Pushing Boundaries In Business

A market survey
conducted by Corporate Ink

Corporateink
Integrated Marketing & PR

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Building and maintaining brand awareness and sales effectiveness when expanding internationally

Overview

Every year, B2B companies expand from overseas into the U.S. to uncover new streams of sales and revenue. From tech and supply chain to finance and hospitality, the relative affluence of U.S. buyers combined with the country's rich talent and venture markets make the States an appealing market. Despite the appeal, a transition to the States can be difficult, and there are many unexpected challenges that can crop up without warning.

Corporate Ink surveyed 100 C-level executives and senior leaders from companies who had recently expanded or were planning to expand about their experience. This report details their planning processes, marketing and sales experiences, lessons learned and what they would do differently if they could do it over again. Their insights pave the way for leaders at other companies thinking of making the same leap, and provide critical marketing, operational and sales roadmaps for executive leaders who are expanding their companies internationally.

Brand matters: Will your homegrown reputation translate?

Companies work hard to build a brand that resonates with its target audiences. But when that audience changes, will your hard-earned reputation carry the same heft in a new geography?

Executives do not overlook the importance of having a reputable brand; in fact, more than 70 percent of company executives who are planning to expand in the next year cited brand awareness as their primary challenge. Data from companies that recently expanded correlates with this finding: More than half of these respondents said that translating existing and building new brand recognition in the new geography was a struggle. Since brand awareness and recognition are well understood challenges during international expansions, it would stand to reason that companies would begin brand awareness campaigns in new territories well in advance of the actual move to prepare the market for their arrival.

Advice from a pro:

"SATURATE YOUR BRAND AWARENESS VERY EARLY IN THE PROCESS."

Surprisingly, this logic was not reflected in the survey findings. Nearly 40 percent of executives who had recently expanded wished they had begun brand-building efforts earlier in the process, and a third of companies with established brands regretted not spending enough effort on refining their brand and messaging for the new audience.

What factors contributed to the lack of attention given to branding before, during and after international expansion? Several factors may have come into play:

1. LACK OF CULTURAL KNOWLEDGE: Too many companies assume that the brand they have in their home country will translate as-is to the new territory, without significant refining needed. Despite this confidence, more than 20 percent of expanding companies felt they had only a tenuous grasp on local cultures and languages, which adversely impacted their expansion efforts, and undermined the brand they were hoping to bring to the U.S.
2. LACK OF LOCAL WORKFORCE: To help combat the lack of local knowledge, companies could hire significant numbers of employees in the new geography. These new hires bring a robust, existing knowledge of local customs and practices, and can help ease the company's growing pains. Unfortunately, more than 50 percent of respondents who recently made the move cited that, in retrospect, they regretted not hiring more local talent.
3. BRAND PROMOTION WAS NOT PRIORITIZED: Overall, companies that expanded internationally noted that pre-expansion, their executives and products were better known in the new country than the overall brand. While building buzz around these two areas of the company are important, a lack of knowledge of the overall brand can be detrimental when trying to gain traction in a new area.

Advice from a pro:

"IF YOU THINK YOU'RE READY TO GO, AND THAT YOU'VE DONE ALL THE PREP WORK YOU NEED – DO MORE!"

When brand hits the pocketbook

By far, the largest regret of recently expanded companies was related to the effect of brand awareness on the company's bottom line: More than 80 percent of respondents noted that the lack of brand awareness in the new country had a negative impact on sales.

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Despite this reality, executives from companies planning to move in the next year had a somewhat diminished view of the impact of brand awareness in new territories. Only one-third of those respondents saw lack of awareness in the face of established competition as the number one expansion challenge. On the other hand, more than 45 percent of executives who had been through the expansion process listed those challenges at number one.

It isn't entirely surprising, then, that of the companies who recently expanded internationally, only seven percent had achieved their goals for number of new accounts signed. Whether from misplaced optimism or a myopic view at how recognizable a company's brand actually is, company leaders continually underestimated how effectively their brand awareness would translate to a new country.

+30% of survey respondents who expanded internationally in the last year cited **"securing venture funding"** as their primary goal. Not surprisingly, companies based in the United States continue to receive the bulk of venture capital investments, though the gap between the U.S. and the rest of the world is closing. **From 2006 to 2013, U.S. companies raked in nearly $255 billion in venture capital.**[1]

[1] World Economic Form report, July 2015

Breaking it down: Where the money goes

When it comes to budgetary allocations, each company has its own strategy to maximize its impact in the new territory. Financial buckets include product development, operations, IT, sales, public relations/marketing and more, and they all need attention and funding for an international expansion to be successful. So, how can an executive best allocate limited resources?

LET'S TAKE A LOOK AT THE NUMBERS.

