



# EXPORT TRADE TRAINING PROGRAM

## Section 1

### MARKETING FOR SUCCESSFUL TRADE

# What's Your Story

- How did the company get into business
- Biggest challenges at the beginning
- Strengths that made the company successful
- What is industry excellence
- Examples
  - IBM: service: support and quality
  - Home Depot: product selection and service
  - Japanese Manufacturing: quality
  - Ford: low cost manufacture

## **WHAT** are you going to export

- Need to be very specific in what you are going to export
- How is the product/service used and why, what is the fundamental need that is satisfied
- Price, how is the price justified
- Consumer product or Business to Business
- Where and who has bought the product service
- Why did they buy
- References / success stories

## International Trade is **Not** Easy

- Trading is more complex than a regular business
  - Cultural differences
  - Laws and regulations
  - Product requirements
- Profitability takes time to develop
  - Up front cost
  - Long lead time to generate revenue
- Competition is intense from giant companies
  - Within country
  - Outside country
  - Domestic
- But trade volume is growing

# WHO is going to buy your product

- Target market; Evolutionary Product
  - Upgrade or replace a similar product; Microsoft XP
  - Replace a competitive product; Japanese cars
  - Enhance older products; new speakers on stereo system
- Target Market; Revolutionary Products
  - New market / use; personal computer, IPOD
  - Expansion of existing market; DVD recorders, Blackberry
- Target Market; audience
  - Geography
  - Age
  - Income
  - Etc.
- This analysis is **KEY**, it drives all follow on activity
- Where is your product targeted

## **WHY are customers going to buy your product**

- Need to do competitive analysis, strengths / weakness
- How will you compete
  - Who is the direct competitor
  - Are you an alternative competitor, “me too” substitute, competing for the same \$\$
- What value will you be adding
- Why are the competitors successful / where are they weak
  - Features
  - Price
  - Quality
  - Availability
  - Visibility, awareness “top of mind”
  - Support
  - Customer satisfaction
  - Loyalty, trust, confidence
- Where do you fit within the competitors product line
- Is the competitor profitable?

## **WHY are customers going to buy your product?**

- How old is competitors product, new or aging, what will be the follow on product
- What has been the success of other companies competing against the competition
- Reasons for failures

**KEY**; determine who is the competitor, direct and indirect, where you plan to target your sales

## **MARKET SEGMENTATION**

### **TARGET OUR EFFORTS FOR THE HIGHEST RETURN**

- **SEGMENTATION IS SLICING THE OPPORTUNITY BY**
  - **VERTICAL INDUSTRY / CUSTOMER SET**
  - **HORIZONTAL CROSS INDUSTRIES / CUSTOMERS**
  - **COMPANY SIZE / INCOME**
  - **EACH SEGMENT WILL BE PROFILED BY THE NUMBER OF COMPANIES, SIZE OF THE COMPANIES IN REVENUE, PEOPLE AND COMPETITIVE PRESENCE**
  - **OBJECTIVE IS TO DETERMINE WHERE THE BEST OPPORTUNITY LIES**
- **EACH SEGMENT IDENTIFIED WILL BE ANALYZED TO DETERMINE**
  - **WHAT PRODUCTS ARE INSTRUMENTAL TO THE SUCCESS**
  - **FEATURES AND FUNCTIONS TO SATISFY THE TARGETED CUSTOMERS**
  - **SUPPORT REQUIRED**
  - **AFFORDABILITY / JUSTIFICATION OF THE OFFERING**
- **HOW DO WE TARGET OUR MARKETING / SALES FOR THE BEST ROI**

## **MARKET SEGMENTATION**

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## **MARKET SEGMENTATION**

### **TARGET OUR EFFORTS FOR THE HIGHEST RETURN**

- **COMPETITIVE ANALYSIS OF THE TARGETED SEGMENTS**
  - **HOW ESTABLISHED ARE THE COMPETITORS**
  - **SATISFACTION OF CUSTOMERS WITH TOP COMPETITORS**
  - **PROFITABILITY OF COMPETITORS**
  - **CAN WE COMPETE**
    - **FEATURES / FUNCTIONS**
    - **SUPPORT**
    - **PRICE / PROFITABILITY**

