

Everywhere you export

The Canadian Trade Commissioner Service

SPOTLIGHT

ON INTERNATIONAL MARKETING



TCS



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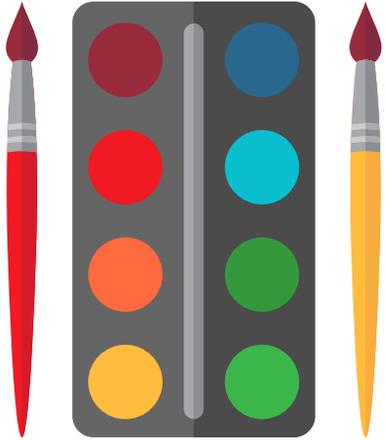
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The Art of Marketing

Advances in information and communications technology (ICT) over the last couple of decades have resulted in the ability to easily send messages digitally to every corner of the world. With that being said, there is now an abundance of promotional content and it has never been more important to ensure that your message is conveyed concisely, is received by its intended audience and is easily heard above the noise in cyberspace.

The Canadian Trade Commissioner Service (TCS) is pleased to present the following *Spotlight on International Marketing*, which brings together intelligence and resources for companies seeking advice on how to become more competitive internationally and market/sell their product or service in new foreign markets.

Marketing is a subject that requires nuance in order to elicit the desired response. This Spotlight focusses on how to build a unique selling proposition (USP) and tailor aspects of your marketing mix, the pillars of any marketing strategy, for entering markets with different cultural, social, political or economic environments than your own.

It is important to note that before creating your marketing plan you should first conduct market research to confirm that there is demand for your product and that there are no significant barriers to trade that would prevent you from exporting to the selected country.

For more information on choosing a market and developing an export marketing plan consult the TCS [Step-by-step Guide to Exporting](#) which contains special sections dedicated to 'Setting out: identifying your target market' and 'Reaching the customer: developing your export marketing strategy'.



Figure 1: **Blending marketing variables: Summary of the 4 Ps Model.**
- McCarthy

Unique Selling Proposition

If you are entering a new market then your brand awareness is probably not going to be at the same high- a level you may have established within Canada. In order to have a successful entry in the market, your USP should be developed so that customers are not only informed of the value that your product or service provides them, but also how it is different from and/or superior to that of your competitors.

Before your USP can be crafted, there are a couple tasks to accomplish first:

- **Segmentation** - Identify your target customers by creating buyer personas for the segments you believe will most likely purchase your product or service. Your entire marketing plan will be based on the chosen segments. The geographic, demographic and psychological factors that you use to determine your target customers will affect pricing, communication and distribution decisions. Canada Business Network offers more information on segmentation and [Developing a marketing plan](#). Business Development Canada (BDC) has a [template](#) to be used when constructing your own marketing plan.

- **Market scan** - Research and develop a profile for each of the most important competitors you will be up against in the target market. This will help you determine your competitive advantage and position which benefits differentiate your business from competitors. Export Development Canada (EDC) offers more information on how [Research will set you apart from the competition](#) including how to create a competition grid to summarize a market's competitive landscape.

What is a USP?

Unique Selling Proposition (USP) is a summary of what makes your business unique and valuable to your target market.



The basis for creating an effective USP are the following four (4) steps, combined they answer your prospective customers and/or investors most important question “Why should I choose you over your competitors?”:

