

STRATEGIC SALES MANAGEMENT

Selling in International Markets

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Learning Objectives:

After going through this module, you should be able to:

- Define and elaborate the concept of international selling
- Understand the global sales dynamics and managing the sales force
- To understand the do's and don'ts before venturing into international market.
- Evaluate the role of culture while selling in international markets
- To understand the various challenges faced by a firm while selling internationally.

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International Selling

32% of online shoppers bought more from retailers
located in other countries

&

51% plan to do it more often in the future

-A Survey by International Post Consortium, 2021

International Selling

International customers **pay 16% more** than local buyers for the same items

-eBay research

In 2019, cross-border eCommerce sales reached **\$3.53 trillion**, and e-revenues are predicted to gain \$6.54 trillion in 2022

-Statista (2019)

International Selling

What is International Selling?

- International selling comprise of the methods, strategies, and practices adopted by various companies to sell their products in international markets.
- An international market is a market outside the territorial boundaries of a company's domestic market.
- International markets are **highly competitive**, and therefore require companies to devise thoughtful strategies to harness the opportunities the system of International trade offers.

International Selling

Why to go for Selling Internationally?

- To become less vulnerable to the effects of economic recession, particularly in the home market, and to counter market fluctuations. Servicing a range of international markets provide a safeguard to the firm, as a fall in sales in one country may be off-set by increase in another.
- Loss of domestic market share due to increased competition.
- To take advantage of faster rates of growth in demand in other markets.
- To achieve the benefits of long production runs and to gain economies of scale.
- The firm has special expertise or knowledge of producing a product that is not available in a foreign market.

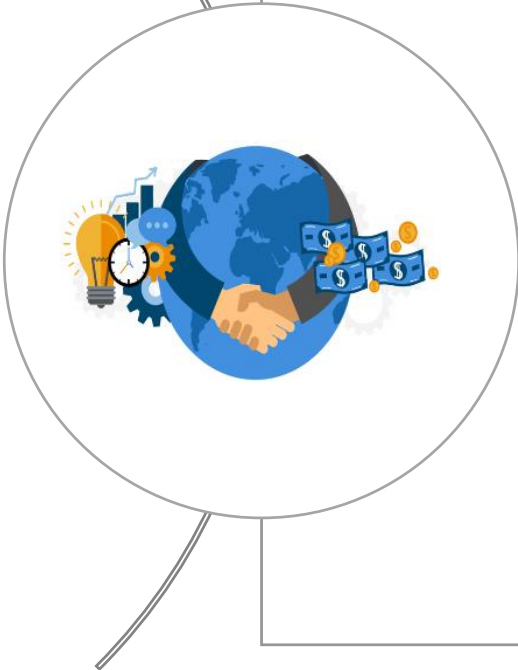
International Selling

Why to go for Selling Internationally?

- Loss of domestic market share due to product obsolescence. Many firms are able to rejuvenate sales for established product lines that are moving from maturity into decline in the home market by selling them to new markets abroad.
- To dispose of surplus or to take up excess capacity in production.
- Simply the existence of potential demand backed by purchasing power, which is probably the strongest incentive of all. A firm can sell its product to a country which does not have the resources to produce it or where the cost of production is more than what it costs the firm, or where the firm's product has some meaningful differentiation.

International Selling

Why to go for Selling Internationally?



International selling results in;

- Increased revenue
- Decreased competition
- Longer product lifespan
- Easy cash flow management
- Better risk management
- Benefits of currency exchange
- Disposal of surplus goods
- Enhanced reputation

