Country Segmentation – One Size Does Not Fit All

Strategic segmentation of export opportunities is "Job One" for export managers. Export Solutions divides countries into three groups: Strategic, Priority, and Opportunistic. This approach filters countries by "size of the prize" and investments required to win. The basic rationale is that a company should allocate different resources to develop a large country like Brasil, compared to a medium size country like Belgium versus the Bahamas or Bermuda. Too frequently, we see companies handcuff all markets to one export program, with common strategy, pricing, and investment models for all countries.

Country Segmentation

	Country Profile	Investment Required	Business Model	Examples
Strategic (Focus)	Large Country (pop. 50mm +) High GDP High Category BDI Global Retailers High Complexity	Significant Investment in Brand support. Market Research Management Visibility	Local Office or Distributor or Joint Venture	Mexico China Brasil United Kingdom USA
Priority (Manage)	Mid size Country (pop. 10 mm+) High GDP High Category BDI Mid Complexity	Moderate investment in brand support. Managed by Export Manager	Distributor	Chile Australia Canada S. Korea/Thailand South Africa Spain Saudi Arabia
Opportunistic (Profit)	Profitable Opportunities. Low GDP Countries Low Complexity	Minimal/no investment in brand support	Distributor or Direct to Retailer	Caribbean Central America Middle East Africa

Segmentation Factors

Segmentation analytics will vary by company. Absolute population is just one factor warranting consideration. Other criteria include size of the category, proximity to your producing plant, as well as per capita spending power. For example, most USA based exporters sell far more to Puerto Rico, an island with 3.5 million people, than they do to China or Brasil. As a result, some USA brand owners place a strategic focus on the Caribbean Basin countries adjacent to the USA and process only occasional opportunistic shipments to complex countries such as China.

Mix of Countries

Most companies can dedicate focus on a strategic launch into only one or two "strategic" countries at a time. It's appropriate to create a growth plan aimed at a mix of Strategic, Priority, and Opportunistic countries.

Market Share Expectations

Your export road map should also be adjusted based upon your market share expectations for a select market. Generally, there are three scenarios for a brand to pursue.

Leader: Brand investment and innovation to become #1 in the category.

Player: Brand plans to compete effectively, obtaining a market share of 5% -20%.

Participant: Niche. Brand objective is incremental shipments with little/no investment.

Lessons Learned

Calibrate expectations to investments in brand support and management oversight. Everyone wants to be a category leader or player. To achieve this lofty status, you need to conduct local market research, innovate, maintain competitive pricing, invest in marketing, and align with a strong sales team just as you do in your home market. Projects fail as certain brands want category leadership but invest only to "niche" levels.