

# EXPORT TRADE



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# Sales and Marketing Principles



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# Promotion of Sales Abroad

- Exports are a key part of a business's sales system.
- Many companies see exports as a necessity to channel production surplus or as an alternative when domestic demand declines.

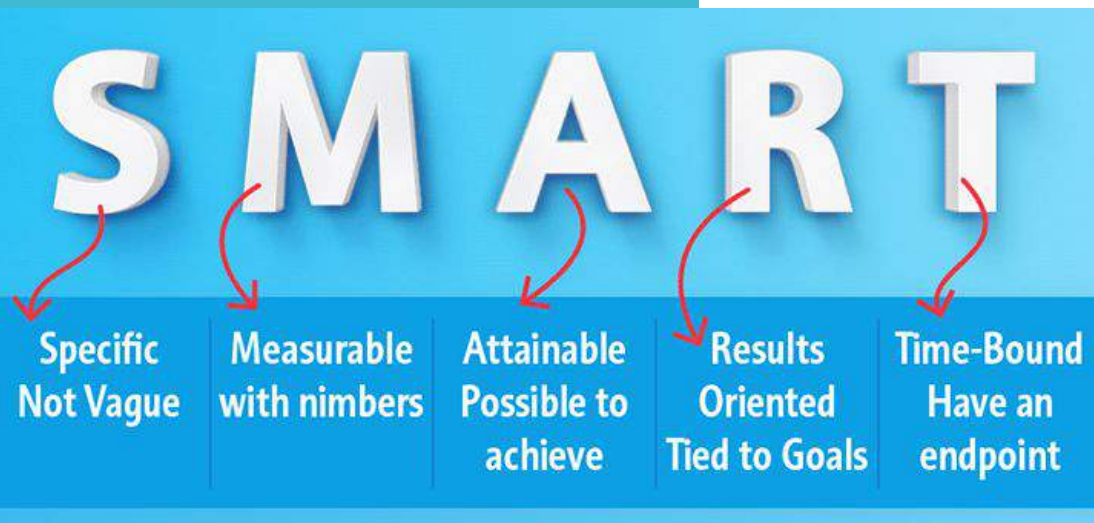
**Seeing exports this way is not correct.**

- Exports may in some cases complement the activities of a company at home, but promoting sales abroad is another operation that requires a different strategy.



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- Goals must be realistic and achievable
- The time horizon of the actions and their evolution over time must be defined, understood and accepted by the staff
- Creativity and originality in the means and methods used, taking into account the costs that they bring to the business
- Inventing new products that create new demand on their own



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- Careful and organized sales promotion can dramatically improve the image of the company and its products as long as the quality and support meet the promises made.



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- The first step is to set specific goals that are achievable and measurable and can be assigned to the staff.



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- The second step is to determine the exact situation as it is today and to explore the strengths and weaknesses of the business, the opportunities and threats that come from the financial environment.
- Later on, a research for ways, methods, techniques and strategic moves that will bridge the difference between the current situation and the goals, is conducted.

# The main goals of the campaign:

- To inform the consumer about the existence of the company's products, their characteristics, their uses and the possibilities they offer, as well as the guarantees and support they will have after the sale, facilitating payments and any contribution to the financing of the market
- To change the preferences of the buyer after testing the product
- To create a positive image to the consumer with a more permanent result in order to continue being a customer
- To consolidate the consumer's loyalty



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# Key Factors for Exporting Activities (1/2)

- Is it beneficial to expand in this export market?
- Will the sales increase and to what extent will they be profitable?
- Is there sufficient production capacity to meet the new demand?
- Will the increasing production create economies of scale to reduce average production costs?
- Is the domestic demand unstable or seasonal and therefore will overseas sales compensate this gap?
- Are there the necessary raw materials and the necessary technical staff to increase production?
- Is the sales staff adequately trained?



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# Key Factors for Exporting Activities (2/2)

- What is the level of competition in the target country?
- Can the life of the company's products be extended through the method of exporting them to new markets?
- Is there an overproduction that is in surplus and should be sold abroad?
- Will the products be promoted in foreign markets with the current standardization or are modifications in their characteristics required?
- If so, what are the costs and how will the economies of scale that the company hopes to create be affected?
- What is the political climate in the target country, what are the expected developments and how are they expected to affect the course of the company's operations?



