Calculation of the aggregated preference indices $\pi(a_i, a_j)$ for each pair of alternatives (a_i, a_j):
$$\pi(a_i, a_j) = \sum_{k=1}^{n} w_k P_k(a_i, a_j) \quad (1)$$
where $\pi(a_i, a_j)$ shows the degree to which alternative a_i is preferred to alternative a_j over all the criteria.
3. Definition of two outranking flows for each alternative a_i:
   - the positive outranking flow:
$$\varphi^+(a_i) = \frac{1}{m-1} \sum_{j=1}^{m} \pi(a_i, a_j) \quad (2)$$
   - the negative outranking flow:
$$\varphi^-(a_i) = \frac{1}{m-1} \sum_{j=1}^{m} \pi(a_j, a_i) \quad (3)$$
4. Calculation of the net outranking flow $\varphi(a_i)$ for each alternative a_i:
$$\varphi(a_i) = \varphi^+(a_i) - \varphi^-(a_i) \quad (4)$$
5. Construction of the final complete ranking of the alternatives according to the net flows $\varphi(a_i)$ in descending order.

CoCoSo

According to the formulation presented by Yazdani et al. (2019), the CoCoSo method operates as follows:

1. Construction of the normalized decision matrix:
$$\boldsymbol{Y} = [y_{ik}] \quad (5)$$
where:
$$y_{ik} = \begin{cases} \dfrac{x_k(a_i) - \min\limits_i x_k(a_i)}{\max\limits_i x_k(a_i) - \min\limits_i x_k(a_i)}, \text{ for maximized criteria} \\ \dfrac{\max\limits_i x_k(a_i) - x_k(a_i)}{\max\limits_i x_k(a_i) - \min\limits_i x_k(a_i)}, \text{ for minimized criteria} \end{cases} \quad (6)$$
for $i = 1, \ldots, m$ and $k = 1, \ldots, n$.
2. Calculation of the weighted sum method (WSM) scores S_i and the weighted product method (WPM) scores P_i for each alternative a_i:
$$S_i = \sum_{k=1}^{n} w_k y_{ik} \quad (7)$$
$$P_i = \sum_{k=1}^{n} y_{ik}^{w_k} \quad (8)$$
where w_k is the weight of criterion k.
3. Calculation of the relative weights for each alternative a_i using three aggregation strategies:
$$k_{i(I)} = \frac{S_i + P_i}{\sum_{i=1}^{m} (S_i + P_i)} \quad (9)$$

$$k_{i(II)} = \frac{S_i}{\min\limits_i S_i} + \frac{P_i}{\min\limits_i P_i} \tag{10}$$

$$k_{i(III)} = \frac{\lambda(S_i)+(1-\lambda)P_i}{\lambda \max\limits_i S_i+(1-\lambda)\max\limits_i P_i}, 0 \le \lambda \le 1 \tag{11}$$

where λ denotes a balancing parameter determined by expert judgment, and is typically – also within the evaluation procedure proposed for assessing target markets – assigned a value of 0.5.

4. Calculation of the comprehensive relative value k_i for each alternative a_i:

$$k_i = \left(k_{i(I)}k_{i(II)}k_{i(III)}\right)^{\frac{1}{3}} + \frac{1}{3}\left(k_{i(I)} + k_{i(II)}+k_{i(III)}\right) \tag{12}$$

5. Construction of the final ranking of the alternatives according to the descending order of k_i.

EVAMIX

The EVAMIX method proceeds according to the following steps (Martel and Matarazzo, 2005):

1. Determination of the qualitative dominance measures for the ordinal criteria:

$$\alpha_{ij} = \left[\sum_{k\in O}\left\{w_k\varphi_k(a_i,a_j)\right\}^c\right]^{\frac{1}{c}}, \quad c = 1,3,5..., \tag{13}$$

where:

c – an arbitrary scaling parameter, for which any positive odd value may be chosen; the higher the value of the parameter, the weaker the influence of the deviations between the evaluations for the less important criteria,

O – a set of qualitative (ordinal) criteria (it is assumed that all the criteria are maximized).

$$\varphi_k(a_i,a_j) = \begin{cases} 1 \;\; if \;\; x_k(a_i) - x_k(a_j) > 0 \\ -1 \;\; if \;\; x_k(a_j) - x_k(a_i) > 0 \\ 0 \;\; otherwise \end{cases} \tag{14}$$

2. Calculation of the quantitative dominance measures for the cardinal criteria:

$$\gamma_{ij} = \left\{\left[\sum_{k\in Q}\left\{w_k\left(v_k(a_i)-v_k(a_j)\right)\right\}^c\right]^{\frac{1}{c}}, \quad c = 1,3,5..., \right. \tag{15}$$

where:

Q – a set of quantitative (cardinal) criteria (it is assumed that all the criteria are maximized),

$v_k(a_i)$ – standardised performance of alternative a_i on criterion x_k (expressed on a scale from 0 to 1).