International Selling

Role of Globalization

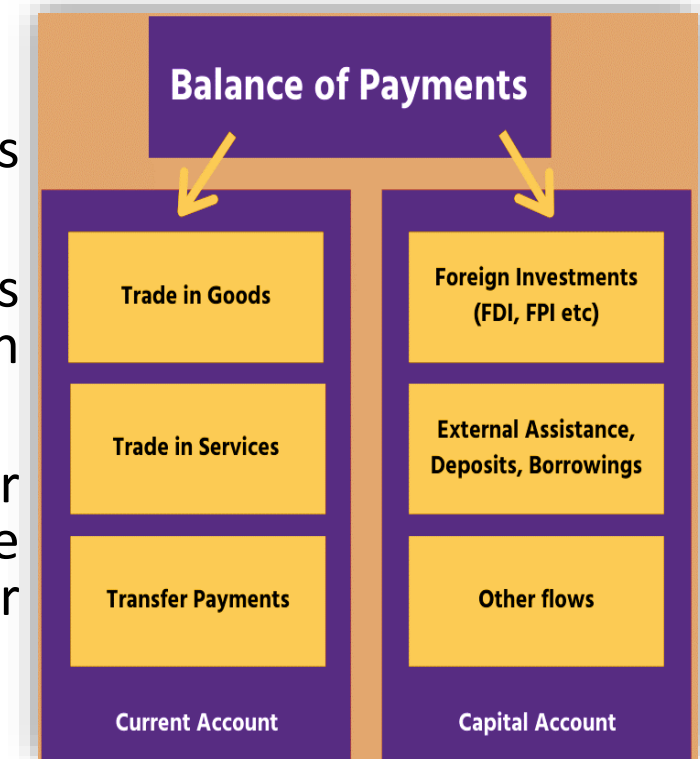
- Many countries are not **self-supporting**. Much of the raw materials and food must be purchased in world markets and imported. In turn, to pay for these commodities, countries must export.
- The **ledger for these transactions** is represented by the balance of trade accounts, which show the **difference between overseas earnings and overseas expenditure**.
- The difference between export earnings and import expenditure (including 'invisibles', dealt with later) is termed the **balance of payments**.

International Selling

Role of Globalization

- **Balance of payments**

- The balance of payments summarizes the economic transactions of an economy with the rest of the world.
- These transactions include exports and imports of goods, services and financial assets, along with transfer payments (like foreign aid).
- The balance of payments is an important economic indicator for 'open' economies like India that engage in international trade because it summarizes how resources flow between India and our trading partners.



International Selling

Role of Globalization

- Balance of payments

The Difference Between

BALANCE OF PAYMENTS DEFICIT	BALANCE OF PAYMENTS SURPLUS
	
• The country imports more goods, services & capital than it exports. • It must borrow from other countries to pay for its imports. • In the short-term, this fuels economic growth. • In the long-term, it will have to go into debt to pay for consumption.	• The country exports more than it imports. • Country provides enough capital to pay for all domestic production. • A surplus boosts economic growth in the short term. • In the long run, it becomes too dependent on export-driven growth.

International Selling

Role of Globalization

• Balance of payments

- Payments for physical goods are not the only items involved in international trade.
- Debts also arise between countries from services performed by one country for another. Because one cannot actually see such services, they are referred to as 'invisible exports' or 'invisible imports'.
- For example, India supplies IT services for other countries, and premiums payments due from those countries are received in India. Payment for shipping services, income from tourism, banking services and interest payments from international loans are other examples of invisibles.