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# Export Marketing Strategies

- Uniform Strategy
- Differentiated Strategy
- Product Change
- Change in Communication Policy
- Changes in Product and Communication Policy
- Specialized Strategy
- Creative Strategy



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# Extroversion in the Context of Business Strategy

- Foreign Market Penetration Strategies
- Market Division
- New Product Development
- Exports of Services



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# Export Plans and Penetration Strategy



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Export planning and penetration strategy in a foreign country is about **how to promote products abroad**.

The strategy that will be adopted as well as the type of partners that will be used depend on:

- the size and organization of the business,
- its export history, and
- the nature of its products



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Exports are usually made through:

- wholesale and retail distribution channels
- retail department store chains to specific large clients
- direct negotiations
- Government Services and Organizations
- mail to the final consumer
- specialized export companies that sell independently or by mail



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- The problem of selecting the appropriate channels for the distribution of products abroad multiplies as the number of **target countries** increases.
- Even the most productive export company will have a problem with the availability of its products if it does not secure competent **local partners** who will assist it in its work.



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# Factors - Obstacles

- The **physical and cultural distance** that separates the business from the local market
- The **competition** that the company faces from other suppliers trying to make use of local distribution networks
- The **lack of information** of local consumers and industrial users about the products of the company and the lack of information of the company about the existence of interest on their part
- The **inability to predict** market demand characteristics, ie what is required, how much, when, at what price and what additional requirements exist



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# Types of Distribution Channels

The type of channel to be used depends on the nature of the product.

- For example, vulnerable products need short distribution channels to reach the buyer unchanged.
- High value products also need short channels to reduce the risk of loss or theft.
- Short distribution channels are necessary for industrial products, complex products and products of special specifications because it is necessary to sell them technically and to provide installation and maintenance advice, which requires contact between the manufacturer and the buyer.



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On the contrary, standard consumer products as well as standard industrial products of low value per unit, are better promoted through the use of long distribution channels.



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# Other factors

- The desired market penetration pace
- The massive market coverage
- The selective product distribution
- The organizational potential of the company



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# Export Relations with Local Partners

- The company's partners in the local market provide important services in bridging the geographical and cultural gap that separates the business from the consumers of its products.
- Depending on the agreement, these intermediaries contribute to the transportation, receipt, collection, sorting, storage, maintenance, fitting, packaging, distribution and technical support of the company's products.
- At the same time, they assist in the advertising campaign, they provide credit to retailers, they collect information from the market, they process it and share the conclusions with the company.



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# Wholesale and Retail Structure

- The export company must monitor and take seriously into account the developments in the wholesale and retail chain internationally.
- The extent and intensity of competition is directly affected by the number and size of distributors, their organization and their ability to offer complete services at competitive prices.



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# Sales Representative

- In general, the representative offers valuable services to the exporter because he has the appropriate connections and personal contacts with financial agents and potential clients and he knows the habits and conditions prevailing in the market.
- He monitors the political and economic developments, the competition and the changes in legislation. He maintains close contacts with influential people, helps solve problems, maintains and promotes relationships with old and new customers and promotes new products in the market.



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# Commodities Distributor

## Distributors are divided into:

- **Exclusive**, when they are the only ones who have the right to sell the exporter's products in a specific geographical area,
- **Unique**, when at the same time the exporter can make direct sales to customers,
- **Non-exclusive**, when they are not the only ones distributing the exporter's products in a specific geographical area,
- **Selective**, when they have the appropriate equipment, know-how and specialized personnel that are necessary for the distribution and support of the exporter's products due to the high level of technology they incorporate. Such distributors are necessary for electronic equipment, medications, medical equipment, defense systems, etc.



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# Sales Branch

- The sales branch is an extension of the sales department in another country. Its mission is to store, transport and sell the exporter's products and to provide sales support services, such as repairs, services, spare parts, pricing and bookkeeping.
- The organization and operation of a sales branch is financially justified when sales have reached such a level that the cost per unit of product is less than the profit margins of the reseller – distributor.



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# Overseas Sales Subsidiary Company

- Its official status helps the company to make sales to Government Services and Organizations, to have a greater specific position in the domestic market and to carry out light manufacturing operations that add domestic value, when required by the legislation of the importing country.



