

# Route to your export market

## Reaching your customers

Whether you are selling a product or a service into an international market you will need to think about how to actually deliver in that market. Choosing your 'route to market' is an important decision as it will determine the resources that you will need both in Jersey and in the market and it will have an impact on the margins and profitability of your off-island sales.

It is important to consider who your customers will be in your chosen market so you can think about the type of relationship that you need with them and the best way to reach them. For example, if you have a consumer product you might need to get it into as many outlets as possible so you'll have a 'hands-off' relationship with your end consumer, whereas, if you are providing a bespoke consultancy service you will probably want a face-to-face relationship which requires you to be on the ground.

The type of relationship you need will lead you towards a particular route to market and there are a number of options which are typical for working internationally. Remember, you may have different routes to market in different countries depending on the characteristics and culture of your client base in those markets.

Whatever route to market you decide on, ensure you carry out due diligence on potential business partners. Speak to their clients wherever possible and do as much research on the company as possible before committing to them.

Some of most common routes to market are:

## **Working directly with clients from a Jersey base**

### **Advantages**

- You own the client relationship.
- You identify, sell to, supply to and service customers from your Jersey base.
- You may use multiple channels such as website, catalogue and/or telesales to talk to customers.
- You can set your own prices without losing margin to 3rd parties.

### **Disadvantages**

- You're responsible for the entire process of delivering your product or service.
- But you'll need to consider where and how you will warehouse and fulfil orders.
- You will need to work flexibly to accommodate different time zones.

## **Setting up an overseas office**

### **Advantages**

- Often having local staff increases market presence and cultural understanding.
- You are presented as a local company.
- Can make it easier to provide strong customer service.
- Legal and tax requirements might be beneficial.

### **Disadvantages**

- It is the costliest, resource intensive and high risk option until the market is established.
- Helpful if someone from your own business will set it up to provide a link between the market and home organisations.
- Takes a significant amount of management time.
- Legal and tax requirements might be onerous.

## **Setting up a joint venture**

### **Advantages**

- Joint ventures can take many forms, from a formally constituted JV company to an informal strategic

alliance.

- You get a share of the management control and the profit of the JV.
- It gives you a presence in the market without having to set up from scratch.

## **Disadvantages**

- It can be a complicated and expensive option.
- It requires ongoing management involvement.
- You are not completely in control.

## **Working with a business or associates based in overseas markets**

### **Advantages**

- You get access to local expertise.
- There will be financial savings in not having to operate the business yourself.
- Local knowledge and involvement in your target market.
- Partners will have strong working relationships with clients.

### **Disadvantages**

- You rely on your associates brand and reputation in the market.
- You may not be their primary focus.
- The arrangement can be as loose or complicated as you make it.
- You are not in control of the sales pitch so managing client expectations might be difficult.
- The work or sales may be sporadic or difficult to predict.

## **Setting up a franchise or licensing agreement**

### **Advantages**

- Typically, you need a strong, trusted brand that customers identify with.
- You specify what products or services can be sold where.
- You are in control of how your products or services are sold and how they are delivered.
- You can have different licensees or franchisees in different locations.

- You don't have the expense of operating your business abroad.

## **Disadvantages**

- You supply guidelines and training for the operations, marketing and branding of the business so your licensee or franchisee will deliver to your standards.
- Your franchisee runs a separate business from yours and are responsible for the customer relationship.
- Success is based on good relationships and the support you provide so you need to spend time with your partners.
- Your returns will be based on the success of the franchisee or licensee's operation.

## **Appointing an agent**

### **Advantages**

- An agent negotiates sales on your behalf and earns a commission.
- Your product or service is delivered directly to the customer.
- They should have extensive knowledge and contacts in the market.
- They should be able to identify and take advantage of opportunities.
- You retain more control over the price, product and brand image that compare with a distributor.
- Some agents will hold stock on your behalf.

### **Disadvantages**

- The agent owns the client relationship not you.
- You must understand what an agent's legal rights are in the market, which might be more extensive than you realise.
- Agree at the outset who is responsible for the after-sales service.
- The agent is your face on the ground so make sure they will represent your business appropriately.
- Agents often represent more than one product so make sure you get the attention from them that you expect.

- You might have to contribute to in country marketing spend.

## **Working with a distributor**

### **Advantages**

- A distributor buys products from you and in turn sells them to their customers.
- Distributors may be sole, exclusive or non-exclusive.
- Most of the sales risk is absorbed by the distributor.
- You won't need to set up in country.

### **Disadvantages**

- Your distributor owns the client relationship and the logistics in country not you.
- As with agents, your distributor will represent more than one product so make sure you get the attention from them that you expect.
- Distributors will expect a discount when buying your product.
- You lose control over marketing and pricing in the market and rely on them for after-sales service
- You might have to contribute to in country marketing spend

## **Selling online**

### **Advantages**

- Relatively low risk and low cost.
- You have control over your online presence.
- You can manage all your sites from one central point
- You can get instant analytics on how your site(s) is performing.
- Improvements you make to your website can have instant results.
- You can identify 'hot' markets much quicker than through traditional routes
- An online presence gives you worldwide exposure 24/7.

### **Disadvantages**

- You need to be able to manage customer orders and enquiries coming from different time zones.
- You might need to invest in country specific sites so

the content, language and payment methods are localised.

- You will need to invest in marketing your website – don't think that because it is there people will see it!
- You still need a robust logistics operation to make sure your products reach your customers.
- You still need to understand the local culture and how people use online platforms to get the best response.

## Relevant Links

> [British Franchise Association](#)

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> [Develop your export plan](#)

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> [Logistics of exporting](#)

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