Sales Layer Market Entry Strategy for China

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Doing business abroad can be a challenging but rewarding experience. A company has to assess the sustainability of the investment, select the right market entry strategy, and work out the logistics to make the venture a success. When gaining entry into the Chinese market, the timing has to be precise to ensure Sales Layer makes a meaningful impact and breaks even as soon as possible. The challenges the organization might face include barriers to entry from established companies, competition from local players, and a radically different business culture. The organization can overcome these challenges by carrying out a comprehensive SWOT Analysis to understand its position in the Chinese market. Opportunities exist in the market if Sales Layer leverages its global brand, unearths potential partnerships and strategic alliances, and seeks to gain and maintain a competitive advantage. Therefore, it is recommended that Sales Layer select partnerships and strategic alliances as its mode of entry because of the advantages this mode offers, which are reduced or shared risk, shared costs, and partners' knowledge of the local market.

Company Background

Sales Layer specializes in cataloguing intelligence and synchronizing product information across various digital platforms. The organization takes pride in being persistent and thorough in its work; these attributes enable the organization to gain the trust of its partners. The company appreciates that lack of information is one of the leading causes of poor product performance and the unacceptably high levels of abandoned purchases. As a result, the company understands that the management of product information should be a manual but continuous task. The company was co-founded by Alvaro Verdoy and Iban Borras and has a dedicated staff that is committed to creativity, efficiency, and commitment to duty. Essentially, the company aims to be the best at SEO, enabling customers to have a superior shopping experience and increasing brand awareness. The company seeks to centralize data management in a collaborative way. Effective monitoring and analysis of the data usage improve the product development process at Sales Layer. Hence, the organization focuses on the quality of information about various products under its portfolio.

Country Background

Organizations that adopt web technologies gain the opportunity to streamline their operations, which include supply chain management, product development, customer interactions, and sales, among others. In China, digitization offers a chance to boost labour productivity and make strategic alliances

in new ways. The objective is to expand customer reach through e-commerce. China has embraced digital technologies driven by consumers. The country has the world's greatest population of digital consumers, which includes over 600 million Internet users (Accenture Digital). Innovative companies have embraced the digital technologies because of the benefits they offer. According to the Global Competitiveness Report, China ranks 28th with a score of 4.9. However, it is evident that the country has made tremendous progress as it seeks to cement itself as a major player in the global economy.

China has a robust economy and is ranked as the second largest in the world after the United States. Additionally, China is the world's second-most-populous country, after India overtook it in 2023, and its population remains approximately 1.4 billion. The country's population grew steadily for several decades before beginning to decline. In this regard, the state offers a viable investment because it has vast human resources and easy access to the Internet (Hofstede Insights, n.d.).

The political environment is equally stable, while the government encourages foreign investment to create jobs for the younger generation. However, China has an economic freedom score of 52.0, which means that the government regularly interferes with private businesses. Over the past few years, China's economy has witnessed significant volatility and slowdown. However, the rule of law is taking shape in the country due to the leadership's commitment to the fight against corruption. Many people have faced corruption charges as a sign of the country's commitment to fighting the economic vice. Nevertheless, it is evident that regulatory efficiency is arbitrary and complex. The government will have to make policy changes to ensure economic efficiency, limit government in business affairs, and sustain the rule of law.

Entry Strategy

The Chinese market is open to business, but foreign investors could face particular challenges. The choice of strategy to use could determine the success or failure of Sales Layer. It is worth noting that partnerships and strategic alliances are the most appropriate strategies for Sales Layer. In international business, a strategic alliance entails a structural agreement signed between two or several enterprises, which stipulates that the parties will collaborate in certain ways for a given time to enable them to achieve common goals. As a result, it is prudent for Sales Layer to identify the right partner or partners and then assess the value they bring to the venture. The organizations stand to benefit significantly from partnering with local players. Most importantly, the Chinese market is not widely known outside the country. Having local partners would increase acceptability and reduce or eliminate barriers to entry. The selected mode of entry is ideal for the Chinese market because of the differences in culture, expected barriers to entry, and competition from local industry players.

Marketing And R&D Strategies

It is important to segment the market to enable the organization to place emphasis on a certain

target market. For Sales Layer, the market segment ought to be tech-savvy individuals who utilize the Internet regularly. Consequently, the product attributes should be customized because of the uniqueness of the Chinese market. The distribution channels should be those adopted by the partners because they have a better knowledge of the Chinese market. Distributing the products across China could be challenging for Sales Layer because of its limited knowledge of the country and lack of fluency in the local language. The company should embrace an integrated communication strategy that can identify the pros and cons of either channel used and then integrate them to enhance efficiency and interconnectedness (Albrecht et al., 2023).

The company should build a robust messaging foundation that can accentuate the benefits of the brand. Ideally, the messaging should be careful to respect the corporate and social cultures of the two countries. In essence, China has a culture that is fundamentally different from that of the United States or any of the Western nations. Hence, it will be imperative to adopt a culture-sensitive communication strategy. The company should consider adopting a penetration pricing strategy to enable it to gain a foothold in the market. The objective should be to set a low price for the sake of increasing sales and market share. The location of R&D facilities should be hinged on market research and intelligence-gathering results but should ideally be located in areas where the flow of business is expected to be high.

Opportunities And Challenges

The Chinese market offers opportunities for B2B selling and an expansion of the IT industry. The company can gain from a robust economy and a culture that has embraced the digital revolution. Additionally, the company stands to gain from the local partner's infrastructure, including tangible and intangible assets. The local partner's knowledge of the domestic market will be instrumental in enabling the company to enter the market. However, particular challenges are expected. For example, the company might face competition from established industry players. Lack of knowledge of the corporate and social culture might pose a significant challenge. On the same note, the company might face regulation from the government because of China's strict Internet use rules. Bureaucratic challenges might arise when Sales Layer struggles with laws and regulations, such as obtaining the required permits and licenses. However, collaborating with a local partner might reduce the challenges and enable Sales Layer to begin operations unhindered.

Evaluation And Conclusion

Doing business in a foreign country requires an organization to assess the market carefully and identify potential risks. The organization should invest in research and development to ensure it makes decisions from a position of knowledge. Also, the choice of market entry strategy is crucial because it could determine whether the organization succeeds or fails. In line with the above, the analysis has shown that the business plan ought to be aligned with the overall strategy of the

organization. An organization can only succeed if it enters a market with the full knowledge of the conditions and challenges to expect (World Bank, n.d.).

Further evaluation of the suggested strategies shows that the choice of market entry strategy could backfire on Sales Layer. In essence, partnerships and strategic alliances have advantages but could pose critical challenges. For instance, strategic partnerships could turn out to be informal if Sales Layer's corporate strategy requires certainty. Differences in skills, corporate culture, and cultural differences might make such partnerships difficult to manage. Nevertheless, knowledge of such potential risks and pitfalls could help Sales Layer approach the alliances with the requisite caution.

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