Exporting Strategies

## 

### 1. **Direct strategies**

When you sell directly to end-users, you eliminate the middlemen making it easier to customise your market entry strategy to reflect the market conditions you may face.

Sales can be made directly between you and end-users, or they can be made through local sales representatives who promote your product and/or service without taking ownership. You can use a distributor to sell your products directly to buyers.

When you sell directly to end-users, you'll be responsible for:

* market research
* marketing
* distribution
* warehousing and delivery of your product and/or service
* customer and after-sales service
* sales order, and billing.

### 2. **Indirect strategies**

### When you sell indirectly to end users, exports are not handled directly by the manufacturer or producer, but through intermediaries such as agents, export management and trading companies.

### In most cases, the exporting process is simplified and export management companies are usually responsible for:

### providing market information

### appointing sales representatives in the importing country

### devising promotional strategies

### organising shipping

### export documentation

### Export trading companies usually provide support services such as distribution, warehousing, shipping, billing and insurance.

### 3. **Countertrade**

### A countertrade is a form of exporting where goods and services are paid for in full, or in part, with other goods and services.4. Review and repeat

### **4. Selling online**

There are a few different approaches to selling online. You can:

* set up your own website in the export destination country which incorporates an online store, known as Business-to-Consumer
* sell your product wholesale to major eCommerce sites, which will then manage the marketing, sales and distribution to customers, known as Business-to-Business
* set up an online store within a major eCommerce site, known as Business-to-Consumer
* sell your product through a third-party store or online supermarket, known as Business-to-Business-to-Consumer.

## **Contractual entry modes**

### **Licensing**

Licensing allows an individual or a company that owns intangible property (such as copyright or a trademark) to grant another party the right to use that property for a specified period of time, and under specified conditions. Payment is received in the form of royalties.

| Pros | Cons |
| --- | --- |
| Can reduce risk and be an effective way to finance international expansion. | Your licensing agreement may restrict any future activities, or reveal information to a possible future competitor. |

### **Franchising**

Franchising is when the owner of the business providing a product and/or service (the franchiser) assigns to independent people (the franchisees) the right to market and distribute the franchiser's products and/or service, and to use the business name for a specified period of time, and under specified  conditions.

| Pros | Cons |
| --- | --- |
| It's a low-cost, low-risk mode of entry into new markets allowing you to use the cultural knowledge and know-how of local managers. | As a franchiser, you're obliged to continue to support the franchisee after the initial one-time transfer of property is complete. |

### **Investment entry modes**

Joint ventures

A joint venture is when a separate company is created, and jointly owned by two or more independent entities to achieve an objective.

| Pros | Cons |
| --- | --- |
| Can be a good way to penetrate international markets while reducing risk. | There's always the possibility of conflict between partners, and potential loss of control by one of the parties. |
| Can allow you to access the international distribution network of the entities you've partnered with. |  |

### **Strategic alliances**

A strategic alliance is when two or more entities cooperate to achieve a strategic goal. Depending on the goals, alliances can be formed between a company and its suppliers, customers, or even its competitors in some instances, for short, medium or long-term periods.

| Pros | Cons |
| --- | --- |
| You can share costs and utilise member strengths. | There's risk of conflict between partners, not to mention the creation of a future local or international competitor. |

### **Wholly owned subsidiaries**

A wholly owned subsidiary is a company that is completely owned and controlled by a single parent company.

| Pros | Cons |
| --- | --- |
| You have complete control over the day-to-day operations in markets overseas, while at the same time acquiring valuable processes and technologies. | It requires substantial resources, so the exposure to risk is high. |

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