3. Standardization of the dominance measures:

$$\delta_{ij} = \alpha_{ij}\left(\sum_{i=1}^{m}\sum_{j=1}^{m}\left|\alpha_{ij}\right|\right)^{-1} \tag{16}$$

$$\sigma_{ij} = \gamma_{ij}\left(\sum_{i=1}^{m}\sum_{j=1}^{m}\left|\gamma_{ij}\right|\right)^{-1} \tag{17}$$

4. Calculation of the overall dominance measure q_{ij} for each pair of alternatives:

$$q_{ij} = w_O\delta_{ij} + w_Q\sigma_{ij} \tag{18}$$

where:
w_O – the sum of weights of qualitative criteria,
w_Q – the sum of weights of quantitative criteria.

5. Determination of the final appraisal score u_i for each alternative:

$$u_i = \frac{1}{m}\sum_{j=1}^{m} q_{ij} \tag{19}$$

6. Ranking of the alternatives according to the descending order of the final appraisal scores.

5 Data

To illustrate the practical relevance of the proposed framework, it was applied in a simulated decision-making scenario designed to identify the optimal target market for IKEA. The simulation is based on the assumption that the company's primary motivation for international expansion is the pursuit of new market opportunities.

The analysis considered eight countries as prospective target markets: Algeria, Bangladesh, Brazil, Ethiopia, Kazakhstan, Nigeria, Pakistan, and Vietnam. They were selected because IKEA is not currently present in their markets, yet they represent regions the company is considering or could reasonably consider for future international expansion. Additionally, this set of countries ensures geographic diversity, encompassing markets in Africa, Asia, and South America, which broadens the scope of analysis and captures varied regional dynamics.

A total of nine general evaluation criteria were applied, namely market size, market potential, market absorption capacity, market openness, availability of production factors, risk level, cultural distance from Sweden, infrastructure quality, and investment climate. These criteria were operationalized through 18 specific sub-criteria (indicators). The selection of indicators was primarily driven by data availability, ensuring that the most relevant and representative parameters were chosen to accurately reflect the defined set of criteria.

Two distinct weighting schemes were employed in the decision-making process. The first, referred to hereafter as the equal weights scenario, assigned identical importance to each general criterion, resulting in uniform weights across all categories. The second scheme, also referred to as the non-equal weights scenario, assumed that market size, market potential, market absorption, market openness, and investment climate were of high importance; infrastructure was considered moderately important, while the remaining criteria were deemed to have low relevance.

The dataset compiled for the eight candidate markets, incorporating the most recent available data for each country as presented in Prokopiak's bachelor's thesis (2025), together with the corresponding weights assigned to the 18 indicators, is presented in the tables below. This dataset forms the basis for the application of the PROMETHEE II, CoCoSo, and EVAMIX methods in the subsequent analysis. Each of the 18 sub-criteria is represented as a separate column in the tables, ensuring a transparent correspondence between the indicators and the decision-making framework.

Table 3: Performance matrix – part 1

Country	Market size			Market potential		
	Number of inhabitants	Share of urban population	Number of cities over 100,000 inhabitants	Urban population growth	Annual GDP growth	Average annual GDP growth over 10 years
Algeria	47 420 386	74.4%	40	2.2%	4.1%	2.2%
Bangladesh	175 635 895	42.6%	33	3.1%	5.78%	6.23%
Brazil	212 792 952	91.4%	213	0.7%	2.91%	0.83%
Ethiopia	135 389 602	22.5%	9	4.8%	6.5%	7.63%
Kazakhstan	20 837 721	55.1%	22	1.8%	5.1%	3.1%
Nigeria	237 410 897	54.9%	80	3.5%	2.86%	2.1%
Pakistan	255 124 567	34.4%	59	2.4%	-0.04%	3.51%
Vietnam	101 583 908	41.4%	33	2.5%	5.05%	6.18%
Max/ min	max	max	max	max	max	max
Min value	20 837 721	22.5%	9	0.7%	-0.04%	0.83%
Max value	255 124 567	91.4%	213	4.8%	6.50%	7.63%
Equal weights scenario	0.037	0.037	0.037	0.037	0.037	0.037
Non-equal weights scenario	0.05	0.05	0.05	0.05	0.05	0.05

Source: Prokopiak (2025).

