

Lessons Learned:
**How Kettering Helps Your
Business Avoid Disaster Scenarios**
During an International Market Expansion



TABLE OF

Contents



1 Pitfalls of Ignoring Localisation In Global Expansion



2 International Business Expansion: Market Intelligence is Key



3 Tailoring a Value Proposition for International Expansion



4 Cultural Intelligence: Your Key to International Expansion



5 Specifying Your Brand As An International Market Entry Strategy



6 Case Study: Watertight Successfully Launches in the U.S. with Kettering's Local Market Insight

1

PITFALLS OF IGNORING LOCALISATION

in Global Expansion

Entering into a new marketplace — especially when expanding globally — can bring many surprises. What can a business do to stack the odds for success? Rather than assuming that destabilising missteps won't derail your efforts, it's critical to identify potential pitfalls and be scrupulous in applying lessons learned from market and competitor analysis.

Kettering International is known for educating our clients and investing in their success through high-impact planning and maintaining due diligence throughout the market expansion lifecycle. Here we will explore the multitude of problems an organisation can encounter if they fail to engage with one essential concept: localisation.

How Does Localisation Affect Global Expansion?

Localisation is the core of successful international expansion. Why? Because when you expand into a global market, you are still setting up business in **someone's** home market. This reality can often be lost in the metrics, yet it is a very real driver of an organisation's ability to take root in new soil. International customers translate a lack of localisation as a lack of commitment to their home market. This does not create sales or sustainable relationships.

The culture of the target market must influence your company's promotion of products and services. It also needs to inform how your team approaches meetings and interactions. Convincing a client of your stellar customer service is a much harder sell absent the insight and nuance that localisation research brings to your approach. Global clients still want to feel that they are first and foremost in your service consideration, and often it's the unspoken ways that make the difference in communicating this — whether it be through tone, pacing, sensitivity to local issues, or some other factor. It is imperative that a common language is learned to communicate your commitment abroad as you have done at home.

What Happens When Organisations Ignore Localisation in International Expansion?

Working primarily with technology clients, Kettering International has seen its share of software demos that do not clearly correspond to the new market's local understanding of what technology should offer them. It can be terribly uncomfortable to be in a boardroom meeting that doesn't accommodate the potential client's needs.

For example, one tech firm did not offer diverse avatar options for its U.S.-based product users. Kettering International interceded before the pitch meeting to explain the American market's localised expectation of a high level of personal customisation abilities – in this case, avatars that are reflective of the client's personnel as well as the client's end-user. This gap was bridged, so the business opportunity was not lost.



Sometimes, localisation means evolving your business to meet market needs. Both McDonald's and Kentucky Fried Chicken (KFC) decided to enter the Chinese market. There was one major difference – KFC localised their menu to suit the Chinese consumer. McDonald's chose to roll out the same product they sold to satisfy Western tastes and expectations. KFC outperformed McDonald's, making China one of the few markets worldwide where they claimed market dominance.

No matter how small or large your company is, a localisation strategy for international business is a must. If it can catch McDonald's or Starbucks by surprise, it can catch any business. Kettering works with CEOs to develop a clear localisation strategy by reviewing their assets and how each should be applied to the target market.

The Importance of Speaking the Local Language

People prefer brands that speak to their local language, literally and figuratively. Siddath Sharma writes that 87% of consumers won't buy items from websites with only English content. Another helpful number Sharma shares is that \$25 is returned for every \$1 invested in localisation. We understand that global expansion is exciting, but only if it is set up with the foundation to perform.

That means developing an understanding of your differential in your home market, as well as understanding the core considerations of your target market. When you have those two perspectives dialled in, you have set up a mutually beneficial business environment. These are the cornerstones of global expansion that Kettering International educates clients through to optimum success.