International Selling

L'ORÉAL
PARIS

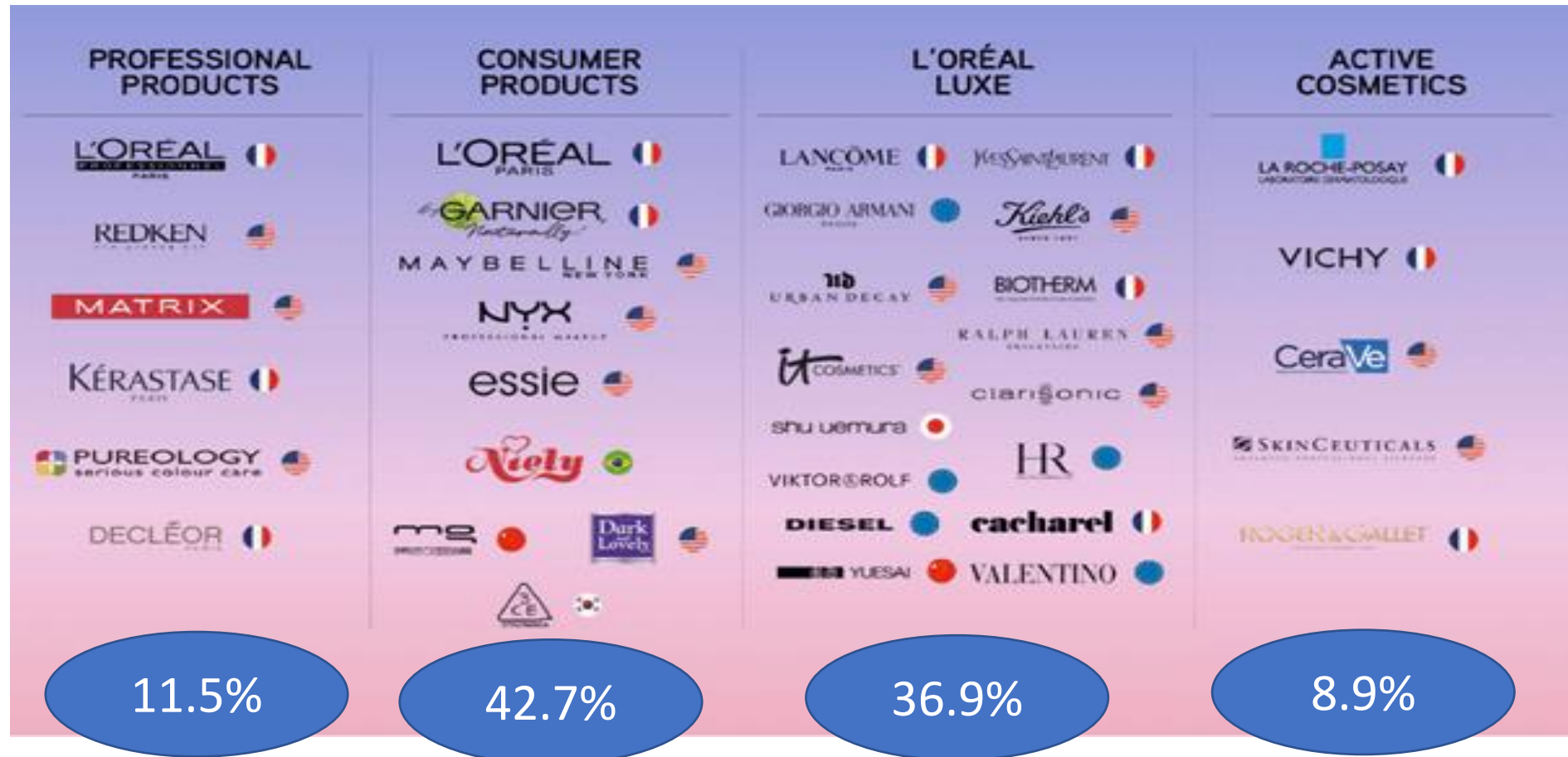
International Selling



- **L'oreal** - World's biggest cosmetics and beauty products company.
- A French based company and its headquarterd in Paris.
- Production and marketing of concentrating on hair colours, skin care, perfumes and fragrances, make up and styling products.
- L'oreal products also based on dermatological and pharmaceutical fields.
- Products - made for Individual and professional customers.
- This company operates over 130 countries like Asia, America, East and West Europe through 25 international brands.

