



2014: FROM WHICH MARKETS WILL SALES INCREASES COME?

The exporting column in the last issue focused on getting manufacturers or service suppliers to move closer to their overseas representatives by holding joint planning and strategy sessions with these representatives. Too often it is left up to the overseas representatives to work totally on their own with only a little support from the manufacturer or service supplier. We also covered the need to better define and prioritize your key market segments within a given foreign, or even, domestic market.

The focus of this issue is for you to think about what you plan to achieve in terms of sales increases in 2014 and from where these increases will come. Let's start this discussion with a few short questions:

1. Have you ever exported any of your products or services to at least one foreign market? If not, have you ever thought about doing this?
2. Do you export to only one or two foreign markets? Have you thought about expanding to any new foreign markets?
3. If you do export to multiple foreign markets, e.g., more than two, in which of these markets will you be able to improve your position next year?

Although the economy does seem

to be moving forward in certain areas, albeit at a fairly moderate pace, it is time to think about your plans for 2014 and beyond. It is likely that some of you, for whatever reason, may not be interested in expanding your business for next year. Thus, your objective may be to maintain your existing customer base and to defend your position in your existing markets.

On the other hand, many of you are interested in expanding your sales for next year and beyond. If so, from which markets will these increases come? Some options are as follows:

- A. You may be able to increase sales of you existing products/services to your existing markets, be they domestic or foreign.
- B. You may be able to expand sales of your existing products/services to a new foreign market (s).
- C. You may be able to introduce new products/services to the market.

How would you prioritize these options? Or, are they all equally important to your operation?

OPTION A. INCREASING SALES TO EXISTING MARKETS

This requires that you are aware of those specific opportunities that are available in your existing markets. Increasing market penetration in any market may require the addition of new market segments. It may also require expanding distribution, making pricing adjustments, increasing your promotional efforts, and adding sales team members.

Additional sales may then come from new customers who are first time users of your product category, from customers moving to your brand from a competitive brand or by winning back customers who had been lost in previous years.

Thus, if you are already doing business in various markets, especially in foreign markets, you do need to have

a total understanding of the changing market, competitive and customer dynamics occurring in those markets. With that type of information and insight, you will be able to tap into new sales opportunities as well as to prevent problems from occurring. Strategic adjustments can then follow.

The issue is then one of determining those strategic initiatives that now need to be undertaken. Again, only base these on those dynamics that are taking place in your markets.

OPTION B. INCREASING SALES BY EXPANDING TO NEW MARKETS

Selective market expansion, given the pace at which developing markets are growing, may offer certain opportunities for your company. It may be time for you to make a commitment to exploring the opportunity for sales of your existing products/services within selected new countries.

Rather than just jumping into a foreign market, consider taking a step-wise market and competitive analysis before allocating serious resources to that endeavor. This should include an analysis of the legal issues as well as policies that affect importing into that market. In addition, understand how competitors have positioned themselves in that market, the buying processes of that market, its distribution structure, pricing issues, promotional options and how your product will be applied and used by various types of potential customers.

Determining who are your primary and secondary target markets within a given country is critical.

If you already have the information identified above, then determine what strategic initiatives will need to be undertaken to launch your product/service into that market.

At this point, which foreign market (s) are you considering expanding to, and why?

OPTION C. INTRODUCING A NEW PRODUCT TO THE MARKET

Launching a new product to any market should be undertaken using the same step-wise analytical process previously explained. Make no assumptions, especially if you are targeting a foreign market and even if you have been doing business in that market in the past. Will that product be something that is totally new or just an improvement on yours or a competitor's product? Or, are you targeting a new market segment? Again, distribution issues, pricing considerations, promotional options, sales force capabilities, need to be considered. In certain cases, a new distributor may need to be considered.

Keep in mind that the success rate for new products is quite low.

Each of the three options for increasing sales in 2014 and beyond can have great impact on your company. Increasing sales within your existing markets, be it domestic or foreign, as well as finding new foreign markets in which you can expand your business offer you these opportunities.

For some companies, you may need to think about exporting for the first time. For others, you can think about expanding sales to those existing foreign markets as well as finding new markets. Launching new products is still another option.

Again, the objective of this article has been to stimulate a bit of your thinking as to where you might achieve additional sales for 2014 and beyond. The potential for sales increases out in the various corners of the world is there, if it is done right. **mt**

Dr. Charles Steilen has spent 45 years as an international marketing professor, consultant and trainer. Thirty of those years were spent as a member of the marketing faculty at The Chinese University of Hong Kong. During those years in Asia, he was able to serve as consultant to the Hong Kong government's Trade Development organization, as well as to introduce the concept of international marketing to numerous individuals and organizations within Asia. Dr. Steilen is now helping U.S.-based companies understand the nuances of international marketing. For more information, contact him at cfsteilen@gmail.com.