



**International
Marketing, LLC**

Four Steps to International Market Entry

Take a reasoned approach to determining whether global expansion is right for your business.

By Claudio Perez-Korinko

This article was written for the issue of January 2006 in the Small Business Monthly newspaper in Kansas City.

As the domestic market becomes more saturated, global markets are the most logical area for growing your business. Unfortunately, there are many factors that can frustrate first-time exporters.

Intricacies related to culture, language, business practices, import duties, competition and import regulations can stop your company at the initial stages of expansion into foreign markets. With a focused entry, however, you can avoid this initial frustration and maximize the opportunity for repetitive business. Concentrate on entering one target country and promoting only one product to bring more direction to your initial market entry. To accomplish this objective, you'll need to identify, quantify, assess and target one country to make your first market entry effective.

Step One: Market Identification

Begin by identifying five countries on one continent in which you want to sell your product. Determine whether there is a market for your product by identifying local and international competitors that offer similar or related products. The best indicator that there is a market for your product is the presence of similar technology, manufacturing processes and material sources in the target country. You also will want to determine the presence of a sales force and marketing channels so that you can move your product once it's exported. At this point, you should analyze the profitability factors. Is it worth it to export to that market?

Step Two: Market Quantification

Gather import statistics and annual sales numbers for the industry and product you're looking to export. Keep the assessment focused by continuing to examine information for the same five countries.

Step Three: Market Assessment

- *Phase 1* - Select three of the five countries based on the market statistics. Focus on those countries with the fastest growing markets for your best-selling domestic product. Determine the existing trend for a competitive product line. How much demand is there for your product? How much is currently consumed on an annual basis within the target country? Through which marketing channel will you reach your market? Now you will need to determine a market price structure based on local production and imports and identify consumer-purchasing patterns for your product.
- *Phase 2* - Identify cultural factors that might affect your marketing strategies. This is the phase that many companies neglect, although it is of the utmost importance. You'll need to take a close look at your product, its packaging, labeling and technical information, and determine how it will be received in the target market. Correctly translating advertising, promotions,

product labeling and literature, as well as warrantee documentation should be a priority.

- Don't forget to analyze cultural idiosyncrasies that shape business practices that would be different than those of the United States. Business manners and methods, attitudes toward punctuality and negotiating styles are just a few of the variants that can affect the success of the possible business relationship.
- *Phase 3* - Identify import duties, tariffs, quotas, foreign barriers or export controls that might affect the exportation of your product.

Step Four: Market Segmentation and Targeting

Once you've gathered the above information, select the country that is the best potential market for your product. You'll need to base your decision on the potential for revenue, marketing channels and the product price. Geography also can be a consideration because you must determine how you will transport your product and what potential expenses will affect your profit margin. Sell to a selective audience that will be prompt to purchase your product offerings. As you gain a foothold in the market, you can expand your focus. To begin, however, this cost-effective approach will create momentum. Product and company brand awareness will follow.

Cost and Benefits Analysis

Once you've accomplished these four steps, it's important to step back and analyze the information you've gathered. Evaluate the risk against the benefit of selling internationally. Many companies jump in without examining the long-term commitment of resources to support their international endeavors. Along with the added revenues comes the cost of sales, marketing and service to overseas clients.

Avoid the frustrations and pitfalls of first-time exporter by laying the groundwork for entering the global market. Doing international business the right way can help you position your company globally.

Claudio Perez-Korinko is president of IM International Marketing, LLC, which helps companies position their products and services in the international and domestic Hispanic markets. He can be reached at (816) 822-8331.