

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

Do's and Don'ts of International Selling

80% of businesses fail

When it comes to international expansion

Do's and Don'ts of International Selling

Do's

Do's and Don'ts of International Selling

✓ Do's

Proper Research-

- Firms seeking prospects of selling in an international market must do a prior research about the particular nation to understand the **cultural, linguistic, societal trends** and also must develop strategies according to the **infrastructure, market size, governmental policies and regulations** in place.
- For Example, Suzuki did a proper research before and while exploring the Indian markets.

Do's and Don'ts of International Selling

✓ Do's

Proper Research-

- Never underestimate the importance of undertaking market research in your target market. Detailed market research includes both **primary** and **secondary** research.
 - Primary research is commissioned by you, with the purpose of collecting data for a specific objective.
 - Secondary research entails examining and analysing existing data gathered by other sources.

Do's and Don'ts of International Selling

✓ Do's

Proper Research-

- Research allows you to make **informed decisions**. It enables you to gain a **deep understanding of your target market** and how your potential customers are likely to receive your product or service.
- Use the data gained to **segment** your customers, **differentiate** your product or service (develop your product and value proposition) and help you to develop marketing messages which will resonate with your audience.

Do's and Don'ts of International Selling

✓ Do's

Product Customization-

- The product/service that the firm intends to sell must be packaged and advertised accordingly to **appeal** to the potential customer base.
- For example, **Netflix** and **Amazon** collaborating with Indian filmmakers to produce content to suit Indian masses.

Do's and Don'ts of International Selling

✓ Do's

Product Customization-

- Exporting success also requires the **ability to customize products** to meet both the **technical requirements** and the **cultural "norms"** of the local market.
 - Example: a fire engine is exported to Nigeria that was designed to help provide emergency services for a city of more than three million residents. But selling and delivering the truck was only half the battle. The pumper was designed to run on 1,000 gallons per minute, but the local infrastructure could only accommodate about 50 gallons per minute.

Do's and Don'ts of International Selling

✓ Do's

Create sustainable Partnerships-

- While selling globally, the firm must make reliable partners in a country/region to better navigate the local business climate and maximize profits.
- For example, [McDonalds](#) and [Subway](#) make local franchise partners while operating globally.

Do's and Don'ts of International Selling

✓ Do's

Develop a trusted, in-country team-

- When you visit your target market, start to **develop relationships** with a trusted team of professionals that will assist with overseas operations.
- You'll benefit from a business development partner and a sales representative with a comprehensive client list.
- It's also beneficial to seek **advice from a legal consultant** who is familiar with the employer regulations in your target country.