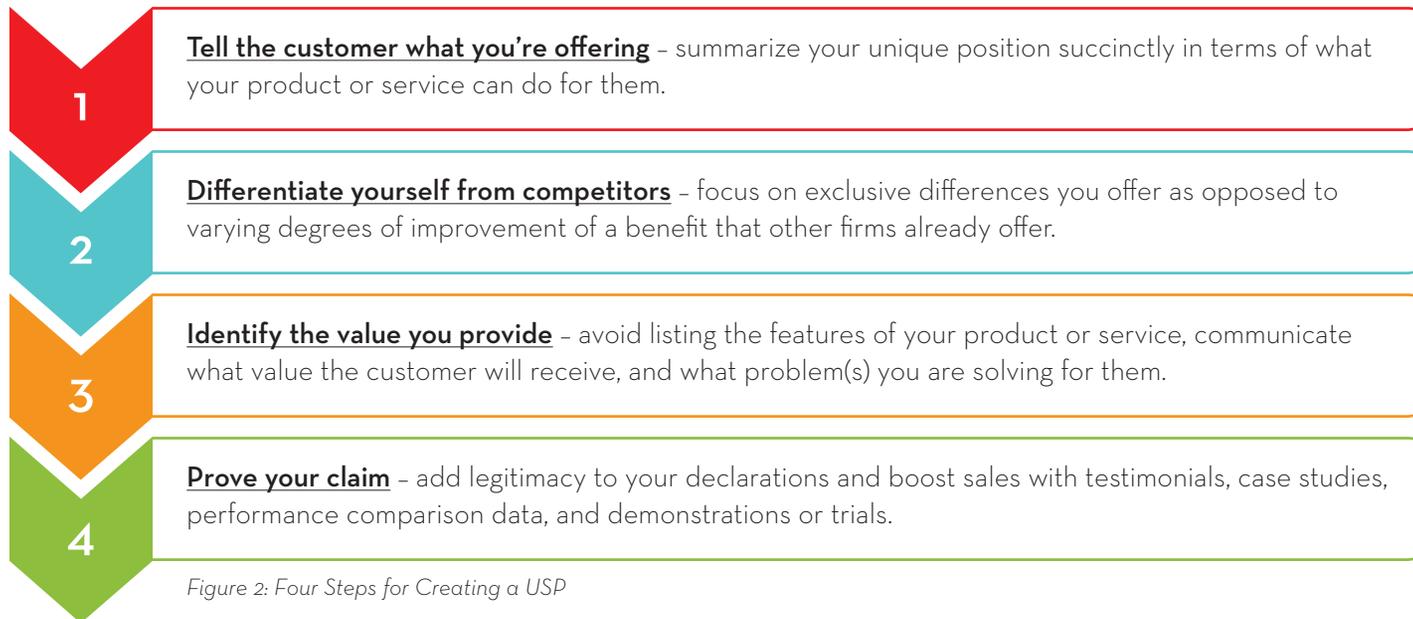


Figure 2: Four Steps for Creating a USP

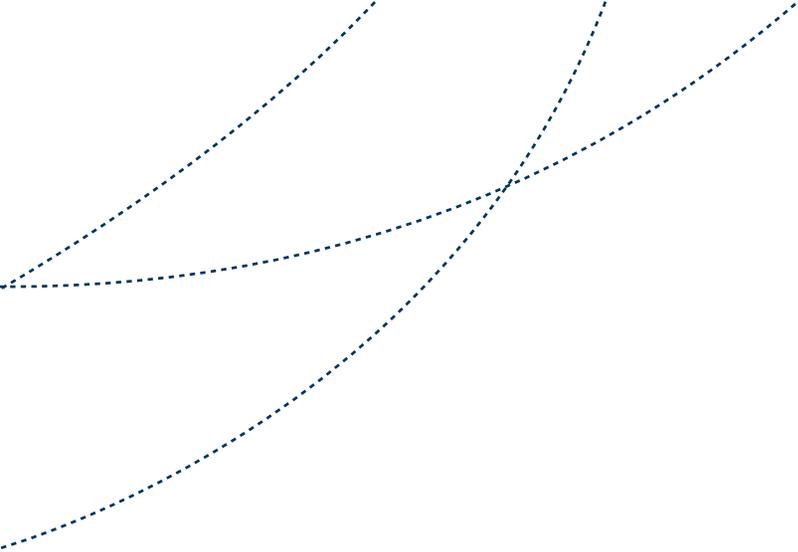
A USP is a versatile tool that will be a focal point of your marketing strategy and encompass any salient selling points of your product/service. It can also be used when presenting to potential investors and venture capitalists, especially when time is short. BDC provides tips for constructing [The elevator pitch](#). For more information and examples of USPs see EDC's white paper on [Creating a Unique Selling Proposition for Your Global Market](#).

TIP:

Your finely tuned USP can also be used as a powerful sales tool. Educate your domestic and any foreign sales reps you may hire on how to effectively use your USP before **planning** your sales and account calls in the market.

Did You Know?

When pitching to potential investors it's just as important to sell yourself as it is your product/service. They want to know that their money is in good hands. One way that you can set yourself apart is by becoming a certified international trade professional (CITP). This designation will provide you with valuable international trade knowledge and increase credibility for you and your business.



TIP:

Before offering and promoting your product in a foreign market ensure that you have taken the necessary precautions to ensure the **protection** of your intellectual property.