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# Joint Ventures with Local Businesses

- A joint venture is a company created by the participation in the capital of two companies - partners, one of which is the exporter and the other is its partner in the importing country.
- The two partners share - depending on their participation - the ownership, control and decision-making.



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# Direct Sales

- The visit by a specialized executive of the exporter to the customer assists in the creation of close personal relationships and an environment of trust, which are important for reaching an order.
- As a technical seller can better understand the needs of the customers and respond directly to the changes in the competitive conditions, the communication is more effective.



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# Carrier - Rider Agreement

- In order for the cooperation to be effective, certain issues that may cause conflicts must be agreed, such as eg. who will support the “rider’s” products after the sale, which trademark will be used, under what terms and conditions, etc.
- The advantages for the "rider" are the quick and economical access to foreign markets including small markets that would not justify the cost of entry.



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# Collective Exports

- Two or more export companies can join forces and share the costs required to promote their products in specific countries.
- Obviously, the products are not allowed to be competitive with each other.
- The best results are achieved when they are complementary to each other, because the cooperating companies are given the opportunity to jointly offer a set of products and after-sales support services and to ensure synergies that are for the benefit of all.



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# Export Businesses Consortia

The consortium of export companies is a form of collective overseas sales by independent companies .

In the form of a consortium, two or more companies unite or work together to jointly offer a set of products or services in an export market.



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# Export Management Companies

- The effectiveness of these companies is limited by the fact that they **manage a large number of products and it is not possible to know in depth the specific requirements of the market to which each product is addressed.**
- An export management company could be useful to a company in the early stages of its export activity until it gains some experience.
- After the increase of sales beyond a certain limit, the cooperation with the export management company becomes unprofitable.



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# Potential Customers Management



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# The Sale Process

The sales process refers to the successive activities and actions that a seller must perform in order to achieve effective sales. The process includes eight steps.



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# The Sale Process

- Locating potential customers
- Preparation
- Approach
- Presentation
- The trial period before reaching a sales agreement
- Dealing with objections
- Reaching a sales agreement
- Follow-up



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# Locating Potential Customers

There are several ways a seller can use to create a list of potential customers. The selection of the most appropriate way depends on the type of the product and the experience of the seller.

Some of the most common ways are:

- list of importers
- recommendations from existing customers
- competitors' customers
- advertisement
- conferences / exhibitions
- press releases / internet



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# Preparation

In general, the preparation should include the following :

- Defining the objectives of the visit
- Evaluation and detection of the needs of the potential client
- Defining a potential customer profile
- Selection of the characteristics and comparative advantages of the product to be presented
- Selection of the presentation method
- Possible objections and how to deal with them
- Presentation closing strategy and order placing



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# Approach

- The approach refers to the first impression that the customer will form in the first minutes of his contact with the company.
- This impression is important for the continuation of the presentation, as it can support or destroy the sale agreement.
- A positive impression makes it easier to communicate with the customer, while a negative impression makes this communication difficult.



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# Presentation

- The presentation stage refers to the presentation of the product to the potential customer. However, **the knowledge of the product by the seller is not enough.**
- In order for the presentation to be as effective as possible, **the seller must show the potential customer how will the product meet his needs.**
- This means that the seller must not only present the features of the product, but also the advantages that these **features** entail, as well as the **benefits** that the customer will gain after buying the product.



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# The trial period before reaching a sales agreement

The trial period before reaching a sales agreement is carried out by asking questions to the potential customer, such as:

- What is your opinion?
- When do you want it to be shipped?
- How do you want to pay – in cash or in installments?
- Do you want to order 10 or 15 boxes?



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# Dealing with Objections

- Objections refer to skepticism, reflection, disagreement or questions by the potential customer, expressed throughout the presentation.
- Objections can be simple (eg. Do you have the product in red?) or very serious (eg. The quality of the product is very low).
- The objections by the customers must be welcomed as they express their interest in the product.



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# Reaching a sales agreement

There are usually three issues that concern sellers when it comes to reaching a sales agreement:

- When is the most appropriate time for the seller to request the order?
- How will the seller be able to understand that the potential customer is ready to buy?
- What is the ideal number of attempts a seller should make to try to reach a sales agreement?



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# Follow-up

The philosophy of a good seller should be:

“I do not make sales, I make customers.”



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**Thank you!!!**

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