2

INTERNATIONAL BUSINESS EXPANSION:

Market Intelligence is Key

Your home market experience and success are helpful keys for expanding into the international business market, *if* you make the choice to translate your value to your clients' home market needs. Enterprise tech companies that are established in their home market and are now looking to enter the U.S., U.K., or another foreign market, can benefit from avoiding the missteps that other companies took; chief among them being the assumption that they can repeat home market advantage without adaptation in foreign markets. The key to successful replication is market intelligence employed correctly and comprehensively to develop international expansion strategies.

Clients trust Kettering International for the truth behind market expansion strategy. We believe and invest in our clients' success because it is good business. In sharing real-world examples, we highlight where tech firms can benefit from exploring what problems could occur if an organisation fails to develop their market intelligence before expanding internationally.



What is Market Intelligence?

Viable market expansion is achieved through acumen and experience. Executing international market expansion requires a calibration of strategy in tandem with your goal to meet the necessary numbers target. This unique combination for your business comes through market intelligence – evidence base for sales, competitor research, and client surveys can validate (or invalidate) the legitimacy of a roll out and where there is a need for revamping an approach for maximum outcome.

Even with a unique and sophisticated product or service and a solid brand strategy, companies can fail to expand internationally simply because they don't understand the intricacies of their target market. Market intelligence is a necessity for international expansion.

Localisation is Key In International Business Expansion

Market intelligence is also a core component to understanding localisation. In a global market, opportunities are not plug-and-play. Just as home clients have nuanced preferences, so too do clients abroad. For this very reason, it is imperative to extensively investigate your messaging and be ready to advocate for how your value aligns with your potential client's needs. Assuming a translatable value has caused even some of the most established corporations to have to halt their rollouts.

After messaging is conceptualized, it needs to be localised. Effective localisation translates your value messaging so your new clients will understand the differential your tech firm provides. At Kettering International, we recognise the importance of setting the right expectations for entry into the vast U.S. market, where the sheer expansiveness of opportunity makes it difficult to orient and leverage your market intelligence without on-the-ground expert guidance.

Localisation involves a multi-step process to consider the geographical, socioeconomic, and cultural realities of the region that will best match your specific value and scope of service. Considering these key components in localisation, deciding where to land in an expansive market and how to speak to that market can either be your strategic advantage or your downfall. It depends upon your approach. What will work in New York for marketing messaging will not land the same in Tennessee. Market intelligence is a necessary consideration. Let's look at how this plays out in real-life examples.

Specificity in International Expansion Strategies = Real World Success

Market intelligence includes investigating what has not worked. Many companies are surprised to learn of launch failures, but the missteps of others can inspire taking a more inquisitive eye toward your own strategies.

Consider, for example, Target's market expansion into Canada. Krystal Steinmetz wrote for *Yahoo Finance* that just "shy of two years of opening, Target closed 133 stores," sustaining multi-million dollar months of losses. What happened? It's a case study in localisation.

The store-fronts Target bought for a low cost were second-rate locations, formerly discount retail stores. Shoppers often visited under-stocked stores with higher-than average prices due to an unreliable supply chain. *Slate* magazine called it an "unmitigated disaster" of a large company doing too much too soon. Canadian potential customers even commented that they enjoyed the Target experience in America, but it did not compare to what was offered in Canada.

Similarly, Home Depot flopped in China in 2016 with its DIY rollout. Why? Because in the U.S. DIY is seen as a sign of ingenuity, but in China it is seen as a sign of poverty.

Oversights in market intelligence can have significant consequences for firms of all sizes, and in all sectors. Recently a medical technology firm that distributes wheelchairs to disabled persons in Australia attempted to integrate their business model as-is to the U.S. healthcare system. This proved extremely difficult because the company did not have a firm grasp on how U.S. healthcare works and differs from state to state. The fine print was enough to upend their success – but due diligence on localisation with a firm that understands the U.S. market could have brought that necessary state-to-state differential piece to the rollout strategy.