International Marketing Considerations

International trade is more complicated than selling domestically. There are an additional 9 Ps that will affect your export marketing plan and must be taken into account along with your marketing mix elements, resulting in the 13 Ps of international marketing. Ask yourself these questions as you create your export marketing plan for maximum results:

- **Payment** - How complex are international transactions?
- **Personnel** - Does your staff have the necessary skills?
- **Planning** - Have you planned your business, market, account and sales calls?
- **Paperwork** - Have you completed all the required documentation?
- **Practices** - Have you consider differences in cultural and business practices?
- **Partnerships** - Have you selected a partner to create a stronger market presence?
- **Policies** - What are your current and planned policies?
- **Positioning** - How will you be perceived in the market?
- **Protection** - Have you assessed the risks and taken steps to protect your company and its intellectual property?



Product Localization

The product or service that you sell domestically may have to go through some changes before it's sold abroad. After performing a market scan and creating your USP there may be features that you wish to add, remove, or alter in order to differentiate from rival offerings. This may also have to be done in order to respond to market specific differences in **practices** such as culture, tradition, standards and regulations or economic development.

In the localization of your product, a major cultural difference that must be addressed is language. All of the packaging and any instructions included with your offering must be translated into the local language of your target market. If you are providing a service, or offer customer service as part of your product then your **personnel** need to be able to interact with customers in their local language as well. Hiring employees from the region you're exporting to may be the best way to accomplish this. It's important to provide new employees with proper training

and instill in them your organizational culture and values as they are representing your company and are an extension of your brand.

Remember that the product benefits and features you offer must satisfy consumer needs. A company can effectively tailor a product to a specific market to successfully acquire market share abroad. They can offer smaller package sizes of their various product lines in specific countries so that consumers can still enjoy their goods but at more affordable prices.

Marketing Highlight:

Even the largest of companies can make mistakes when entering new international markets. Be conscious that consumer tastes, preferences and expectations in one market may differ from that of another.



Market Highlight: Product standards and regulations in the EU

Your product may need to be altered in order to meet specific standards and regulations in other countries. This can include additional safety precautions, packaging, or changing aspects regarding the compatibility of technologies or appliances. In the European Union (EU) for example, all products that are legally allowed to be sold must be tested and receive the CE marking (Conformité Européene) which demonstrates that the product meets health, safety, and environmental protection standards. For more information see the TCS white paper [Six Steps to CE Marking](#).

Another EU marking is the “Ecolabel”, which is awarded to products with reduced environmental impacts throughout their lifecycles. If your product fits certain criteria it may qualify and be able to include this label on its packaging. This will demonstrate to new consumers that you are a socially responsible business and can help build positive brand awareness in new markets. For more information read [Chapter 5 - Packaging and Labelling](#) in the Trade Commissioner Service’s *Exporting to the EU - A Guide For Canadian Businesses*.

Finding the Right Price

Establishing the right price is imperative to success in any market; it's commonly a factor in a customer's buying decision process.

Price contributes to the expectations for a product or service and affects how consumers evaluate their purchase which can determine whether or not they become a repeat customer. Pricing is a strategic decision that encompasses multiple considerations, the first being your business objectives for the selected market. The pricing strategy that you choose will vary depending on your short and long-term goals. Marketing and pricing



objectives may have to be adjusted for certain markets due to cultural or economic differences.

A universal objective regardless of your goals is to make a profit; the selected strategy will simply determine how you go about making it. In order to make a pricing decision that will result in your desired profit margin it is important to have a comprehensive understanding of all your costs - fixed and variable - involved in producing, transporting, marketing and financing the exportation of your good or service. EDC offers [financing and credit insurance solutions](#), which can be a source of competitive advantage by allowing you to offer customers more attractive credit terms than your competitors.

Your price should not be chosen without first consulting market and competitor research. Market demand for your product can affect the price you are able to charge. A useful metric to use when determining consumer's ability to pay is per capita income, especially in developing nations. Your competitor's prices cannot be ignored either. These are the companies you will be compared to, making it all-important that your price reflects the value that you offer relative to your rivals. BDC is a resource for more information on [pricing policies](#), [pricing decisions](#), and [pricing strategies](#).

TIP:

When shipping and selling goods internationally there is additional **paperwork** that must be filled out. The supplemental documentation and customs requirements also carry costs that need to be accounted for when determining the total cost of exporting your product or service.

