



For good relations!

Whoever believes that sales and marketing concepts can quite simply be transferred to Asia is wrong. A well-advised company plays by the rules of the country and uses local support.

BY G U N T E R D E N K It's not exactly a rare occurrence that German companies get quite surprised when their sales efforts in Asia end up in disappointment: success eludes them and the reasons for this remain concealed. And in most cases, the decisive factors accounting for the success or failure of companies in this region are just a few small "sins".

Do not leave the choice of partners to chance

Many companies have "at some point, somehow" come across partners in Asia. There was an order from China or Thailand and the company got to know their counterpart. The motto is "We have nothing to lose", and the customer is swiftly nominated as general importer. However, the new sales partner frequently turns out to be a customer who just shops cheaply for itself or hardly plays any role in the market. Unfortunately, nothing really changes even after this insight. "A bird in the hand is worth two in the bush" becomes a maxim and the market opportunities remain untapped. It is only too annoying that, by this time, the competitors from Japan or Korea win hands down in this region.

Whoever prefers not to leave the choice of partners to chance, usually consults an advisor who knows the area well. This advisor then prepares a "long list" of important players in the target market, which is based on the requirements profile of the customer. After a common evaluation of the

list, a smaller group of suitable candidates is selected and those candidates are closely examined in the scope of further meetings. The estimated costs for the entire procedure all the way to contract conclusion are between 10.000 and 15.000 Euro.

Trade fairs do not automatically guarantee success

Trade fairs probably offer the best opportunities for getting to know the market environment and the establishment of contacts. Their success depends on the preparation and follow-up activities. It can be observed much too often that companies passively or even reluctantly just sit and wait for customers in their booths. Even worse: The follow-up tracking of contacts is done in an "off-the-peg" fashion and without an individual note. As a consequence, many companies wonder why their offers remain unanswered. Professional trade fair preparation means to commission local service providers with a match-making contract even before the trade fair has begun. For a price between 500 and 1.000 Euro, depending on the range of tasks, qualified appointments then get arranged with selected companies even before the trade fair. It is just as important to hire a local assistant at the booth, for example a student, to greet interested visitors in their national language and thus eliminate their concern of having to approach „foreign“ exhibitors and, sometimes, in a foreign language.

The most important part follows after the trade fair: All established contacts must be filtered out to produce the ones, which can be intensively pursued as A addresses. The personal maintenance of such A contacts is essential, particularly in Asia. Letters are only the introduction to personal negotiations. In many cases, such letters are not responded to because the written communication in foreign languages is much less developed in this region as compared to verbal communication.

Leave German marketing rules at home

Western marketing strategies do not apply to Asia. Whichever company plans to sell its product by offering consulting and ancillary services as in Germany, ignores the fact that only “tangible things” are paid for in Asia. In Germany, products consist of goods, service and consulting, whereas, in Asia, they only consist of goods. Whoever does not charge for service, may well have to provide it for free, while the goods are purchased – at a cheaper price - from others.

The market strategy should be developed by the partner in the respective country. Regulating and controlling your partners with persistent “Dos and don’ts” will cost you their motivation and, consequently, sales. Asians like Western goods, but they prefer to buy them from fellow countrymen.

Know-who and know-how

German companies are justly proud of their know-how. However, in many Asian countries, know-how alone does not guarantee success in any way. Almost everywhere in Asia, the economy is controlled by networks. These networks are based on families, school and university friendships, ethnic descent or politics. The acquisition of access to these networks is the decisive criterion setting apart Western market leaders who only play a marginal role in the country and those who manage to assert themselves. That’s why it is crucial to get on-site support. Notwithstanding, German consultants on site can only help you if they themselves have acquired access to these networks – primarily, via long-time local partners.

Local presence is important

Markets like Thailand or Vietnam are often managed from Germany or, at best, from the representative office in Shanghai or other offices in Asia. However, this hardly contributes towards successful sales. Regions like India, the ASEAN countries, China and Japan are just as different and far apart as Siberia and Spain. In order to be successful, companies must be present in each region.

Beware of self-proclaimed country experts!

For those unfamiliar with the region, Asian markets might seem like a jungle: fast-growing, constantly changing and dangerous for inexperienced newcomers. Therefore, so-called “guides”, “consultants” or even “accidentally available managers” are all too happy to offer their services on site. They boast with of long years of experience and best connections in the country. Being guilelessly scammed by one of those is one of the standard mistakes, especially in the “globetrotter paradise” of South-East Asia. Quite a few of these “country experts” have foundered at home and then, at some point in the “process of self-discovery”, got stuck in the red light districts or on the sunny beaches of Thailand or the Philippines. The “networks” that they are familiar with consist of colleagues having similar problems, and these networks rarely, if ever, represent serious, Asian business circles.



Friendly assistants who speak the national language improve the prospects for establishing contacts at trade fairs.

Searching for personnel via professionals or at least inquiring at the Chamber of Commerce about those self-proclaimed “managers with regional expertise” would spare newcomers from bitter disappointments and save them money. In China, even staffing advisors and university diplomas cannot be trusted at times. In such cases, local investigation agencies can check the authenticity of certificates and also uncover negative points in the past, which have already caused problems to other companies.

Think about localisation in due time

Asian markets are the markets of the future. Initially, they attracted the attention of Western industries as extended workbenches. Nowadays, they are being re-discovered as new sales markets. If a company approaches them seriously and professionally, these markets will very likely secure the future of that company.

However, one thing must be clear to everyone: Export and sales to Asia only represent an intermediate station. With success, the dependence on these important regions grows as well. And Asians are masters of learning, understanding, further development and cost-effective manufacturing. Sales in Asia also usually mean that the product is brought closer to new competitors.

The best way to prevent this risk is to think about establishing one’s own production in Asia simultaneously with the organisation of sales. The timely development of a holistic strategy for the regions of Asia with the aid of a consultant, who is familiar with local circumstances, is both risk provisioning and securing the future of your company. The objective must be to ensure that the products for these markets are also manufactured within these same markets. ...

.....
In 2004, the lawyer and long-time entrepreneur Gunter Denk founded SANET (Strategic Alliance Network), a consulting network with a focus on the practical support of German medium-sized companies with their investments and the development of alliances in sales and production.
Contact: info@sanet.eu.