Do's and Don'ts of International Selling

✓ Do's

Focus on Sales-

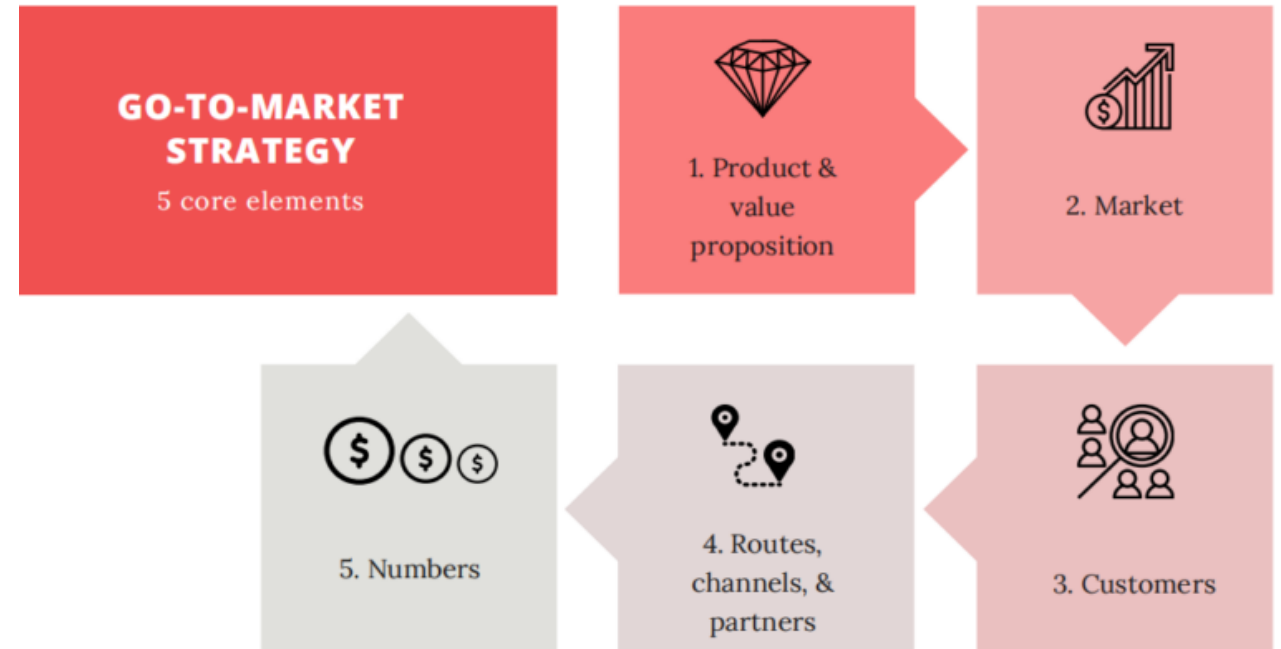
- Don't get distracted at the early stages by other things on the to-do list, such as appointing lawyers and accountants, it isn't necessary, yet.
- **Speak to potential customers**, win and secure those vital orders. When you use highly skilled and knowledgeable sales professionals, telesales is an excellent way to generate leads, set-up appointments, and nurture those newly formed relationships.
- By showing a promising sales pipeline in your target market, it will prove to your leadership team that it's worth the investment.

Do's and Don'ts of International Selling

✓ Do's

Develop a Go-To Market Strategy

- A Go-To-Market strategy is an action plan, laying out exactly how you will sell your product or service to your target market, in order to generate revenue.



Do's and Don'ts of International Selling

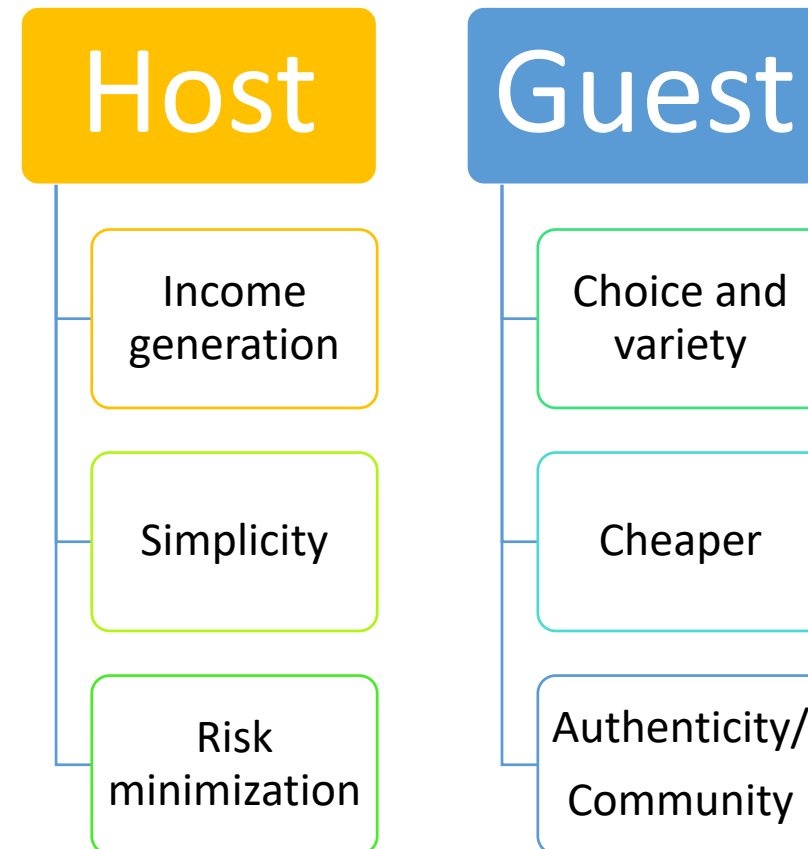
✓ Do's

Develop a Go-To Market Strategy

1. Product and Value Proposition

“The set of qualities of a good or service that allows it to fulfil the customer's needs and desires”