Marketing Highlight:

Value can be represented by the equation:

$$\text{Value} = \text{Benefits} - \text{Cost.}$$

To add value to your offering you must either find a way to decrease its price or add more consumer benefits.

TIP:

When dealing in a different currency having the proper **policies** in place will help you cope with fluctuations in currency evaluations and limit the negative effects on profits. EDC offers a number of resources to help Canadian companies with [Managing Foreign Exchange Risk](#).

- **Penetration pricing** – entering with a low price in order to quickly attract customers and gain market share. This can be a very effective short-term strategy but keep in mind that once consumers are accustomed to a low price point it may be difficult to change expectations and raise it later on. If your product is one that instills loyalty or you can create switching costs this will help neutralize the effects of a price increase.
- **Price skimming** – starting with a premium price to maximize profit from high-end consumers and early adopters in the market that have the means and desire to have the latest and greatest products; then lowering the price to lure a larger portion of consumers seeking more value for their purchases.
- **Flexible pricing** – adjusting prices for different types of customers. This can include different pricing between or within markets. Offering different models of your product with varying levels of features allows you to tier prices and broaden the range of customers you're targeting. For services this is used to capitalize on different customer needs and maximize revenue. For example, in the airline industry there are different price buckets: first-class, economy, coach.
- **Competitive pricing** – setting a price based on what the competition charges, this strategy is commonly used when multiple companies are selling the same product with little distinguishing one from the other.

If you're deploying this strategy try to find subtle differentiators to highlight, such as better customer service or a longer warranty, that will increase your value at this price point or allow you to charge slightly more and avoid being in a price war.

- **Full cost-based pricing** – covering both the fixed and variable costs of the export sale. With this method once the total cost of your export has been identified you can simply add your desired profit margin to the total cost and that will give you the price you should charge.
- **Marginal cost** – covering only the variable costs of production and exporting, while you pay overhead and other fixed costs out of domestic sales. If manageable this method goes well with a penetration strategy as it helps cover the additional costs associated with selling internationally and allows more of the price point in that market to be considered profit.



Distribution: Channel Strategy

This portion of the marketing mix is devoted to finding ‘the right place’ for your product or service also commonly referred to as *distribution*.

It includes not just where your good is sold but also the process of how it gets to the customer. One of the primary business considerations is distribution channel length, which is determined by how many intermediaries the product or service has to go through, if any at all, before it gets to the end user.

The appropriate channel length will vary depending on your product and the industry sector it falls under as well as how accessible markets are in terms of infrastructure

and available partners. Keep in mind that the longer the distribution channel, the smaller profit margins will be since every intermediary, agent, distributor or reseller needs to take their cut. This also results in a higher price charged to consumers (See Figure 3). With this being said, channel members can add value and increase sales volume with the ability to reach a much larger number of customers more effectively.

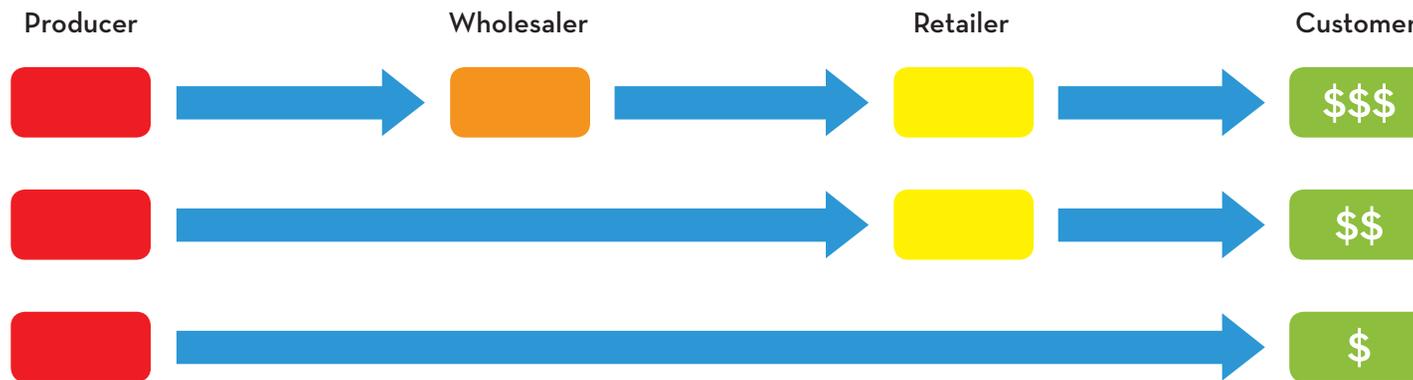


Figure 3: Distribution Channel Length and its effect on Price



Did you know?

