

Key Considerations for Product Companies Considering International Expansion – A Blog Post by Brian Swanson

So you want to grow your business and are considering selling your products outside of your home market? That is understandable, as expanding internationally can be a game-changing opportunity for companies seeking growth and global market reach. However, venturing into a new territory requires careful planning and consideration to ensure that your expansion is successful and sustainable. This blog post discusses some key questions that product companies should ask themselves when considering expanding into a new market.

1. Do our products fit the target market? The new market you are considering is likely different from your home market in many ways, and among other things may have markedly different cultural norms, consumer behavior, and purchasing power. It is critical to understand those differences and evaluate the fit of your products in the target market before determining to enter that market.

2. What governmental approvals or changes to our products and marketing will be required to sell in the target market? Each country has its own set of legal and regulatory frameworks, which you will need to evaluate to determine if governmental approvals or changes to your products, their documentation, or their labeling are required for compliance with local safety standards, labeling requirements, and other regulations. An evaluation of the local IP landscape is also important, as you may need to make changes to your products or branding if the branding you use in your home market may infringe on names or marks already in use in the target market or if your products may infringe on patents filed in the target market. Finally, your products, documentation, packaging, marketing campaigns and sales efforts may need to be tailored to align with local languages, preferences, and customs.

3. How can we protect our intellectual property in the target market? Protecting your intellectual property (IP) rights is crucial when expanding internationally. You should consider filing patents, trademarks, or copyrights in the target country to safeguard your brand and products. Finally, you will also want to understand the IP laws of the target country to understand the protection you will have and what measures you will be able to take to prevent counterfeiting or infringement.

4. Does expanding to the target market make financial sense? Taking the steps necessary to enter a new market can be expensive. Expanding internationally entails financial investments, including market research, legal expenses and setting up distribution channels, and can entail obtaining governmental approvals and adapting products to local requirements. Before entering into a new market, be sure to assess the financial viability and potential returns, including considering foreign exchange risk, and then if there is a path to financial success in the new market, develop a

comprehensive budget and plan to ensure that success.

5. Do we have the resources we need in-house to sell, distribute and support our products in the target market, or do we need to work with a local partner or distributor? Few companies have the in-house knowledge of markets outside the US to be able to immediately begin marketing, distributing and supporting their products in a new market, much less the staff and other resources necessary to do so. Collaborating with local partners or distributors who have in-depth knowledge of the target market and can provide needed sales and marketing, logistics, and/or support resources can greatly accelerate your expansion efforts. However, it is critical to vet potential partners or distributors to determine if they have the right networks, expertise, and reputation in the target market to ensure your success.

Expanding internationally can be a rewarding opportunity for any company, opening doors to new markets and customers. However, success in international expansion requires careful planning, research, and adaptability. By answering the questions in this blog post, US manufacturers can avoid mistakes and maximize their chances of success in a new market. Leveraging local expertise will likely be critical, and a discussion of the key considerations in choosing and negotiating an agreement with a local partner or distributor will be the subject of a future VLP blog post.

If you are considering expanding into a new market and have any questions or need legal guidance or referrals to professionals to assist with any of the above, please don't hesitate to reach out.