Table 4: Performance matrix – part 2

Country	Market absorption capacity	Market openness	Availability of production factors		Risk level	
	GDP per capita ($)	Trade in goods (% GDP)	Economically active population	Forest area (km²)	Country risk rating	Business risk rating
Algeria	16 824.5	44%	41%	19 681	6	6
Bangladesh	9 147.0	31%	62%	18 834	7	6
Brazil	21 107.3	34%	63%	4 941 960	5	4
Ethiopia	3 058.0	21%	68%	169 225	6	7
Kazakhstan	38 515.0	62%	71%	35 132	5	5
Nigeria	6 207.0	22.58%	83%	213 004	6	7
Pakistan	6 036.0	29%	53%	36 432	7	6
Vietnam	14 974.0	166%	74%	147 949	5	5
Max/ min	min	max	max	max	min	min
Min value	3 058	21%	41%	18 834	5	4
Max value	38 515	166%	83%	4 941 960	7	7
Equal weights scenario	0.1111	0.1111	0.0556	0.0556	0.0556	0.0556
Non-equal weights scenario	0.15	0.15	0.025	0.025	0.025	0.025

Source: Prokopiak (2025).

Table 5: Performance matrix – part 3

Country	Cultural distance from Sweden (6 dimensions)	Infrastructure quality			Investment climate	
	Euclidean distance from Sweden	Infrastructure index	Logistics performance index	Information and communication technology index	Economic Freedom Index	Global innovation index – Institutions
Algeria	105.79	0.128	2.50	80.9	47.5	34.8
Bangladesh	127.07	0.489	2.60	62	54.7	30.4
Brazil	95.54	0.121	3.20	82	55.1	31.8
Ethiopia	118.7	0.163	2.38	39.8	48.1	25.6
Kazakhstan	132.17	0.118	2.70	90.1	63.8	44.2
Nigeria	125.07	0.213	2.60	46.9	53.4	21.1
Pakistan	134.83	0.199	2.42	55.6	49.1	25.3
Vietnam	88.71	0.536	3.30	85	65.2	50.5
Max/ min	min	min	max	max	max	max
Min value	89	0.118	2.38	39.8	47.5	21.1
Max value	135	0.536	3.30	90.1	65.2	50.5
Equal weights scenario	0.1112	0.037	0.037	0.037	0.0556	0.0556
Non-equal weights scenario	0.051	0.033	0.033	0.033	0.075	0.075

Source: Prokopiak (2025).

6 Results

The results derived from the application of the MAMIMCA approach, integrating the EVAMIX, CoCoSo, and PROMETHEE II methods, are presented in Tables 6 and 7 and illustrated in Figures 3 and 4.

Table 6: MAMIMCA approach – results obtained using EVAMIX, CoCoSo, and PROMETHEE II

Country	EVAMIX (equal weights)	EVAMIX (non-equal weights)	CoCoSo (equal weights)	CoCoSo (non-equal weights)	PROMETHEE II (equal weights)	PROMETHEE II (non-equal eights)
Algeria	–0.0073	–0.0101	1.8923	1.8083	–0.1217	–0.1091
Bangladesh	–0.0077	–0.0037	1.8708	1.8576	–0.1563	–0.0323
Brazil	0.0175	0.0096	2.3124	2.0496	0.2594	0.1191
Ethiopia	–0.0051	–0.0038	1.5935	1.5507	–0.1085	–0.1076
Kazakhstan	–0.0057	–0.0079	1.9714	1.8682	0.0662	0.0544
Nigeria	–0.0054	–0.0055	1.9019	1.8383	–0.0820	–0.1129
Pakistan	–0.0174	–0.0160	1.6417	1.6393	–0.3044	–0.1970
Vietnam	0.0313	0.0374	2.5477	2.3886	0.4473	0.3853

Source: Own elaboration.