Partnerships can help you achieve a stronger presence in new markets where your networks are not yet developed. [Trade Commissioners](#) can help you to identify who the best strategic partners would be for your business in specific markets.

It is imperative to make your product or service available where your target audience is going to be looking. You must understand the behaviour of the buyer personas that you have decided to target. If your target audience prefers to shop in physical locations then it would make sense to sell through a retailer or invest in your own store front. However, if your prospective customers are buying online then you will need to make your offerings available via the internet. For more information on how to effectively sell online see the TCS [Spotlight on E-commerce](#).



Whether it's your channel members or your customers, you must also understand how international **payments** will be processed through a functional system. Through what mediums do they prefer to transact? This may vary depending on whether you sell to businesses or consumers.

Marketing Highlight:

Distribution also includes aligning the quantity of product available and consumer demand, which will be determined by your market research. If your supply doesn't meet demand you're losing out on revenue and if you have an ample supply you will incur higher inventory carrying costs.

Promotion: Getting the word out

Your promotional strategy is vital to the success of your exporting operation. If your target audience doesn't know what you're offering, or worse, doesn't even know that you exist, then they are never going to be converted into new customers.

When crafting your promotional messages, you should make sure that your USP is clearly articulated in a way that resonates with your target audience and reinforces your desired **positioning** – how you would like to be perceived in the market. Just as with your USP and the other aspects of your export marketing strategy,

promotional strategies and your choice of communication channels may have to be adapted from one market to the next due to differences in practices. This is especially true for promotional messages due to the different themes, tones and perceptions that they lend themselves to.

Marketing Highlight:

With promotional material, the goal is to evoke a desired emotion which will then result in a specific action, in many cases this is a purchase. Your promotional material should contain a 'call to action' that tells the customer what this desired behaviour is. The danger is that you trigger the wrong emotion or offend people and have to implement public relations activities to rebuild the perception of your business in the market. Local advertising agencies can be employed and or consulted to verify that your promotional messages and tactics will be well received.



TIP:

Translate all marketing tools and materials using local translators to assure the accuracy of your wording.

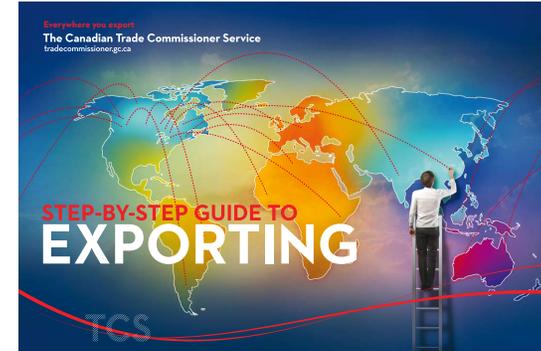
Perform research on meanings of symbolism and imagery in your target market to confirm that your name, logo or colours don't carry a different meaning than you intend to portray.

Are you export ready?

The [Step-by-Step Guide to Exporting](#) will help you to:

- **Sell to more customers.** Target global buyers online.
- **Enter more markets.** Leverage the benefits of free trade.
- **Save time & avoid risks.** Learn the legal aspects of trade.

Download this free guide and gain access to all TCS export publications through [MY TCS](#).



Access these additional resources:

- Canadian Trade Commissioner Service (TCS)
 - [Five Steps to Taking on your International Competition \(Webinar\)](#)
 - [Assess your market potential](#)
- Canada Business Network
 - [Marketing and Sales](#)
 - [Marketing Basics](#)
- Export Development Canada (EDC)
 - [Competitive Advantage: Defining Your USP for New Markets](#)
 - [How Do You Create and Use a Powerful USP?](#)
- Business Development Bank of Canada (BDC)
 - [Free eBook: Online marketing](#)
 - [Free eBook: Social media](#)

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Trade Commissioners are on-the-ground in more than 160 cities in Canada and worldwide.

The Canadian Trade Commissioner Service (TCS) is gaining market intelligence and insight, and uncovering opportunities for Canadian companies.

Our export experts can help your company:

- Prepare for international markets
- Assess your market potential
- Find qualified contacts
- Resolve business problems



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