-Chartered Institute of Marketing (CIM)



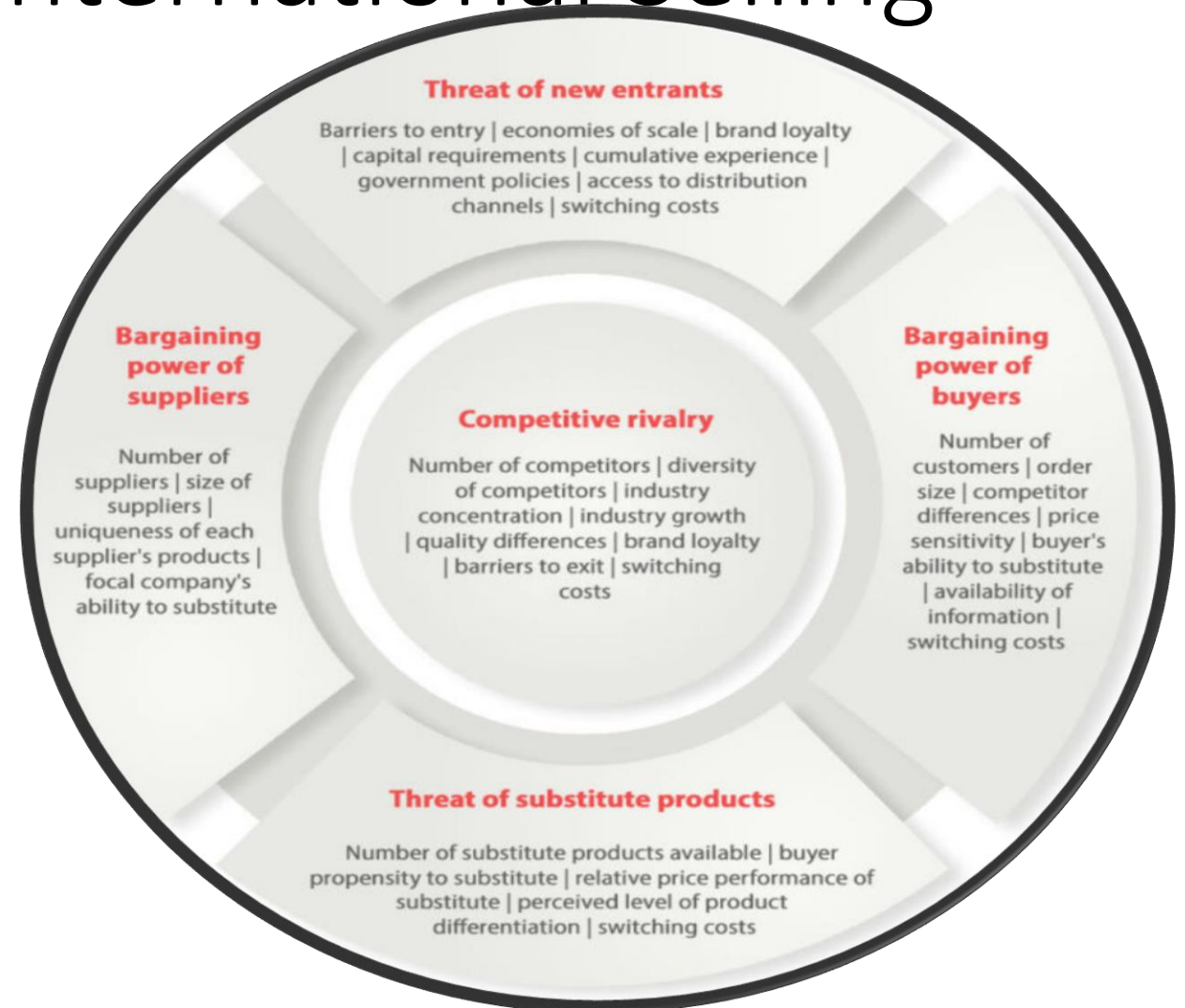
Do's and Don'ts of International Selling

✓ Do's

Develop a Go-To Market Strategy

2. Markets

- What problem do you want to solve for your target market? - **Netflix**
- Do you spot any gaps in the market? – **Uber**
- How accessible is the market? - **Porter's 5 forces model.**



