

Checklist Market Research and Market Entry Strategy

1. MARKET RESEARCH

Market Research must provide you with the factual, comprehensive and up-to-date information you need to know before starting your push into the EU target market. By understanding your target market and competitors you can develop your competitive positioning and know where to invest your business development resources. The analysis must be as concrete as possible, you will need facts! This can help you to objectively view how your product fits in the market and gives you an indication of the sales potential and the accurate cost of sales.

Much information can usually be found with the help of Internet, market surveys and trade magazines. The CBI website (www.cbi.nl) and EuroITX.com (www.euroitx.com) is a good starting point; market surveys, marketing guides can be downloaded. The International Trade Centre UNCTAD/WTO (www.intracen.org) may prove to be useful as well, e.g. for statistics and country profiles, market information for certain sectors, etc.

This **market research**, together with your ideas on the **market entry strategy** form a very important part of the overall Export Marketing Plan that needs to be developed for a successful export venture. Whilst working on this you may find that some information is not available; do not worry too much about that. In those cases you may make realistic assumptions.

Do not forget that in the CBI ICT Program we **FOCUS ON IT AND BPO SERVICES OUTSOURCING!**
(so **NO PRODUCTS** except for a few selected companies)

1.1 Target EU market

Collect general economic and market information about your target EU market and describe briefly the main characteristics:

- International trade relations /economic blocs between your country and the EU
- Trade regulations that concern your **services**, both at EU and at the targeted countries (national level)
- **Services** regulations, non-tariff barriers, not only EU or national, but also requirements demanded by customers/importers
- Market information for your **services**: size, growth, trends and developments.
- Competitor information:
 - Who are your competitors,
 - What is their market share
 - Compare your price/quality ratio with the competing **services**?
 - Trends in global services delivery

1.2 Customers

It is essential to develop a good understanding about your foreign consumer / end user, therefore you must ask yourself:

- Who would need your **services**?
- Where are they located?
- Describe your possible customer (trade partner) in terms of the following characteristics:
 - Segment or niche
 - His role in Supply Chain or Distribution Channel?
 - Can I name my customer (prospect list)?
 - Who are their present suppliers?
 - How do they buy?
 - Who is your customer's customer?

1.3 Services

- Describe your most important **services**
 - Brief technical and process specification
 - Quality, standards, processes
 - Would adaptations be required, based on demands of customers in the EU and/or EU regulations?

1.4 What is the Unique Selling Proposition that interests prospective customers

- Why would the customer be willing to pay for your services?
- Why wouldn't they choose one of your competitors
- What is your company's added value to him?
 - Can you offer services according to his specification and quality/service levels?
 - Can you be his most reliable supplier?
 - Can you offer a partnership, e.g. co-makership?
 - Can you offer assistance in developing innovations?
 - Are you competitive in pricing?

2. MARKET ENTRY STRATEGY

One of the most important decisions you'll have to make in developing your export marketing plan is your market entry strategy. A mistake can cost you time and money. A market entry strategy is important because it provides you with a strategic roadmap. It enables you to organize your thought process and to serve as a communication plan. It allows you to objectively examine the costs and benefits of each approach. Use the information from Market Research to choose the market / customer / target groups that are the best match for your products. Write down the outline of the plan to effectively enter that market by formulating your ideas about the following key factors:

2.1 How do you want to reach your possible customers?

This question is very much related to the normal trade channels in your industry. Please refer to the addendum regarding trade channels.

You will have to decide on the best way to approach your prospective customer. Options are:

- **Direct approach**
 - This approach is often used in the case of companies with
 - industrial specialization.
 - Adequate financial means and a certain minimum size
 - few foreign buyers that are in contact with international suppliers
 - services according to specification, subcontracting
 - strong networks and/or joint venture possibilities
- **Indirect approach, through an intermediary or agent**
 - This approach is often used with companies
 - as a strategic choice
 - in markets with high degree of competitiveness (all EU markets)
 - with limited know-how of the EU market
 - with scattered or diversified markets
- **Collective exporting, trading house, consortium, group of colleagues.**

2.2 How do you intend to promote Sales?

- Participation in exhibitions/fairs, which, where, when?
- Sales trips, who, how frequent?
- Own lead generation and canvassing: how, who?
- Website, E-catalogue for your products: plan the E-presence of company
- Brochures, samples, catalogues, price lists

2.3 What are your objectives?

- What are your objectives in terms of service volume, revenue and profit for the next 3 years from outsourcing IT services to the EU.