Table 7: MAMIMCA approach – rankings obtained using EVAMIX, CoCoSo, and PROMETHEE II

Country	EVAMIX (equal weights)	EVAMIX (non-equal weights)	CoCoSo (equal weights)	CoCoSo (non-equal weights)	PROMETHEE II (equal weights)	PROMETHEE II (non-equal eights)
Algeria	6	7	5	6	6	6
Bangladesh	7	3	6	4	7	4
Brazil	2	2	2	2	2	2
Ethiopia	3	4	8	8	5	5
Kazakhstan	5	6	3	3	3	3
Nigeria	4	5	4	5	4	7
Pakistan	8	8	7	7	8	8
Vietnam	1	1	1	1	1	1

Source: Own elaboration.

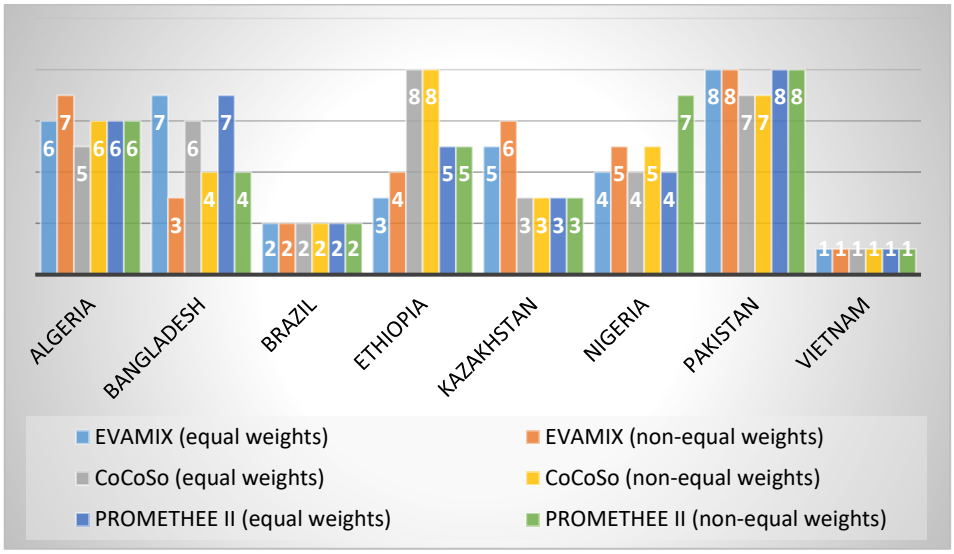

Figure 3: Selection of target market using the MAMIMCA framework – results from EVAMIX, CoCoSo, and PROMETHEE II methods (ranking positions by alternative markets)

Source: Own elaboration.

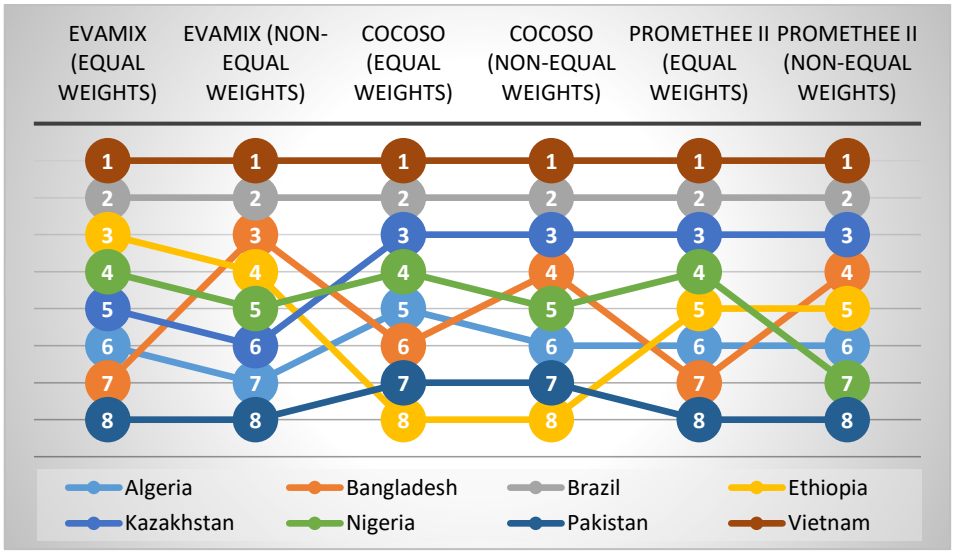

Figure 4: Selection of target market using the MAMIMCA framework – results from EVAMIX, CoCoSo, and PROMETHEE II methods (ranking positions by methods)

Source: Own elaboration.