Do's and Don'ts of International Selling

✓ Do's

Develop a Go-To Market Strategy

3. Customers

- Understand them using Primary research methods
 - Interviews, Focus groups, online surveys, observation-based research, test marketing
- Understand your customer segmentation
 - *Geographical*,
 - *Demographics*,
 - *Behavioural* (e.g. timing, loyalty, purchase behaviour, etc.),
 - *Psychographic* (e.g. personality traits, beliefs, values, attitudes, interests, and lifestyles)

Do's and Don'ts of International Selling

✓ Do's

Develop a Go-To Market Strategy

3. Customers

- *Psychographic segments*



PORSCHE

The top gun: an ambitious and driven individual who cares about power and control and expects to be noticed

The elitist: an individual from old money (blue blood). Has the attitude that a car is “just a vehicle” and not an expression of a person’s personality

The proud patrons: views a Porsche as a trophy considering it a reward for hard work; with ownership as the main goal, not being noticed

The bon vivants: are thrill seekers and jet setters, with the Porsche as a means of excitement

The fantasist: sees the Porsche as a form of escape and does not care about impressing others

Do's and Don'ts of International Selling

✓ Do's

Develop a Go-To Market Strategy

4. Routes, Channels, and Partners

- Review existing channels and identify the key players
- Understand customer shopping behaviour
- Decide which route is best for your business
 - If you run an e-commerce business already, you can start small by testing out the market through **online sales**.
 - Alternatively, you could opt to **work with partners** to get your product distributed.
 - Or you may decide to take the plunge by committing long term and **set up your own entity** in your target market.

Do's and Don'ts of International Selling

✓ Do's

Develop a Go-To Market Strategy

5. Numbers – International Pricing Strategy

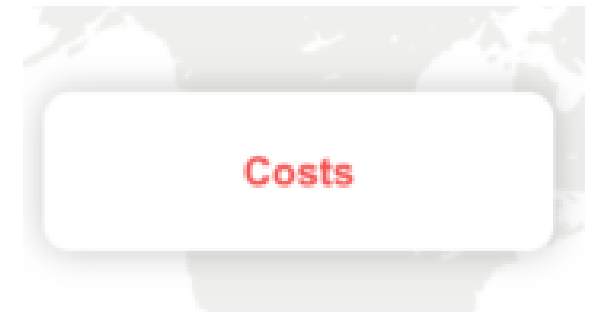


Do's and Don'ts of International Selling

✓ Do's

Develop a Go-To Market Strategy

5. Numbers – International **Pricing** Strategy



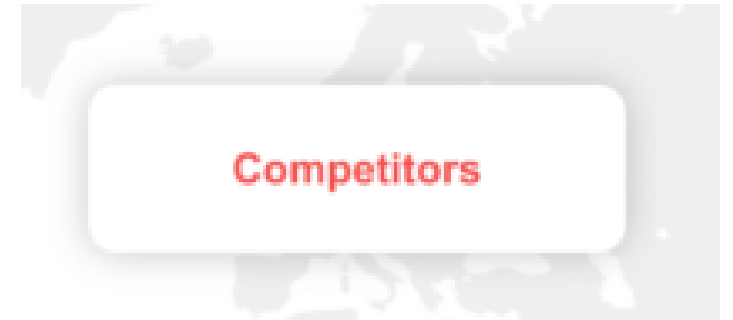
- ❖ Firstly, it's critical to get a handle on all your costs related to your product/service offering.
- ❖ This includes development, manufacturing/production, packaging, distribution, storage, marketing, freight, tax, custom duty.

Do's and Don'ts of International Selling

✓ Do's

Develop a Go-To Market Strategy

5. Numbers – International **Pricing** Strategy



- ❖ Understanding the competitive landscape is another key element.
- ❖ From a brand positioning perspective, understand where you sit within the positioning map in relation to your competitors.
- ❖ E.g., premium vs economy, as this will influence prices.

