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Study on the Strategy of Oversea Market Cultivation for Local Securities Products

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Abstract

Objectives: The main objective of this paper is to study the key strategies of oversea market development for local securities products with successful cases from the view points of competitive edge. **Methods/Statistical Analysis**: The method adapted to study the objective is case study about sales and marketing strategy for oversea market presentation. The case studies employed are about step by step approach with short and long term plan. In terms of reliable existing figures, Gartner Report data was referred to support related study and suggestion. Regards to successful sales strategy in entering oversea market, I adapted my long sales experience as a real example. **Findings**: When local securities companies launch its products at oversea market, it should pay the market entry cost which should be paid to enter new market. Once they are recognized as an international standard in the related category then this market penetration cost will be lowered significantly. In case of securities products, the barriers of entering oversea market are higher than other products respectively. In terms of successful business in other countries, sales strategy including localization can be important issue, as well. The result of study will be helpful for local securities products to launch in overseas market in terms of setting the strategy as well as giving some guidance to avoid try and errors. The unique of this study is adapting of my business experience on field. **Improvements/Applications**: This study can be applied to guidance about important success factor to upgrade market positioning in oversea market. This study could be improved by doing statistical survey to find out the cases of critical factors which have launched oversea market for the Korean security product s or solutions.

Keywords: Market Entry Cost, Localization, Oversea Market Cultivation, Sales Strategy of Oversea Market, Securities Products

1. Introduction

Korea securities products have to overcome the barriers to launch oversea markets. One of the main barriers can be the Certification of International Common Standard which is prerequisite condition, and opening of source code which is burden for related development companies. Especially they are needed to verify the results of oversea reference sites and meet the requirements from public and business area with reliable evidence. With regards to this requirement, only few securities companies are entering oversea market these days. From the view points of launching in oversea market, local securities companies have to deploy the necessary strategy to enter oversea market with successful case scenarios.

2. Related Study

2.1 Oversea Market Trend of Securities Products

Through the result of survey, many global companies have established business portfolios covering total value chain and engaged in M&A activities. The main purpose of this M&A is to expand into integrated securities service area in order to be agile to do global securities business. Physical securities solutions are trying to provide intellectualization service by converging with IT technologies. Securities solutions areas are being developing from small sized business component to total size integrating social security networks. For example, high value and big scale image surveillance products are playing in global market including USA, Japan

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and Europe market. Low priced products are doing business in rising nations as China. One of USA defense industry company, have merged a company which has fingerprint verification technology, a company which has the technology of iris recognition system, and a company which has facial recognition technology. This company has been merged by French global company. The global trend is to increase the power to grip on the market with total solution in terms of competitive edge. Many global security service companies are co-working hand in hand with communication and broadcasting products to intensify securities communication networks. Figure 1 describes about the market position of global major securities players^{1,2}.

2.2 Related Study of Local Security Product to Launch in Oversea Markets

2.2.1 Differentiation of Marketing and Selling Strategy

To penetrate into new market especially oversea area, Selling and marketing action should be taken more aggressively and intensively in local market area. Following is the related study about this strategy. First one is product differentiation. This means that differentiation often lies in the extended solution, including services, integration, partnerships, supply chain, financing-or trust. Second one is disintermediation. The disappearance of the traditional middle-man is a result of commodity buyers focusing on



Figure 1. Market position of global securities player.

driving costs out of the entire supply chain. But some types of buyers still recognize and pay for value. Selling should go along with the way each customer buys. Third one is B2B market. The Internet will eliminate some salespeople and change others. For repeat orders and products where clients can understand the benefits of the product and configure the order themselves, the internet will replace the salesperson. Whether they then move to more productive tasks of winning competitive business or helping the clients manage more complex solutions depends on how well the salesperson can learn to add new kinds of value. Fourth one is customer relationship management. A system is not a strategy either. Although effective in the customer service area, there is a high failure rate of sales force automation systems among field sales forces. The missing link between a repository of customer information and competitive advantage is a sales process that prompts the salesperson for the political, competitive, and consultative information early enough to drive an account strategy that leads to trust in our company, our products or services, and our people. Fifth one is doing business with partners, which means business partnering. There are two types of business partnering. One is teaming with other firms to provide an integrated solution. The other is teaming with clients to solve problems for their customers or constituents. Both mean new sales models for new ways of doing business where the common foundations are shared rewards and trust3.4.