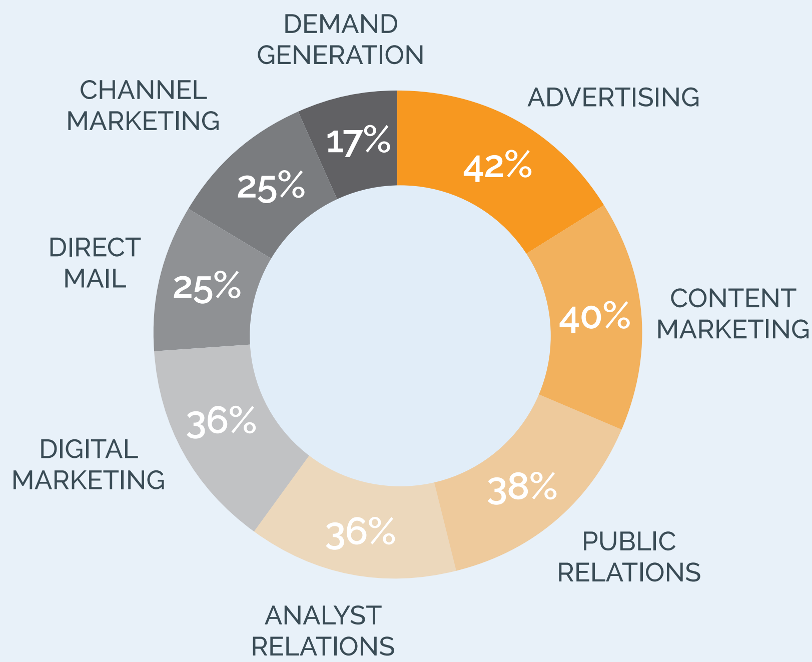
Despite their acknowledgement that brand awareness is a primary goal (remember, 70 percent of executives in companies that planned to expand noted that it would be their biggest challenge), marketing/public relations expenses for companies planning to expand in the next year came in dead last in the financial allocation exercise (15 percent), behind operations (27 percent), IT (21 percent), sales (18 percent) and product development (16 percent). Of the group that had already expanded into another country, those who indicated that the expansion was more challenging than they anticipated had all spent more on operations and sales than marketing/public relations, while those who found the transition least challenging had prioritized their marketing/public relations spend.

CORPORATE INK'S RESEARCH SHOWS...

In today's web-driven society, the majority of companies (51 percent) understood the importance of having a dedicated internet presence for the new territory, and many companies also engaged in social media (53 percent) and events (51 percent) in the new territory. However, websites, social media initiatives and events are most effective when part of a holistic, strategic marketing program, something most companies who had expanded failed to consider. Specifically, few companies invested in (see chart):

- Demand generation (17%)
- Channel marketing (25%)
- Direct mail (25%)

Of the companies who did participate in the tactics above, all of them invested more in the established, home territory than in the new, expanded territory, with the exception of public relations and advertising. Corporate Ink's research shows that many leaders at expanding companies fall into a trap of marketing what they know to familiar audiences, rather than using their resources to bolster the awareness of the company in the new country.



Advice from a pro:

"Conduct as much research as possible on the local competition and determine if your product or service will have a unique niche and value proposition. If so, make a strong commitment to the new market; give it a real shot at success."

The old adage still applies: Failing to prepare is preparing to fail

Survey respondents couldn't have been more emphatic in their advice to expanding companies: Do your homework, and whenever possible, find a local partner that can make the transition smoother. In addition to local culture and customs, regulations can vary not only from country to country, but among states and smaller municipalities, as well. Of the companies that found the expansion process easier than expected, more than half engaged with a marketing/public relations agency in the new country (54 percent), and the remaining companies invested their internal marketing teams heavily in the expansion efforts.

Of the companies who found the move as challenging or more difficult than anticipated, more than 70 percent wish they had invested more in marketing/public relations, or hired an agency to help with the transition. Unfortunately, of those same companies that failed to invest enough in marketing/public relations, 65 percent found that they were, at best, only halfway to their first year goals for industry recognition and awareness. Meanwhile, of the companies that partnered with a marketing/public relations agency in the new country, nearly 65 percent were meeting or exceeding their industry recognition and awareness goals in year one.

Go forth and conquer

The survey findings clearly illuminate the importance of investing in local marketing and public relations initiatives when expanding internationally. Despite the natural inclination to believe a brand has traction wherever it appears, the facts tell a different story. Based on lessons learned by nearly 100 company leaders who have done it before, the smartest and most effective companies plan ahead and invest early, allowing plenty of time for the market to become familiar with their brand before they expand internationally.

While building awareness and brand reputation are critical elements of the expansion process, for marketing leaders, it's only the beginning. To differentiate and compete in highly competitive U.S. B2B markets, organizations need to follow their initial brand building with a steady cadence of interconnected marketing/public relations activities – content marketing, demand generation, digital marketing, ongoing media relations and more – that speak directly to a company's target audiences.

Corporate Ink has helped companies expand from EMEA to the U.S., and vice versa. We've worked with companies in more than a dozen countries, helping them cater their messages and marketing strategy to the local audience, and ultimately driving a successful expansion. Before you cross borders, tell us your goals, and we'll help you make them reality.

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