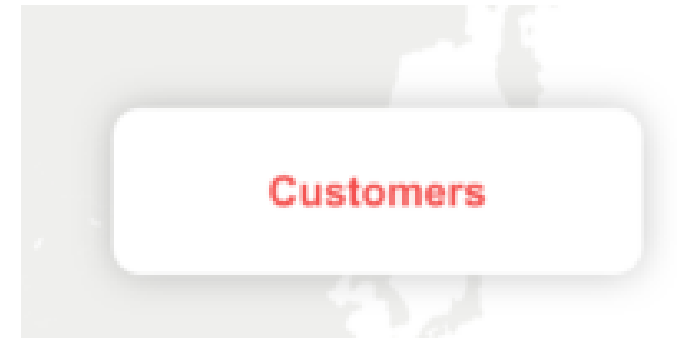
Do's and Don'ts of International Selling

✓ Do's

Develop a Go-To Market Strategy

5. Numbers – International **Pricing** Strategy

- ❖ You should have a firm understanding of your target customers and how much they are willing to pay for your product/service.
- ❖ If you don't know, you need to find out.

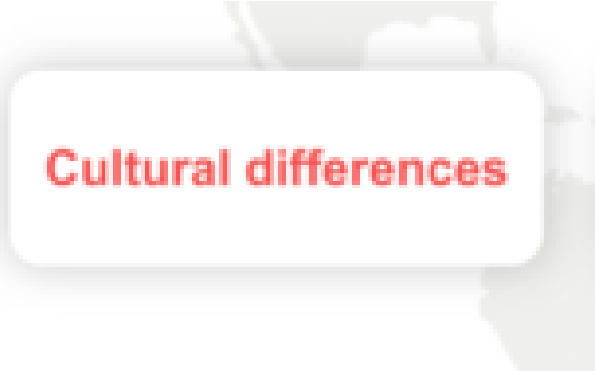


Do's and Don'ts of International Selling

✓ Do's

Develop a Go-To Market Strategy

5. Numbers – International Pricing Strategy



Cultural differences

- ❖ It is crucial to understand the local culture and your target customer's perception of your brand versus your competitors.
- ❖ For example, Starbucks deploy huge price variations due to market positioning: in Russia, they position themselves as a luxury high-end coffee house, whereas in the US, their target market is “Regular Joes”; therefore, their US prices are relatively lower than in Russia.

Do's and Don'ts of International Selling

✓ Do's

Develop a Go-To Market Strategy

5. Numbers – International **Pricing** Strategy



Channels of
distribution

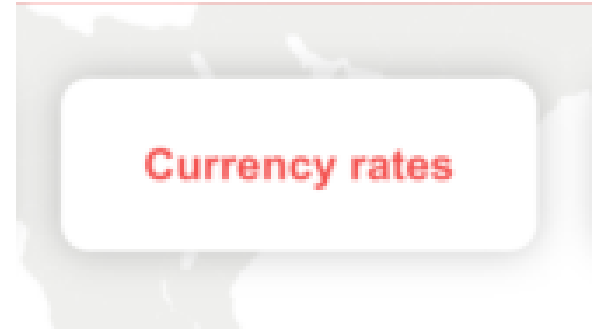
- ❖ How many organisations are involved in your global supply chain? For example, agents, importers, wholesalers, retailers.
- ❖ The more companies which are involved, the higher your costs.

Do's and Don'ts of International Selling

✓ Do's

Develop a Go-To Market Strategy

5. Numbers – International **Pricing** Strategy



- ❖ Handling multiple currencies means that you are vulnerable to exchange rate fluctuations.
- ❖ This should be factored into your pricing strategy.

Do's and Don'ts of International Selling

✓ Do's

Develop a Go-To Market Strategy

5. Numbers – International Pricing Strategy



Control by
government

- ❖ Government regulations could potentially add to the complexity.
- ❖ For example, in the UK, there is a national **minimum wage** enshrined in law, so regardless of the size of your business, you would need to factor this in for UK workers.

Do's and Don'ts of International Selling

International Pricing Strategies

Penetration pricing

- Penetration pricing is commonly used to attract new customers by offering a **lower price than your competitors**.
- This is often used when a new product/service attempts to “penetrate” a competitive market.
- Example: The streaming platform, **Disney+** deploy this tactic when they entered the streaming market. Against established players, such as Netflix, Disney+ offered a reduced annual subscription price of £50 when they entered the UK market in March 2020, to entice new customers.