2.2.2 Related Study about Effective Sales and Marketing Strategy to Enter Oversea Market

Sales strategy should go along with marketing strategy, and marketing strategy should be developed from the input from sales team. An effective approach can be partnering with business partners aligning with power partners. These people often have access to power and a strategic partnership. These people often have access to power and a strategic partnership relationship with the client. Aligning yourself with a power partner could effectively win competition. Having a broader solution scope may also allow you to compete with your competitors with better capabilities and options.

2.2.3 Potential Market for Securities Related Product in Global Market

The entry barrier for the Korean securities product or solution to oversea market is usually higher than global players in terms of market recognition and position. If the product or solution were certified as international standard or had some good reference sites in oversea market, then market entry can be easier than other case depend on the cases. In case of USA security market, they have focused on communication security, computer security, information security, and ESM (Enterprise Security Management). Currently they are heavily involved in CPR (Cyber Policy Reaction) initiated by government as a national security strategy. In case of Europe market, they have deployed security market with smart growth, sustainable growth, and inclusive growth with a theme of "Digital Agenda for Europe" including Cyber Security Strategy. Figure 1 shows the Top 10 Technologies for Information Security in 2014 by Gartner report. Figure 2 describes the potential market in oversea for the Korean players in terms of business opportunity in security market 5.6. Table 1 describes about the market size of security product in world- wide market^z.

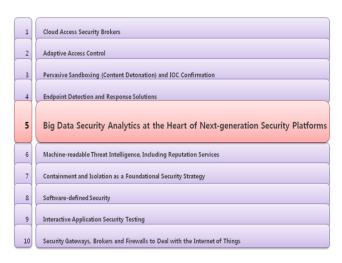


Figure 2. Top 10 technologies for information security in 2014 by Gartner report.

Table 1. World wide market size for security solution product by IDC report

Forecasting of World wide Security Market (unit : M US\$)					
	2013	2014	2015	2016	2017
World Wide Total	1,900	2,097	2,305	2,547	2,851
Information Security	548	601	651	714	783
Physical Security	1,290	1420	1,562	1,723	1,934
Integrated Security	62	76	92	110	134

3. The Successful Oversea Market Cultivation Strategy for Local Securities Products

3.1 Case Study about Sales and Marketing Strategy for Oversea Market Penetration

Sales and marketing activity are the most important actions to enter oversea market connecting and harnessing product technology as top management decision criteria. These strategies should be implemented by tangible action plan with executable budget limit. Some global companies tend to get away with frontal or direct strategies if the client can easily perceive that they have a superior product and company. They can dash to the demo and leave the benefits linking to the client. When a competitor gets relative demo parity, however, they must realize they have skipped the first two steps in the sales cycle- the requirements definition and the needs assessment. If though the killer demo doesn't work anymore, don't go back and stop doing that. Rather than that, find out the reason and correct the killer demo with right version addressing the local requirement and push the future customers until holding the market position in that product category. Sometimes frontal strategies work in selling when they have product or company superiority. If the product got a killer of a category, show that product as often and as early as possible to as many prospects as possible. From a sales point of view, someone once wrote that flanking strategies meant changing the ground rules. Flanking strategies in sales situations actually mean one of five things which are changing the pain, changing the power, changing the process, linking solutions or products, and expanding product or solution scope. Changing the pain means either finding new issues to link into, or linking them to issues that are sponsored by more powerful people. It may also mean refocusing the client onto the more important issues. Changing the power means either encouraging your sponsors to exert their power or bringing in potential influencers who have not been drawn into the evaluation yet. Changing the process means adding steps or taking out steps that would allow you to demonstrate your strengths or expose the competitor's weaknesses. Linking solutions or products, or integration, is one of the benefits that separates a solution from a product. If you can link your solution technologically or economically into the client's current products or processes, they will benefit from lower risk and the simplicity and leverage of dealing with fewer vendors. Linking into a business partner's products

may yield an easier, more integrated solution to the buyer and a competitive advantage to the seller. Expanding product of solution scope means broadening the proposal or the customer's requirements to include products or capabilities the competition can't deliver as well or at all. A favorite strategy is to broaden the evaluation to include the entire spectrum of their products.

3.2 Step by step Approach with Short and Long Term Plan

One of best way of entering into oversea market is approaching the target market by phase approach with short and long term plan.