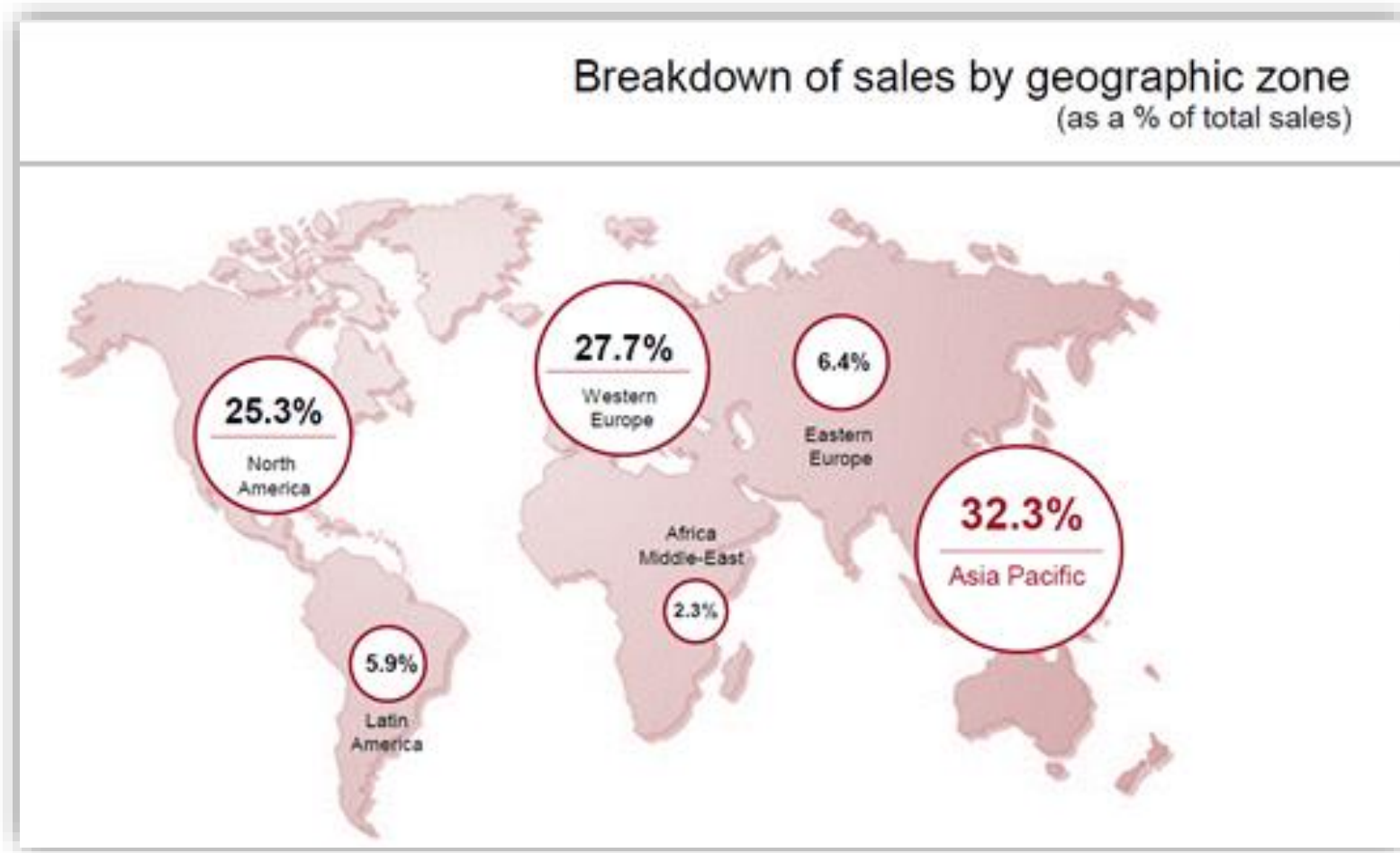
International Selling

L'ORÉAL
PARIS



International Selling

L'ORÉAL
PARIS



Source: L'Oréal Financial Information Meeting 2020)

International Selling



- The success of L'Oreal lies in the fact that the company succeeded in reaching out to the customers of different countries of the world, across different income ranges and cultural patterns, giving them the appropriate product they are worthy of.
- L'Oreal sold its product on the basis of customer demand and country want rather than keeping the product identical across the globe.
- It built ample number of brands or mammoth brands entrenched to the restricted culture and which appealed to a variety of segment of the universal market.
- L'Oreal went on to being a local product in every international market. The brand extension of L'Oreal also came in the same sector or the same segment of market.

International Selling



L'Oreal in Asia

- L'Oreal is very famous in Asia and their products in Asia are very **cheaper** than the other companies and are used by majority of people in china, Thailand, Japan etc.
- The main problem L'Oreal faces in Asia –**competition given by local companies**
- One of the best strategies of L'Oreal in Asia is of **diversification** of the brands to make them **palatable in the local cultures**.
- L'Oreal introduced **global brands with the local variations**
 - For example L'Oreal in **Thailand** has given local names to their stores and most of the employees present in this company, are local people of Thailand.

International Selling



L'Oreal in European Market

- L'Oreal used the strategy of **nurturing self-esteem** of the people with beauty. In France, L'Oreal created the programs like “Beauty from the heart” for helping the people made helpless by illness or any kind of negative life experiences.
- Various **innovative treatment programs** are launched by L'Oreal for the young people of European countries and this company also launches the **free skincare and make-up workshops for the women** suffering from **cancer**.
 - For example in France a programme named as “La Vie, de Plus Belle” offers the free skincare and makeup for the cancer suffering women in all over the France.

International Selling



L'Oreal in North American Market

- One of the successful strategies of L'Oreal in US market is brand extensions which includes the extensions of the brands after doing a **complete research**.
 - For example when L'Oreal launched a shampoo for kids they firstly made a complete research and also debated about the new launch or for an extension. In US and Canada L'Oreal uses the strategy of frequent advertisements and promotions.
- The people of countries like Canada like to use **new products** that mean they like changes in their product after some interval of time.
- L'Oreal uses the strategies of **modifications** where they modify their existing products according to the latest tastes and fashion of the local people.

International Selling



L'Oreal in Africa, Orient and Pacific Region

- L'Oreal entered into the market of India in the year 1997 and at that there was not much awareness about the sniff of structure in the industry of hairdressing.
- In the countries like UAE and Australia, organized education was totally absent and perfect and well trained hairdressers were also not present at that time.
- L'Oreal launched various technical training centers and they even opened a club of only the hairdressers.
- Introduced matrix which is the number one brand of L'Oreal in US to India, UAE etc with a reason of adding range of hair products to their existing products at affordable prices.