Do's and Don'ts of International Selling

International Pricing Strategies

Economy pricing

- Economy pricing is a volume-based pricing strategy.
- Your product is priced low to gain revenue through volume purchases.
- The German food discounters Aldi and Lidl both capitalise on economy pricing to drive their ambitious global growth plans.

Do's and Don'ts of International Selling

International Pricing Strategies

Premium pricing

- This marketing tool is about charging high prices in the hope that the higher price will give the impression of a higher quality.
- When considering this strategy, a brand which immediately springs to mind is Apple. Their products including iPhones, iPads, MacBooks are more expensively priced than their competitors. The perception is that Apple products are of higher quality because of these premium prices.

Do's and Don'ts of International Selling

International Pricing Strategies

Price skimming

- This is where you enter a market charging a high price, but once competitors follow, you lower your prices.
- This tactic has been deployed by Sony's PlayStation game consoles. When Sony launches a new PlayStation console, they initially charge a high price, but the price is gradually decreased over time as competitors launch rival consoles.

Do's and Don'ts of International Selling

International Pricing Strategies

Promotional pricing

- Promotional pricing is a method where you offer a price reduction for a limited time in order to boost sales.
- These promotions are usually supported by marketing campaigns.
- These could be flash sales (Black Friday), buy one, get one free (BOGOF) deals, often seen in supermarkets or seasonal offers (Boxing day/January sales).

Do's and Don'ts of International Selling

International Pricing Strategies

Psychological pricing

- This strategy integrates sales tactics and pricing. It utilises techniques to form a **psychological or subconscious impact on consumers**. Various common tactics are:
 - **Artificial time constraints** – “One Day Only”
 - **Charm pricing** – Basically, anything you see ending in “9”, Western-based consumers read from left to right, if you see something which is £9.99, you will perceive the price being closer to £9 than £10.
 - **Innumeracy** – double discounting - an item may be advertised as 25% off, then the company will offer an additional 10% off. Customers might perceive this as a total of 35% off, whilst the reality is, the 10% is off the discounted price.
 - **Price appearance** – psychologically, longer prices appear more expensive than shorter prices because it takes us longer to read it. Restaurants often display prices in smaller fonts and omit “0s” and pound signs, this makes the prices look shorter, therefore cheaper.

Do's and Don'ts of International Selling

International Pricing Strategies

Sandwich Pricing

- This tactic involves “sandwiching” your competitor’s price between two of your own products.
- The idea is you have a more expensive version with more benefits, a cheaper version with less features, as well as a mid-priced offering.
- This tactic is designed to drive customers towards your mid-priced item.

Do's and Don'ts of International Selling

International Pricing Strategies

Competitive pricing

- Here, you are setting your prices based on your competitor's prices.
- This is often used where the product is largely homogeneous, and when you are operating in a highly competitive market.
- A classic example is between *Pepsi* and *Coca Cola*. Both brands compete over pricing, quality, and features. Their prices remain similar.

Do's and Don'ts of International Selling

International Pricing Strategies

- **Value pricing**
- Value pricing is where you price your product or service based on **what it is worth to your customer** based on their needs, perceptions, and preferences.
- This tactic **largely ignores competitor prices** and your own costs. This strategy is often adopted by **restaurants, art, and consultancy services**.

Do's and Don'ts of International Selling

Don'ts

Do's and Don'ts of International Selling

✓ Don'ts

Don't venture in without understanding local realities-

- Sellers must always do their research and must not venture in another country without understanding local demands.
- For example; witnessing a boom in automobile market in India, General Motors invested heavily but did not understand the demands of the customer base in India, and had to leave their business.

Do's and Don'ts of International Selling

✓ Don'ts

Don't Forget to Make Distribution a Strategic Priority-

- Another important factor in the global sales and marketing process is understanding how to reach your target market.
- Despite whatever mediums you choose for selling their products abroad, local distribution channels must be strengthened to ensure optimum sales.
- Be careful not to compete with your own distribution partners by selling directly to end-users

Do's and Don'ts of International Selling

✓ Don'ts

Don't ignore cultural barriers-

- Sellers seeking prospects of selling in an international market must **understand cultural sensitivities** of the market to avoid cultural impropriety.
- *For example*, sellers seeking access of Arab markets have to ensure *Halal* certifications to ensure smooth business.
- Pay attention to details including **symbols, phrases and traditions** and make sure these align with your brand. Do not be afraid to **update your logo or tagline to meet the needs of your new audience**, if necessary.