# **MARKET SEGMENTATION**

## **TARGET OUR EFFORTS FOR THE HIGHEST RETURN**

- **WHERE DO WE FIT**
  - **LOW COST?**
  - **HIGH FUNCTION?**
  - **SUPPORT AND COVERAGE?**
- **HOW DO WE COMPETE**
  - **HEAD TO HEAD**
  - **UNDER THE RADAR**
  - **AUGMENT EXISTING OFFERINGS**
- **CRITICAL, HONEST EVALUATION OF HOW WE STACK UP FROM THE CUSTOMERS VIEW**
- **DO IT NOW OR DO IT LATER BUT IT WILL BE DONE**

# **MARKET SEGMENTATION**

## **TARGET OUR EFFORTS FOR THE HIGHEST RETURN**

- **Workshop Exercise**
- **List all your potential market segments**
- **Identify benefits and negatives to each segment**
  - **Entry cost**
  - **Product features**
  - **Competition**
  - **Etc**
- **Identify the top three segments and the selection criteria used**
- **What are your strengths and challenges**
- **Top of mind marketing and sales strategy for penetrating each segment**

## **HOW DO WE GET THE PRODUCT TO THE CUSTOMER; ROUTES TO MARKET / CHANNELS OF DISTRIBUTION**

- **HOW DO THE TARGETED SEGMENTS ACQUIRE ALL PRODUCTS AND SERVICES**
  - DIRECT FROM VENDOR
  - INDEPENDENT DISTRIBUTORS
  - SALES AGENTS / MANUFACTURERS REPS
  - AFFILIATED ORGANIZATIONS
  - TRADE GROUP ENDORSEMENTS
- **WHAT IS DECISION MAKING PROCESS**
  - COMPETITIVE BIDS
  - RELATIONSHIPS
  - USE OF CONSULTANTS TO EVALUATE AND RECOMMEND
  - CEO OR BUYER DECIDES

## **HOW DO WE GET THE PRODUCT TO THE CUSTOMER; ROUTES TO MARKET / CHANNELS OF DISTRIBUTION**

- **DETERMINE BEST CHANNEL FOR ROUTE TO MARKET**
  - **ARE ANY CHANNELS BLOCKED WITH AN EXISTING OFFERING (TRADE GROUP, ENDORSEMENTS)**
  - **CAN WE PARTNER WITH AN EXISTING CHANNEL (SALES AGENTS)**
  - **CAN WE AUGMENT ANY EXISTING CHANNEL, QUICKEST AND EASIEST CHANNELS TO ESTABLISH**
- **MOST AFFORDABLE CHANNEL TO GET US IN FRONT OF AS MANY DECISION MAKERS AS POSSIBLE AND FITS THE CUSTOMER BUYING PREFERENCE**

# **BUYING PROCESS**

## **HOW TO DETERMINE CHANNELS OF DISTRIBUTION**

- DATA AND ANALYSIS FROM 3<sup>RD</sup> PARTY SURVEY GROUPS
- TRADE GROUPS HAVE NUMBERS OF MEMBERS IN ASSOCIATION AND SIZE
- INTERNET SEARCH ON COMPETITORS
- DEVELOP CUSTOMER SURVEYS FOR COMPANY EMPLOYEES TO DO
- SUPPORT REQUIRED; COMMUNICATIONS, COVERAGE
- TIME TO ESTABLISH
- COST TO SUPPORT; DEMO'S, SALES LITERATURE, RETURNS
- TRAINING
- CONTRACTS
- **DO IT NOW INSTEAD OF LATER, RUSH TO MARKET CAN BE COSTLY IN MONEY AND REPUTATION**

## **SELECT CHANNEL**

### **WHO MANAGES THE CUSTOMER RELATIONSHIP**

- **FUNDAMENTAL OBJECTIVE: WHO DOES THE END USER HAVE A RELATIONSHIP WITH THE CHANNEL OR YOU**
- **EXPOSURE TO HAVING THE CHANNEL MANAGE THE CUSTOMER INTERFACE**
  - SQUEEZE YOUR MARGINS
  - DRIVE UP SUPPORT COST
  - CHANGE VENDORS
  - LIMIT YOUR UPGRADE / FOLLOW-ON GROWTH
- **BUT MAY BE THE FASTEST, LOW COST ROUTE TO MARKET**
- **ACCESS TO CUSTOMER IS KEY TO DETERMINE**
  - SATISFACTION
  - NEW ENHANCEMENTS AND UPGRADES
  - REQUIRED SUPPORT AND SERVICES
- **A STRATEGY IS NEEDED TO ENSURE THAT YOU ARE PART OF CUSTOMER RELATIONSHIP**