Short term approach is doing sales and marketing actions with short term period plan. The key objective of short term marketing activities is to increase brand image and advertisement by aggressive promotion. Attending international conference on site can be a good opportunity of closing deals and ways of direct promotion in oversea market. Another good example of short term marketing would be contracting with local partners who can sell products and do marketing activities together. Selection of good local partner leads to success of oversea business critically. Through local business partner, tailored solution should be delivered according to local customers' requirement.

Long term approach is doing sales and marketing actions with long term period plan. This approach contains three key points which are line up sales channel, business partnering with local partners, technical support structure set up. The first one is alignment of sales channel at local site. After doing identification of target customers according to solution or products, sales channel should be structured with human resources who have the right skills and networks or contact points with enough experience of sales, marketing, and technical support. Through the market survey at the related area, segmentation of target market with business potential should be followed that together intensively and correctly. Also competitive analysis activity should be executed together finding out the competitors and how they are doing in that oversea market. Among the competitive analysis, checking out the competitors' product price, solution difference and customer list should be involved to win the competition. The second one is business partnering. Doing business with local business partners who know the local market well is the most efficient way of entering oversea

market in terms of saving the cost and time to market. Finding out the right and best business partner with support structure are the key mission for the sales team. At early stage of launching oversea market, doing the business through local partners indirectly is the best way of securing market effectively. The third one is set of technical support organization. Technical support during the implementation and maintenance are the critical success factors of doing the business in oversea market from the view points of customer satisfaction in that local market. Without increasing customer satisfaction, it is not ease to ramp up the business volume⁸⁻¹².

3.3 Successful Sales Strategy in Entering Oversea Market

The first thing for the business success in oversea market is recruiting the right sales team with best team leader who knows and understand the local related market, and can speak local language fluently as well. These team members should hold enough sales experience, sales skills and capabilities addressing to local environment. Finding the right manpower and recruiting them who contain the track records of achievement locally is the key of business especially in early stage of launching in oversea market. Also these sales team members including team leaders should have enough networks or contact points of potential customers to approach them easily and communicate them in the right way.

The second thing for the business success in oversea market is to implement go-to-market strategy. This marketing strategy includes doing the market segmentation as soon as possible with the purpose of finding out the target market with business potential area in terms of approach priority. Also mass market activities which are holding the marketing conference and seminars should be followed together with localized brochures marketing materials for the promotion. Mass marketing activities are the key to increase market recognition in local market rapidly. So, this investment should be done massively during the early stage working with local business partners.

The third thing for the business success in oversea market is localization. This means that securities product or solution should be localized into local language especially menu screen or product marketing materials which are brochure, pamphlets, or proposals etc. Without localization of related things, it is difficult to approach potential customer easily.

The fifth thing for the business success in oversea market is set up customer support structure to provide technical support and maintenance in local site. This leads to maintain and increase customer satisfaction with long run business and going concern basis.

The sixth thing for the business success in oversea market is pricing policy. The pricing addressing to local market is also important to sell its product or solution with proper business speed. Usually localization cost can be added at local pricing in terms of product development cost.

The seventh thing for the business success in oversea market is business partnering. Find out the best business partners in local site who understand the market best and are equipped with enough sales and support team, and sell together. Sometimes doing business is more effectively depends on the business situation and requirements. Using business partners can save operation cost and maintenance cost from the perspective view.

The last thing for the business success in oversea market is the understanding of local culture. To approach local potential customer, understand their culture first to increase opportunity of closing deals^{13,14}.

4. Conclusions

The best strategy for entering oversea market can be described as "Think Big, Start Small and Scale Fast". Through many case studies, the optimum implementation strategy can be summarized with three key things. The first one is to fulfillment of prerequisite tasks to launch in oversea market. This to fulfill the prerequisites tasks in advance by making the standardization of product or solution internationally, or get the product certification by local market. The second one is deployment of right local business team with capable man power to do the sales locally and effectively with positive support from top management. The third one is localization of product. The fifth one is business partnering, local pricing, and understanding of local culture. Top manage involvement is also very important in implementation of oversea market cultivation successfully by getting the budget and related human resources with full dedication and help. The last one is to increase the customer satisfaction by technical support center, and provide the education/training and also doing promotion activities locally. This is also very important success factor as upgrading market positioning in oversea market. Next study will be to do statistical survey and analysis to find out the cases of critical factors

which have launched oversea market for the Korean security product s or solutions successfully.

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