

US Market Challenges

The US high tech market is a large and very competitive market. Customers have many choices, and try to find the solution that offers most value to their business, while minimizing price and risk. Most US high tech companies offer leading edge trendsetting technologies, which makes it even more challenging for non-US companies to offer competitive products.

Value Proposition

- American customers are laser focused on value that a product will bring to their company, as well as the overall business case for buying the product. Therefore, it is of paramount importance when marketing and selling a product to focus on the value proposition of the offering. In the past, US vendors used to highlight the technical features of their products, but have changed their strategy to highlighting how their product improves the competitive position of potential customers by either increasing market share and revenues, or decreasing costs. It is no longer possible to convince a customer to buy a product on technical features alone.
- To convincingly sell products in a certain market, it is important to demonstrate that the information and recommendations provided have value. This requires considerable domain expertise relevant to the prospect's specific environment. Demonstrating corresponding expertise in another market does not necessarily help.

Market Segmentation

- For effective marketing, and quickly getting name recognition at a reasonable cost, it is important to select a specific niche market. This also makes it easier to get recognized as a company with domain expertise in a certain market. Too many non-US companies begin with going after a far too large market, and never reach critical mass in any market segment. Because the US market is so big, even niche markets in the US are usually larger than broader market segments in other countries.
- Geographically, the US market is very large. From the perspective of travel-time and expenses, it quickly becomes cost prohibitive to try to cover the entire country from a single sales office. Therefore, as a first step, many companies entering the US market focus on a limited geography, for example for companies selling into the Financial Services market, the Northeastern part of the United States is a good target area, because there are many Financial Services companies in the New York City - Hartford - Boston corridor, while companies targeting the entertainment industry may target California. An alternative is to try to find a partner with nationwide coverage.

Selection Hurdles

- Because there are usually several competitive products in the market, customers will quickly want to come to a short-list of companies to explore further. One of the information sources that they will use for selecting vendors is the vendor's web site. If a web site is not up to US standards, this will definitely be a disadvantage in the selection stage.
- Usually only larger companies have a formal Request for Proposal process, and in many cases a friendly vendor helps them write the RFP, giving them an insider advantage. Combined with the fact that large companies will often look for a minimum risk solution, the probability that a small company will be awarded the contract is usually small. A better strategy is to approach potential customers with a focused message showing a convincing value proposition to get a foot in the door.
- Non-US companies have extra challenges, because they normally have minimal name recognition in the market. Companies get name recognition by getting marquee customers, and investing in an effective marketing communications program. Also, potential customers will scrutinize the viability of the vendor, its ability to support the product, and its commitment to the US market. In this context it helps to have either a strong US partner or a US subsidiary, if not both.
- If it offers the best value proposition and the buyer is able to put a winning internal business case together weighing risk, support and other factors, then customers will indeed buy from non-US companies, especially if it gives them a competitive edge.

Contract Considerations

- When it comes to signing a contract, customers will expect a US contract. In the United States, commercial contracts are subject to the laws of individual states. The parties declare in the document which state law the contract will be enforced under. Typically, the preference is for states with a long history of judicial opinions on commercial cases, such as Delaware New York and Massachusetts. Customers expect pricing to be in US Dollars.

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