# **SELECT CHANNEL**

## **TERMS AND CONDITIONS**

### ■ **AFFORDABILITY**

#### □ **WHAT DOES THE CHANNEL EXPECT FROM YOU**

- **MARGIN**
- **SUPPORT BOTH MARKETING AND TECHNICAL**
- **EXCLUSIVE COVERAGE**
- **TRAINING**
- **SALES COVERAGE TO THEM**
- **ETC.**

#### □ **COST IS NOT JUST MARGIN'S BUT ALL EXPECTED SUPPORT**

- **NEED TO BE REALISTIC IN WHAT A CHANNEL WILL DO TO MARKET AND SUPPORT - THEY WILL PROMISE THE WORLD AND DELIVER THE MINIMUM**
- **SELECTING A CHANNEL IS A VERY KEY STEP. THE DECISION WILL IMPACT FUTURE GROWTH BOTH POSITIVE AND NEGATIVE**

# CHANNEL SELECTION

## KEY TO FUTURE GROWTH

- Workshop Exercise
- Identify all channels of distribution for top 3 market segments
- List the pros and cons for each channel
- Plan to approach each channel
- Create a plan to establish a presence with the channels
  - How are you going to approach the channel
    - Trade shows
    - Telemarketing
    - Direct mail
    - Internet
  - Package willing to offer the channel

# **MARKETING SUPPORT PLAN** **SEGMENT AND CHANNEL**

- **We have**
  - **Positioned our product**
  - **Identified our market segment**
  - **Selected our routes to market**
  - **Created our terms and conditions with our channels**
- **Need a market support plan that implements our plan, a distribution channel expects you to present a market support plan**

# **MARKETING SUPPORT PLAN**

## **SEGMENT AND CHANNEL**

- **EDUCATION: SALES, TECHNICAL AND RELATIONSHIP**
  - YOUR EMPLOYEES
  - CHANNEL EMPLOYEES
  - CUSTOMER
- **SUPPORT**
  - 1<sup>ST</sup> LEVEL OF SUPPORT (HOTLINE)
  - 2<sup>ND</sup> LEVEL SUPPORT
  - SUPPORT SATISFACTION MEASUREMENTS

# **MARKETING SUPPORT PLAN**

## **SEGMENT AND CHANNEL**

- **RELATIONSHIP MANAGEMENT**
  - **CHANNEL COVERAGE**
    - **FACE TO FACE**
    - **TELEPHONE**
    - **EMAIL**
  - **CUSTOMER COVERAGE**
    - **FACE TO FACE**
    - **FEEDBACK MEETINGS**
    - **NEWSLETTERS**
    - **EMAILS**

# **MARKETING SUPPORT PLAN** **SEGMENT AND CHANNEL**

- **MARKETING**
  - **WHAT IS YOUR MARKETING RESPONSIBILITY**
    - **REGIONALLY, GEOGRAPHICALLY, INDUSTRY**
    - **TRADE SHOW**
  - **JOINT WITH CHANNEL**
  - **TRADE GROUPS**
  - **LEAD GENERATION PROGRAMS**

# **MARKETING SUPPORT PLAN**

## **SEGMENT AND CHANNEL**

- **Measurement systems**
  - **Your executives**
  - **Channel business partners**
- **Quality measurements**
- **Need to measure success**
- **Invoice terms**
- **Inventory**
- **Sales and growth targets**
- **Bonus plans**

## **Need to Build an Export Team**

- **Customs House Broker**
- **Freight Forwarder**
- **International Banker**
- **International Lawyer**
  - **Create a letter of agreement**
  - **Formal Representation Agreement**
    - **Non-Circumvent clause**
    - **Extension clause**

# Need to Build an Export Team

## ■ Basic Industry Terminology

- Incoterms, international commercial terms  
[www.jus.uio.no/lm/icc.incoterms.1990/doc](http://www.jus.uio.no/lm/icc.incoterms.1990/doc)
- International Payment Terms (<http://foreign-trade.com/reference/payment.cfm>)
- HS Code; the Key to duty and market data,  
<http://dataweb.usitc.gov/scripts/tariff2006.asp>
- <http://www.export.gov/exportbasics/ticredirect.asp>

# Freight Forwarders / Customs House Brokers

- Electronic filing of bond and paperwork
- Ocean goods cleared five days before arrival
- Air goods cleared 24 hours before arrival
- Products imported under brokers bond
- They know the system

# Financial Plan

- **What will the marketing investment cost?**
- **How long will it take?**
- **Can you get your investment back?**
- **What will be the ongoing marketing cost to remain competitive?**