



# DEFINE AND PRIORITIZE

## EXPORTERS AND DISTRIBUTORS MUST COORDINATE THEIR EFFORTS

The article on Exporting in the last issue suggested that prior to going to a trade show or on a trade mission, that one have some idea as to the extent of the commitment and control one wanted to have in doing business in a foreign market. The issue presented in that article focused on asking the question, “Do you just want to make an export sale or do you want to develop a foreign market?” A decision made as to these options, does suggest that very different strategies would need to be developed. Yes, one can slowly move through the process by initially making an export sale and then moving toward the objective of developing a market. This would take place as one would be learning about the nuances of doing business overseas.

It is unfortunate, but I have seen many companies, including a number of multinational corporations, which do little or nothing beyond just creating an export sale. They do little or nothing to support those people working on the ground in the foreign market. Thus, they are never able to maximize their sales in that country.

Yes, the nature of your product or service, the nature of a country’s market potential and its distribution structure, the number and type of competitors in a country, the dollar value of an individual purchase, etc., should play some role in eventually determining your strategic options. However, many exporters have no idea as to these factors in the foreign market to which they are selling.

Thus, the objective of this article is for those organizations or individuals who want to go beyond just creating an export sale. This requires that exporters/suppliers have a very close working relationship between themselves and those who are representing the supplier in that foreign market. Each of the parties should be involved in the planning process.

Problems, including missed sales opportunities, often occur when the supplier either hopes or assumes that the distributor will take control of a supplier's every need or activity in a foreign market. This can be a dangerous assumption.

The initial step is for the supplier and the distributor to work together to develop an effective strategy for a particular country and for the specific market segments that exist in that country. This becomes the first decision that needs to be made in the selected country, that being, to define and then prioritize those market segments that offer potential to the supplier.

Never assume that your representative in a targeted country already has this information at their fingertips. On the other hand, if they do have the information, do not assume that they will know how to use this information in the most effective manner.

Being able to define and then prioritize your market segments will then allow both your distributor and yourself to focus your objectives and how you allocate your resources in a very directed manner.

With the proper type of analysis conducted, you may be able to identify multiple market segments in any one country while also discovering that there may be different product applications between countries.

In evaluating any foreign market, first start by identifying the similar customer needs, wants, and benefits within a given country. Classify the

potential customers on the basis of those key benefits they are seeking. Then develop a profile of those individuals and/or companies that are seeking those similar benefits.

With this in place, it is then possible to get information about who makes and who influences the buying decisions, their attitudes toward existing suppliers, their product and service preferences and/or their future expansion plans.

One needs to also determine the extent to which your competitors are targeting your various market segments and how they have positioned themselves in those sectors. Are you up against organizations that have certain competitive advantages or weaknesses?

Your knowledge about the various market segments can then be defined in terms of the composition, size and growth rates of each segment as well as the sales and profit potential of each. Thus, the steps in segmenting your various target markets in any one country include:

1. Within a given country or region, identify and define each market segment.
2. Determine the size of each segment by numbers and/or dollar volume.
3. Rank the segments by priority and present justification for the ranking.

Once your various segments have been ranked, then concentrate on your priority market segments. Again, this decision should be a result of your planning process with your distributor or direct sales people in the foreign market.

Once your segments have been prioritized, then concentrate on just those priorities. Do not get led astray by having someone suggest that you should also look at other minor segments at this point.

Having selected your key market segments, what type of commitment are you willing to make? What will you be trying to achieve within the priority segment over the first 2-3 years? Create some type of objective for your company for that period.

Base that objective on your analysis of the segments in question as well as what resources your company has at its disposal. How to achieve these objectives will be the topics of future articles.

### PLAN TOGETHER

In summary, whether or not you end up selecting a distributor, dealer, agent or decide to employ your own direct sales person in a foreign market, it is critical that your organization, along with those folks on the ground in the foreign country, work together in the planning process. The first decision to be made becomes the defining and prioritizing of your key market segments within each country. All other decisions and activities you will make will be directly linked into those key market segments.

Question: If you are thinking about entering a foreign market for the first time or expanding your sales efforts to an additional foreign market, who do you think would be your priority market segment in that country? Try to define that segment in as much detail as possible.

Should you decide to actually enter that market, it would be interesting to see if your assumed profile of that market segment would actually be represented in that country as you have defined it. **mt**

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