

BUSINESS TRIP: BLINDNESS OR VISION?

POSTED ON JUNE 3, 2018 BY KHA GROUP

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Here we are with our third topic on Market Expansion: the business trip abroad.

Whether you are looking for a distributor, a customer or a supplier in a new market, one of the most frequent question is: Should I take a plane and go?

Of course sitting in an office and staring at a glowing screen is not a replacement for putting your feet on the ground; for sure a face-to-face meeting gives you better chance to close a business. Oxford Economics has found that the rate of converting prospects to actual customers nearly doubles when a face-to-face meeting is added. In many industry segments, that can mean closing nearly 100% of the business deals. Some Fortune 100 companies won't sign large contracts without a face-to-face meeting between company leaders.

So, let's take a flight and go, right?

Not exactly.

TRIP PREPARATION

Unless you are travelling from Italy to Ticino, or from France to Belgium, first issue is cultural and language barrier. We are not talking about giving the address to taxi driver. We're talking about trip programming. A proper travel planning is the key to success. We receive many emails every day from this tenor: "urgent: I arrived in Thailand and I need relevant contacts for my business". In this case it was better to stay in the office...

The first step in preparing a business trip is getting relevant contacts. You have two options: 1) from the web, and 2) from institutions.

1) GETTING CONTACTS FROM THE WEB

This might be your first bottleneck. Small-medium manufacturers and distributors don't advertise their activity in English. So, you might be able to make your research in local language. This will give you a return of unverifiable data that may bring you out of track. Let's say after a long research you get a bunch of contacts that might seem relevant. It's now the time to contact them. At least 50% of them will not answer your email (up to 90% if you are looking for a distributor). Why? For many reasons. They may be overloaded with requests/offers, or they may be a family business where nobody speaks (and writes) English in a decent way.

A completely different scenario will welcome you if you are using B2B platforms like, as mere example, Alibaba and Indiamart: 100% of your contacts will answer your lead, and they will email you several times a day. The reason? 49% of them are selling agencies (which take a significant commission for their job), 50% of them are scammers (we have hundreds of cases asking us to support them, all from B2B platforms), and 1% is probably what you are looking for...

2) GETTING CONTACTS FROM INSTITUTIONS

Forget Embassies: this is not their institutional purpose. The principal institutions are International Trade Agencies and International Chamber of Commerce. Normally Trade Agencies are governmental, while Chamber of Commerce have a small participation from Government being mostly private. They follow all sectors of activity, with limited resources: normally 2/3 managers surrounded by a number of temporary trainees. If you are Italian, for example, and you are planning to export to Asia Agro or Food products, you are in the ideal place, since this is what 90% of Italian exporters are doing. But if you want to export Healthcare products, they won't probably have the sufficient expertise or connections.

By the way, what institutions do is normally to sell a list of companies (their associates) implemented with a list of companies from the Local Chamber of Commerce. Then, in the first meeting, they will give you generic information on the country (you can easily get the same info from worldbank.org or similar sites), and of course a bunch of attorneys/consultants their associates. That is not exactly the scope of your trip...



I HAVE SOME APPOINTMENTS. TIME TO GO!

In the optimistic case, you had some contacts which answered and you fixed some appointments.

Time to go? Wait a moment, there's still something to do. What do you know about the market of your target country? Do you know about rules, compliance, banking system, tax, law, etc.? If you want to sell digital thermometers in that country (or if you want to buy them, no difference), do you know how many potential users you have, where they buy the product, their age, their education, their income? Do you know if in hospitals they use your kind of product? If yes, what is the advantage of your products and why should they buy from you? If not, why? Is there any restriction in the usage?

Deep knowledge of rules is of primary importance; I like to bring the case of many different companies producing placenta-based products we met in Bangkok Medical Fair, which did not know they could not sell their product because banned by law. Paradoxically, they also risked the jail (up to 3 months) only because they brought samples in the country and promoted them...

LAST, BUT NOT LEAST...

Due diligence. This is normally underrated by companies willing to enter in a market.

Everyone has his own judgment meter: someone will judge from the prestige of the office, someone else by the number of workers, others by the feeling they have with the manager... All these details are correct. But nothing can give you a better picture than a proper analysis. Checking the social capital of your counterpart, its local units, its licenses, its experience, its revenue, and asking them some business cases, some references, is of primary importance. Then, most important, make a couple of video calls, in which you will ask some detailed questions about your business, also checking their communicative skills and their mastery of language. Your business relationship will be based on trust and communication, remember!

CONCLUSION

Whatever is your plan, face it professionally. Travelling is nice, but before this step a deep and careful preparation is necessary. Right contacts, right knowledge, right planning and, preferably, a local support. Business trip is to be considered the final step of an expansion project and not the beginning, whoever the promoter can be.

Keep in touch!



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