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Technically advanced products and system – Specialized in Industrial Automation and
Capital Equipment / Machinery

US-Market Entry
Experiences - Challenges - Solution



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Market Entry – Experiences

It looks familiar on first sight

- The United States seem even closer to Europe than ever before.
- Naturally, European companies try to utilize the same principles and concepts as in their home markets.
- Hopes are usually very high as the market potential in the US is enormous.
- And companies quite often invest a higher amount of money to get started in the US-market.



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Market Entry – Experiences

Frustration commonly sets in after a few years

- Things are often not working out as planned.
- The big question arises: “What went wrong?”
- Conclusion: The US-market is very different.
- Qualified help and guidance is needed.

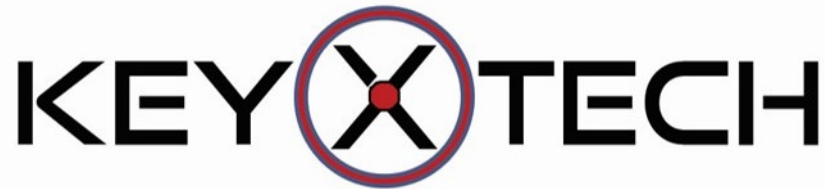


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Market Entry – Experiences

Loss of valuable time and money

- Momentum and uniqueness, a once very promising product had at the time of market entry, could be lost.
- The image of the product and the brand name might be damaged by now.
- The potential customers are choosing now a competitor's solution.
- The sales force might be so frustrated that they don't even want to touch this product anymore.
- Typically, all this could have been avoided at minimal cost compared to the potential earnings or actually lost earnings.

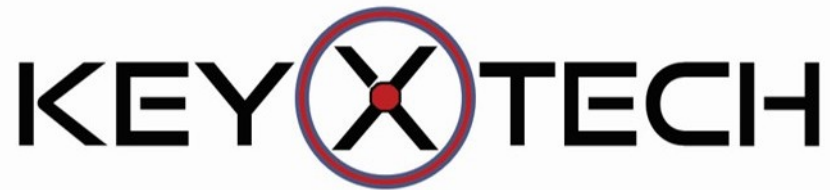


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Market Entry – Challenges

The product was a success in Europe. Why not is the US?

- US-customers are much more aware of risk and more hesitant to change.
- The focus is more on “productivity” and “it needs to work without problems” rather than on “high-tech”.
- Manuals, ease of integration, serviceability and support are important factors.
- Lack of a certain feature. It could also be that a local competitor offers a higher featured product or a the lack of a certain industry standard.

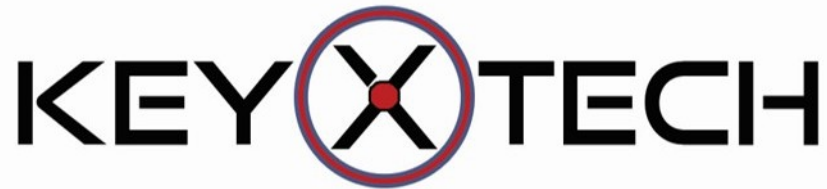


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Market Entry – Challenges

Presence, Brand-Name Recognition, and Marketing

- Importance of presence, brand-name recognition and marketing is typically underestimated.
- Most non-US companies focus primarily on the advanced technology of their product.
- Lack of communication with the customer.
- Misunderstandings due to cultural differences. And the business culture not only varies from state to state, but different ethnic heritages of individuals have to be considered as well.



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Market Entry – Challenges

Size of Territory

- The United States is a very large territory with multiple time zones.
- The size and distances are hard to image for many people or get forgotten sometimes.
- Industrial centers are not in close proximity to each other.
- Times zones make customer service more challenging. “Extinguishing a fire” at a customer can be a very expensive exercise just because of the distance.



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Market Entry – Challenges

Market Price

- The market price in Europe may be different than in the US.
- Competitors that are foreign in Europe could be local in the US.
- There might be more or other competitors and they might have a better handle on the potential target customers than expected.
- Another factor to consider is the type of sales channel utilized.

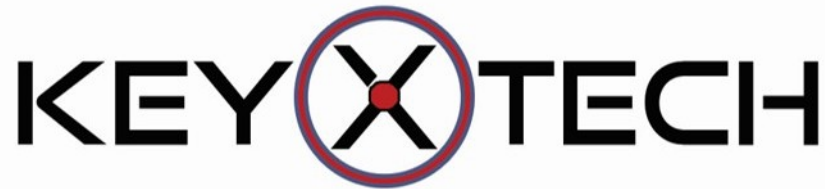


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Market Entry – Challenges

Sales Channel

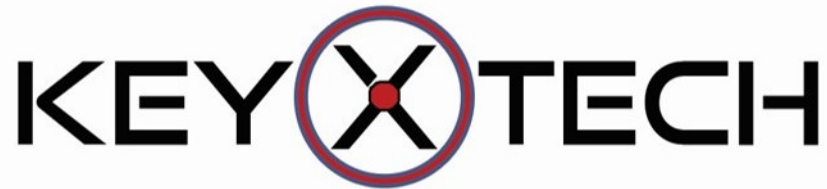
- Due to the size of the country, sales organizations of US-companies usually have a different structure compared to many European countries.
- Many times, there is a mixture of direct sales, distribution and agents, which can be more than confusing for a non US-company.
- It is a strategic decision for each company, what type of sales network to select and it is very important to find the best solutions considering the overall circumstances including financial implications.



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Market Entry – Solution

- Understanding the specifics of the market and competitors as well as the needs of the customers is essential.
- Being present can start with a qualified partner in North-America, who is the primary contact for the customers.
- Some basic level of service and spare parts will be most likely necessary.
- Strategic partnerships with certain organizations and customers could be a possible scenario to earn market acceptance more quickly and create a reference early in the process.



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Market Entry – Solution (continued)

- Flexibility and willingness to make things work are absolutely required.
- Quite often, it starts with the product. Adaptations may be needed due to the requirement of the US-market even if they don't make sense for the European market.
- KeyXTech can develop a structured plan to successfully grow the business in the US and guarantee long lasting success and avoid the costly "learning by doing".
- Sales Channel / Territory Coverage, Pricing Strategy, Product Portfolio, Service, Brand-Name Recognition and Marketing will be strategically developed, efficiently managed and constantly improved.