The results of the analysis demonstrate that the final rankings of target market alternatives are sensitive to both the choice of multi-criteria decision-aiding method and the weighting scheme applied to the evaluation indicators. In an effort to identify a compromise solution across the three employed MCDA methods – EVAMIX, CoCoSo, and PROMETHEE II – under two distinct weighting scenarios (equal and non-equal weights), the findings indicate that the most advantageous decision for IKEA would be to enter the Vietnamese market. This alternative consistently ranked first across all methods and weighting schemes.

The second most favorable option is Brazil, which secured the second position in all rankings. Kazakhstan emerged as the third most promising alternative, ranking third in the results generated by CoCoSo and PROMETHEE II, and fifth and sixth in the EVAMIX-based rankings. Notably, Kazakhstan was the only country besides Vietnam and Brazil to achieve positive net outranking flows in the PROMETHEE II method, indicating that it outranks other alternatives more than it is outranked by them.

Nigeria and Bangladesh occupied the fourth and fifth positions, respectively, while Ethiopia ranked sixth due to considerable variability in its ranking positions. It performs notably poorly under the CoCoSo method (ranking eighth in both scenarios), yet achieves markedly better results when evaluated using outranking methods (ranking third and fourth under EVAMIX and fifth in both scenarios under PROMETHEE II). This variability reflects Ethiopia's distinctive duality, as it alternates between being one of the weakest and one of the strongest performers across different indicators. Specifically, it scores lowest on six indicators – share of urban population, number of cities over 100,000 inhabitants, trade in goods, business risk rating, logistics performance index, and ICT index – and very poorly on the Economic Freedom Index (ahead only of Algeria), while leading all countries in urban population growth, annual GDP growth, average GDP growth over ten years, and GDP per capita. Such pronounced contrasts underscore the need for nuanced evaluation and careful consideration in market entry decisions.

The analysis also revealed a high level of consistency in identifying the least preferred alternatives. Pakistan was ranked lowest by both the EVAMIX and PROMETHEE II methods under both weighting scenarios, and second-to-last in the CoCoSo rankings. Algeria was identified as the second least favorable option, occupying seventh and sixth positions (twice) under the non-equal weights scenario, and fifth and sixth positions (twice) under the equal weights scenario.

7 Conclusions

This study presents a structured decision-support framework for selecting foreign markets in the context of international expansion. By integrating three distinct multi-criteria decision-aiding (MCDA) methods – EVAMIX, PROMETHEE II, and Co-CoSo – within the MAMIMCA (Multiple Assessment Multiple Importance Multiple Criteria Analysis) approach, the framework facilitates a comprehensive evaluation of strategic alternatives, which are assessed using a set of economic, institutional, and industry-specific indicators. This approach provides a broad comparative perspective. The convergence of results across different methods and weighting schemes enhances the reliability of the decision-making process. When individual alternatives consistently perform well under varying methodological conditions and weighting scenarios, greater confidence in the recommended decision is achieved. Moreover, the framework also enables the detection of discrepancies in rankings across different methods and weighting schemes, thereby identifying markets that warrant closer examination.

The empirical application, conducted through a case study involving IKEA, demonstrates the practical relevance of the proposed framework. The findings confirm that MCDA techniques support transparent, rational, and defensible decision-making in complex internationalization contexts. By combining methodological rigor with practical applicability, this research offers a meaningful contribution to the development of a data-driven approach for international market entry.

Although the study is limited by its reliance on a single case and a simulated decision environment, it provides valuable insights for firms seeking to navigate the selection of foreign markets. Consequently, future research can extend the framework by incorporating explicit preselection (screening) criteria that allow for the initial elimination of non-viable markets prior to detailed MCDA-based evaluation. Furthermore, subsequent studies could expand the set of evaluation variables, for example, by including more sector- and firm-specific factors. Expanding the number and diversity of variables would enable a more nuanced assessment of international market attractiveness. Ultimately, future research can explore the integration of alternative MCDA techniques into the MAMIMCA framework, thereby further enhancing its robustness, flexibility, and applicability across various sectors and organizational contexts.

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