

Global Expansion

in Today's Depressed Economy

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Many businesses today are focused on survival - weathering the current turbulent economic environment - and are finding it increasingly difficult to plan their mid to longer term strategies. The fear and uncertainty that have gripped the business world have affected companies in almost every industry, and (despite current glimmers of light at the end of the proverbial tunnel) experts believe the situation will get worse before it gets better. Reacting to this global crisis, companies are reducing expenses by downsizing, resulting in widespread doom and gloom.

Survival, however, cannot be ensured by cost reductions alone. Today's economic realities are forcing companies to expand their markets in order to increase revenues. In fact, companies that concentrate their efforts globally may now very well enjoy a significant competitive edge once we emerge from the current recession.

I would like to offer a few reasons why embarking on global expansion at this particular time may very well be in your organization's best long-term interests:

INCREASE OPPORTUNITIES FOR REVENUE GROWTH

Focusing solely on the domestic market severely limits the range of potential customers your organization can reach. According to the Office of the United States Trade Representative, 95% of the world's consumers live outside the US¹. If your company is selling to US businesses only, you are reaching a minute share of the total potential market.

A Deloitte consulting study on the international outlook for companies reported that one-third of executives

cited their primary goal for international expansion was to develop and sell new products and services in overseas markets².

Expanding internationally increases your client base and the markets that your company can sell to. This will allow your firm to rely less on legacy customers, opening new doors for expansive strategies.

MARKET DEMAND FOR YOUR PRODUCT OVERSEAS

Researching overseas markets determines whether there is a demand for your products and services beyond the domestic marketplace.

Are your competitors selling internationally? If so, it is likely that there is a need for your product as well. If not, your company may be able to strategically position itself to tap into that market. This "first mover advantage" will help your organization gain more market share, establish a recognizable presence outside the United States, and make your company known as an innovator and on the leading edge.³

As stated by Dale Hayes, Vice President of Customer Relationship Management for UPS Inc., "It's estimated that in the next 10 years there will be an additional billion middle-class consumers coming on board around the world. China, India, Russia, markets like that, will play a dominant role in that those consumers want American goods."⁴

ESTABLISH A 'GLOBAL BRAND'

Establishing a global brand will ensure that potential customers will recognize your company when it comes time to buy. Ultimately, creating a strong global brand will help increase opportunities for sales, recognition, and goodwill.

Accurately localizing your product and services to the locales you are targeting increases the opportunity for creating a strong relationship with potential clients.

According to Naseem Javed of E-Commerce times, "As more and more countries are improving their images and those of the products they produce, their need to create strong, global brands becomes more pronounced. Poised and confident, these newcomers want to play the marketing game on a global scale."⁵

EXTEND THE PRODUCT LIFE CYCLE

Your company may be forced to offer new and different types of products and services domestically because existing product offerings may have passed their maturity stage, causing sales to be in decline. Do those established, domestic products have potential overseas?

Companies can extend their product life cycle by looking at new markets for their mature products. A classic example is Toyota's Qualis - which was nearing obsolescence in its traditional markets - yet turned into one of their biggest successes when launched in India.⁶

New customers within your target markets may very well be experiencing your products for the first time, thus expanding your product's overall product life cycle in the process.⁷

As stock markets, exchanges, and economies have proven during each downturn, recession, or depression the world over, whatever goes down must come back up, giving way to the inevitable recovery and renewed economic prosperity. The key question to ask is: Where do you want your company positioned when this occurs?

In conclusion, linguistically adapting your product or service is one of the first steps towards creating a global offering, and underscores the importance your organization places on reaching out to target geographies as valued international customers. Over time, this will result in an expanded customer base, increased revenues, heightened brand recognition, and enviable goodwill on a worldwide basis

REFERENCES

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 - ⁷ Stremersch, Stefan, "Why do Some International Markets Quickly Embrace New Products While Others Don't?"
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