

Design Business Association
35-39 Old Street London EC1V 9HX

Tel +44 (0) 20 7251 9229 enquiries@dba.org.uk
Fax +44 (0) 20 7251 9221 www.dba.org.uk

Developing an export strategy

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Getting started

This guide summarises content from the 'Developing an export strategy' seminar delivered by international business strategist and MD of Little Dipper, Christine Losecaat for the DBA.

Take heart

Working overseas is not all that different to working at home so it shouldn't overwhelm you. There's plenty of advice, support and guidance available.

But

Before you start to export, the first thing to know is that exporting is *not* a solution to an already weak business. It costs time and money and takes resource out of the office for extended periods. To be successful, it's critical to put in place a clear and focused export strategy.

The strategy

Your international marketing strategy should be an extension of your existing UK strategy; for starters you need to revisit your SWOT analysis and 4Ps in an international context. Look at how to turn your weaknesses into strengths and your threats into opportunities.

The 4 Ps:

- **Product:** Differentiation is even more important in an international market – these clients need to have a *really* good reason to work with you.
- **Price:** International fees are on average 30% less than in the UK and it is not recommended to compete on price. However negotiate hard on payment periods and ask to be paid in advance (in China you can get paid nearly 50% in advance).
- **Promotion:** Covered in *Marketing and communications options* below.
- **Place:** You need to be clear on how you will reach and service your clients.

You should also consider turning the 4 Ps into the 4 Cs:

- **Product becomes Customer Solution:** The UK has a fantastic reputation for design effectiveness – make use of this and use your own case studies demonstrating the impact of your design work.
- **Price becomes Cost:** Exporting is also a cost to you, especially the time it takes. Don't be shy on cost – if the client is looking at an international agency it's because they want the experience and will expect to pay a premium for this.
- **Promotion becomes Communication:** Put yourself in the clients' shoes and think how you'd like to be communicated with.
- **Place becomes Convenience:** How easy can you make it for clients to buy from you? Can you service in their language or from a local service point?

Success

Your definition of success should equate to more than just profit, with strategic success being driven by a combination of factors. Getting these right will help you to achieve revenue growth, financial success, good design and great reputation.

Tips for success:

- Remember that the perceived value of a service should be infinitely more than the cost of providing it.
- Given the cost of securing the client in the first place, you need to work hard on a customer retention strategy.
- You need to consider the cost control of activity levels – these can easily escalate.
- Other markets may expect a much faster turn around from brief to concepts, flying in the face of your existing processes. Educate the client that it may sometimes take longer but also recognize this as a factor.
- Ensure delivery reliability, for instance check your IT systems are compatible and your client's connectivity can work for the required file sizes. If not you need to consider how you will share files, perhaps investing in an area on your website for this.
- Send your best man or woman. This will give you a much better chance of success but be aware that this can have a huge impact on the UK outfit.
- Consider the ethics of that country and whether it is somewhere a member of your team would be happy to live and work in. Ultimately, employee commitment and satisfaction creates a better team environment and better customer care.

Marketing and communications options

Partnership marketing

Explore your supply chain (printers, software providers etc) to see who else might want to reach the same market. Or how else can they help you/ you help them? Do they have an office there?

Direct marketing

This needs to be measurable and tested to ensure it's effective. Examples include trade fairs, telephones campaigns, mail shots, seminars/VIP events. Things to note:

- Exhibiting costs a lot so you *must* prepare, really work the stand and filter out time wasters.
- Telephone calls should be personal so always research the name and ask the gatekeeper their name, so you have this for the next attempt!
- Mail shots must be memorable. They're expensive and their effectiveness can be challenged.
- Face to face is paramount and VIP events can work really well in this respect. Host a seminar tackling a particular issue for a particular market segment and invite a 'VIP' audience of potential clients. Make sure they learn something and enjoy the experience of meeting their competitors.
- Get on the speaker line-up for conferences and other events.

Networking

A networking strategy can be powerful but make sure you have plan and are prepared. Don't be overly ambitious as 2 to 3 quality leads per event are worth much more than 20 business cards. Listen to people, you'll find they remember you more than if you talk too much at them.

Go to Chambers of Commerce (British ones overseas and International ones in the UK) learn from the contacts you meet there about how they buy design in that market and get in touch with local business associations, design associations and media.

Profile

Reputation can be hugely significant in some countries and aligning with a company with a good reputation helps reduce the buyer's risk. Award wins can be a natural door opener – research and enter local ones then promote your wins.

Have a really good PR plan in place and don't get on a plane without a raft of well-prepared information. Local media are willing and receptive to news from outside their market; use your case studies as much as you possibly can.

Choosing a country

Choosing an initial country to start exporting to can seem daunting. Here's a step-by-step guide to help you narrow it down:

- Do a preliminary screening based on your own reasons for example similar culture, political orientation etc etc.
- Then draw up a list of criterion eg growth rate of economy, respect for IP, market gap, price advantage etc.
- Add your ideal weighting score to each of these, then score your selected countries against each of these.
- Narrow down to just four countries.
- Then go into an in-depth screening for each one – you need to make a good decision based on good information. Apply your 4Ps/4Cs.
- Discard a couple more.
- For the final selection get on a plane – direct experience is really important.

An alternative way to approach your selection is to look at a sector or specialism. This is also a good way to differentiate your business. Many trade fairs happen in Europe, so you won't need to travel very far to get quality information.

Market entry options

- **Purely export:** Low risk, but as volume grows you may not be able to continue working in this way, or may not want to.
- **License / agent:** Low financial risk, as you can do this on a commission only basis, although they may not be as wedded to your business or product as you may like. It can be an exclusive or non-exclusive contract.
- **Joint venture:** High risk. This could be a new joint venture or you can invest in a share of an existing business. This could be a financial transaction or you could barter knowledge. In some countries it's a legal requirement to have a local sponsor. If it works well then that's very positive, but if you fall in with the wrong person it can be almost impossible to get out of that situation and can be very damaging. Be aware that many people will approach you with offers to sponsor, so make sure you get good local advice before agreeing to any.
- **Acquisition / alone:** High risk
- **Website:** Low risk, as it is inherently international.