

**Questions & Answers**  
**CHOOSING A MARKET ENTRY STRATEGY**

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The following ten questions and answers provide tips on how to enter export markets both domestically and abroad, as well as how to choose and work with a local partner.

**1. What is the best way to enter a foreign market?**

You usually have several strategic choices as an exporter:

- a) *Export initially to foreigners in your domestic market*  
One of the easiest ways to enter a new market is to sell your services to a respected foreigner doing business in your domestic market and then get them to refer you to colleagues in the target market.
- b) *Export entirely through a “virtual” presence on-line*  
As doing business via the Internet becomes more widely accepted, you may find this option increasingly attractive. Some service exporters have only met their customers “virtually.”
- c) *Subcontract to a known international industry leader*  
By working with a well-known international firm, you can build your own reputation in the target market.
- d) *Establish a local office on your own*  
If you have a unique or well-known service, you may find it works best to set up your own office in the target market.
- e) *Enter into a strategic partnership with a local firm*  
One of the fastest ways to get known in a target market is to become partners with, or a subcontractor to, a well-known local firm.

**2. How can I enter a market virtually?**

By establishing an online presence, you are automatically “open for business” to customers in foreign markets. But that doesn’t mean that potential customers in a particular market are aware of your virtual presence. You will need to identify the best e-marketplaces in which to create a presence. The following are some of the online directories (other than Yahoo) of e-marketplaces that can help you in your search:

- [www.b2business.net](http://www.b2business.net)
- [www.emarketservices.com](http://www.emarketservices.com)
- [www.netb2b.com](http://www.netb2b.com)

Even if you only have e-mail and no corporate website, you can participate in e-procurement opportunities online through appropriate e-marketplaces.

### **3. How can I maximize my profitability?**

As in your domestic market, there are two ways to increase profit: increase revenues, or decrease costs. Because of the extra costs involved in exporting, you will want to be careful that you are positioned in a market in such a way that you can charge enough that you more than cover your costs. Usually this means competing on quality (or “value for money”) rather than price, or offering a unique service for which customers are willing to pay a price premium.

In terms of costs, you will usually find it least expensive if you can export a service without leaving your home base. Here you have two options: (a) export “cross border” electronically, or (b) sell your services to foreigners who come to your own country.

### **4. How can I use existing customers to open export markets?**

Existing satisfied customers in your own market or in another foreign market can be extremely helpful to your export efforts by providing:

- Referrals to persons they know in your target market.
- Testimonials regarding your services.

If they are familiar with your target market, they may also be able to give you ideas about how to customize your service in order to address cultural issues.

### **5. How can I use subcontracting to open export markets?**

If you are new to exporting and want to gain experience and contacts, considering subcontracting to an experienced exporter from your own country. While this is not exporting per se (since you are not being paid by a foreign customer), you can save valuable time in learning about the market and developing a network of contacts abroad.

Another good reason to subcontract is if you want to get into internationally-financed development projects. Acquiring such contracts typically involves a long bidding process and substantial resources. By associating yourself with an experienced and successful prime contractor, you can gain experience and visibility abroad as well as have opportunities to network with other donor agencies while doing paid work.

### **6. How can I use staff to open export markets?**

One of the assets in the many economies is a multi-cultural population. Take the time to inventory the networks of your current staff, and you may be pleasantly surprised at the wealth of connections you already have abroad. You can also deliberately recruit staff with connections in a particular target market. Depending on the skills and experience of the staff member, you may involve them only in planning and making contacts from your domestic office or also in traveling to the target market.

## 7. When should I work with a local partner?

You can benefit from working with a local partner when you want to:

- a) *Enter a target market rapidly*  
Aligning yourself with an established and respected market leader can give you immediate credibility so that it is easier to develop business. Also, you may be able to subcontract to your local partner and so be earning revenues almost immediately.
- b) *Reduce operating costs*  
Sharing office space, using local staff, and reducing travel and communications costs will all help reduce your costs.
- c) *Meet regulatory requirements*  
Some markets require that you have a local presence or joint venture agreement with a local firm, or a locally-issued license, in order to sell into their market.
- d) *Provide a local contact for your clients*  
Working with a well-known local partner can make your services seem more convenient and increase customers' comfort in buying from a foreign firm.
- e) *Increase your market knowledge quickly*  
Working with a local partner is an easy way to make sure that you learn and understand local culture and business practices.
- f) *Expand your network*  
You should be able to access your partner's contact network and so become known more quickly.
- g) *Provide a unique "bundled" service*  
By combining complementary service expertise, you have the opportunity to develop a unique service to meet customer needs in a "one stop" fashion.

You will also want to explore options for online collaboration (e.g., via an extranet) in order to offer customers a one-stop service.

## 8. How should I choose a local partner?

Not all firms interested in partnering with you are necessarily good choices. You need to make sure that your local partner is well-respected so that you gain respect and status from the association. You will want to look for a partner who:

- Has values and philosophy of doing business that match your own.
- Has staff who work well with your staff.
- Has core skills that are complementary to your firm's skills.

- Respects your expertise and believes there is a benefit in partnering.
- Is willing to invest time and resources in making the partnership work.

Keep in mind that your local partner will also want to work with you in your own domestic market, so pick a firm that would make you more competitive domestically as well.

#### **9. How can I export my services in my own country?**

If you review your current domestic customers, you may find that some of them are nationals of other countries. In that case, you are already exporting in your own market! Remember that exporting services involves sales to foreigners regardless of location. To develop export activity in your own market, you need to identify foreign-owned firms or individuals traveling to your country that could become your customers. Or you may be able to develop a service (e.g., specialized training) that attracts foreigners to your firm's domestic location.

#### **10. How can I use national development agency contracts to get export opportunities?**

When you are beginning to export, one of your main challenges is developing a network of contacts abroad. If you are interested in work in developing countries, you need a way to get experienced and become known by other funders.

In many countries, there is an international development agency that funds development assistance programs aimed at reducing poverty in other countries and contributing to a more equitable sharing of the world's prosperity. While such contracts are not export activities per se (you are being paid by your own government), they can be excellent opportunities for developing export market possibilities.