Finding the Right Way to Sell Internationally

Exports from the US through June 2011 are growing at 16.4% despite an extremely challenging global economy. Are you getting your fair share or, better yet, more than your fair share of this impressive growth?

In order to get the more than your fair share of growth outside the US, you must have the right international sales and marketing strategy. How do you sell? In what languages other than English and Spanish do you market? Who calls on your customers outside the USA? How do you reach global end users? What kind of distribution do you need to implement your strategy?

Ways to Set Up Your International Business

In order of risk/reward:

- Export Department – This involves an internal department often located at the company headquarters or the manufacturing facility that includes customer service and (sometimes) a sales and/or marketing function.

- Use of a US based Export Management Company – Many US companies use an export management company often based in Miami, New York, Los Angeles, or Seattle to sell their product to international distributors. Export management firms often consolidate freight from several vendors into one container on behalf international importers. Some take possession of your goods and actually buy from you.

- Independent Commission Agents or Company Salespeople – These road worriers (of which I am one) travel internationally to call on distributors and retails chains. They set up distribution, sell into the channel, and often help guide distributors with marketing programs to help build US brands locally. Often companies start with a commission agent, and then hire salespeople once the business calls for it.

- International Subsidiaries – These are common with bigger US multinationals that expanded globally in the 1970's and 1980's. Companies like 3M, Loctite/Henkel, ITW, and Ingersoll Rand have local 'feet on the street' in more than 50 countries globally.

All of the above structures have advantages and disadvantages. Most companies start out by taking a talented customer service person and focus that person on international markets; soon an Export Department is born. The company's export department can actually serve the other three possible structures above as the business grows.

Some companies see themselves as players in the US market and view any international business as 'gravy'. For these businesses, Export Management Companies become ideal partners to sell globally. The risk and time/money expense are low, allowing the US company to focus on the domestic market. Export Management Companies can help give broad exposure to products or a brand. This can be ideal for either application-specific hard parts sold through 'US car' specialists or, conversely, with popular products that do not require extensive end-user training or marketing to sell.

Other companies take more of a world view. They see international markets as equally important (or even more important) than the US market. The reason for this international focus is the desire for aggressive sales growth. For example, the BRIC markets (Brazil, Russia, India, and China) have GDPs expanding 7-9% faster than the U.S. These companies will usually use an independent agent (like our company) or hire their own people to establish local sales and marketing programs 'on the ground' in key international markets. Over time the international business often becomes more profitable than the U.S. domestic business.

Determine Your International Distribution Strategy

There are basically two ways to sell US products in global markets: open distribution or exclusive distribution. Many companies begin exporting by merely selling to any international entity that requests the line. This is a great way to start. However as you focus more resources on your international business, you may find that the best importers in many countries require exclusive distribution. Selling to many small wholesalers or auto parts shops diminishes the attractiveness of your line to 'big fish'; it makes your line look small and creates a messy market situation.

Being selective as to who distributes products in a given country can be a Win/Win.

A Win for the country importer/distributor:

- They can build the brand without the fear of losing sales to another distributor who cuts price.
- They have margin to print local language catalogs, advertise, create a local website and hire local people to drive your sales.
- They are encouraged to invest the time and money to build your business.

A Win for the manufacturer because:

- End users can now be referred to a local source of supply.
- The factory has local people 'on the ground' to implement the marketing plan and build the brand.
- Local marketing teams connect in local language with end users and establish sales channels.

In summary, international markets are forecasted to outpace the domestic market for quite some time to come. It is important to build your international go-to market strategy now. There are a lot of excellent distributors overseas keen to sell US products as well talent available globally to help you realize you rightful global position!

About the Author

Tom Muldowney has lived in Hong Kong for over 19 years. He spent 16 years with Loctite and Permatex and 10 years taking Meguiar's global through his company International Market Access Ltd. Tom has sold over $500,000,000 of U.S. made products to markets outside the US. Tom believes strongly that exports are vitally important for the US economy.

His company websites are:
www.intlmarketaccess.com and www.poshpile.com

His blog, *Going Global*, can be found at www.intl.typepad.com