Do's and Don'ts of International Selling

✓ Ways of selling internationally

- When it comes to selling to international markets, your only realistic and cost-effective method is to sell online.
- There are two options available to you to do this.
 - ✓ The first is owning your own ecommerce website, such as a store built with [Shopify](#) or [Wix](#).
 - ✓ The second is using an online marketplace, such as [Etsy](#) or [eBay](#).

Do's and Don'ts of International Selling

✓ Ways of selling internationally

Owning your own ecommerce website

- Website builders - [Wix](#), [Square Online](#), and [Shopify](#)
- You don't need a deep understanding of code to create your own store – you can now build one in just a few simple steps.
- These types of websites are perfect for selling internationally. This is because they provide you with the tools, help, and support that you need to successfully sell your products and services to an international market.
- Some of these platforms also offer dedicated tools to help you tap into global markets. For example, **Shopify Markets** provides tools to help you reach new consumers across the globe, customizing their experience to increase conversions and facilitate growth.

Do's and Don'ts of International Selling

✓ Ways of selling internationally

Using an online marketplace

- Online marketplaces offer another option for those looking to sell to a wider, international market. Some popular examples of these include:
 - eBay
 - Rakuten
 - Alibaba
 - Amazon
- These platforms allow you to access a ready-made, international audience of consumers.

Do's and Don'ts of International Selling

✓ Ways of selling internationally

Get to Know
New Market

Consider a Multi-
Language Store

Sort out Payment
Methods

Support Local
Currencies

Research
International
Shipping Options

Study Tax Rules
and Regulations

Have Clear
International
Return Policy

Investigate
Fulfillment
Centers

Find Business
Partners

Make Use of
Analytic Tools

Source: MageWorx

Do's and Don'ts of International Selling

✓ Some successful examples global marketing

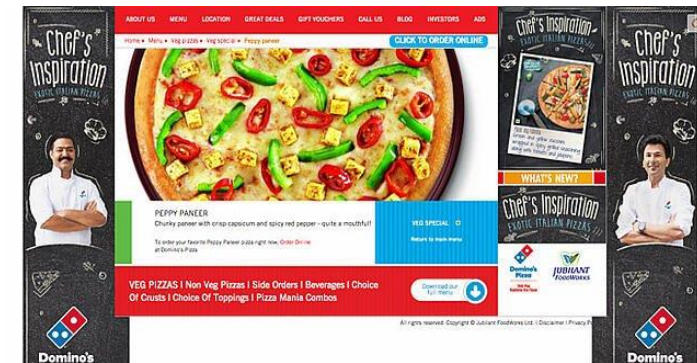
- Austrian company **Red Bull** does such a great job with global marketing that many Americans assume it's a local brand. How?
- One of its most successful tactics is to host extreme sports events all over the world. From the Red Bull Indianapolis Grand Prix to the Red Bull Air Race in the United Kingdom to the Red Bull Soapbox Race in Jordan, the brand's powerful **event marketing strategy** takes them here, there, and everywhere.



Do's and Don'ts of International Selling

✓ Some successful examples global marketing

- Domino's has prioritized menu innovation as a means of increasing international interest and awareness.
- “The joy of pizza is that bread, sauce, and cheese works fundamentally everywhere, And it's easy to just change toppings market to market.
- In Asia, it's seafood and fish. It's curry in India. But half the toppings are standard offerings around the world



Do's and Don'ts of International Selling

✓ Some successful examples global marketing

- Spotify's business model is focused on helping you find something new.
- It's one thing to select a genre of music to listen to — it's another thing to select a "mood" to listen to. In Spotify's "Browse" page, you can listen not just to "country" and "hip-hop," but also music that caters to your "workout" or "sleep" preferences.
- By changing how they describe their content, Spotify gets users to listen to music that goes beyond their favorite genres, and instead satisfies habits and lifestyles that people share all over the world. This allows international artists to access listeners from other countries simply because their product is being categorized a different way.
- Spotify now has offices in more than fifteen countries around the world.