3

TAILORING A VALUE PROPOSITION

for International Expansion

Many CEOs fall into the trap of believing that just because their products or services provide value for customers in their home base, that value will naturally carry over to the United States or another foreign market. While the assumption is an understandable one, it's not an effective expansion strategy. To successfully launch in a foreign market, CEOs need to develop a value proposition that translates the needs and wants of new clients in new markets into a targeted sales strategy.

Kettering International teaches the importance of developing a unique and clear value proposition for international expansion strategies, especially for U.S. expansion, educating businesses on how to avoid and steer clear of expansion pitfalls along the way.

Strategy + Implementation: Key Components of International Market Expansion

There was — and still is — a theory that a few leads and well-placed contacts will ignite a wildly successful international expansion. It doesn't. At Kettering International, we find that new clients are generally shocked by two things: The first is how prepared Kettering is to get involved on the execution side of things, providing action-based support through the implementation cycle.

Our approach is a far cry from the typical experience of firms that sit in a boardroom, schedule a few meetings, and cheer you on in the initiatory stages. Kettering knows that it's really the less "exciting" stages of contact nourishment, on-the-ground maintenance, and responsiveness that make lucrative and lasting relationships. Success is in the details.

It's easy to forget that, however, and mistake enthusiasm or market buzz for actual buying decisions. The beginning stages of international roll-out are full of contagious excitement, but that does not translate to profitability without a vetted plan.

Which brings us to the second reason our clients tend to be surprised: They gain unprecedented insight into how their home market can inform their international launch through market analysis and understanding the client care cycle. From there, Kettering guides them through the question, how can you globalise your value through localisation? How can you carve out a unique, well-matched niche for your tailored value proposition?

At Kettering, however, walking clients through the comprehensive process of tailoring a value proposition is only half of the equation – the other half is partnering with them to implement it. All too often, the focus is only on selling the product; yet having a researched plan of roll-out, relationship development, and support from launch through implementation is absolutely essential to reaping the benefits of international expansion. Just ask Pie Face.



Pie Face: A Cautionary Tale in Expanding Too Far Too Fast

Pie Face is a well established brand in Australia seeking to make the classic Aussie meat pie scalable. They pursued an aggressive expansion strategy in NYC for several years with seven new locations before closing all but one abruptly in 2014. If you google Pie Face now, there are questions such as: Does Pie Face still exist? How much debt does Pie Face have? They went from wild success to quietly closing their locations and liquidating their inventory without much public commentary. What happened?

Even with NYC's status as one of the nation's multicultural hotspots, Pie Face did not have an enduring enough value proposition to justify so many locations opening at once – the novelty wore off, and they did not have funding to back their expenses.

Let's highlight a few points:

- Pie Face had a good product that people enjoyed and were sad to lose, but that was not enough.
- Their aggressiveness in location expansion did not translate to success. More was not necessarily better
- Pie Face did not have, we can deduce, a strategy to educate or convert their audience to the joy of meat pies that were widely popular in their home market of Australia, where the product was already a cultural fit.
- They focused more on establishing stores than establishing a necessary, sustainable customer base ... which led to them having to close all of their stores.

This is a common story. A company assumes that what worked at home will translate in a new market, without a tailored, researched plan that brings newer customers along. Whether that is meat pies or tech enterprise, a proper implementation strategy with a deep understanding of market localisation and customer expectation is what we counsel all of our clients on at Kettering International. We roll up our sleeves and figure it out with you. And we don't walk away when you open up shop; we help you develop the evidence base that keeps your doors open, and pivot as needed to build a book of business for your value.

Kettering International works to understand your products and service offerings on a deep level, and combines this with our expertise in international market expansion to help you optimize your efforts, speaking directly to the target market's values.



4

CULTURAL INTELLIGENCE:

Your Key to International Expansion

Ice breaking in a boardroom happens with side banter, a reference to a shared restaurant, or a common interest in the community, like sports or university. Informal commonalities can colour a conversation quickly into a warm rapport – while an absence of connection can turn into an unbridgeable gap. It's a shared culture that creates moments of synergy. When signing a contract, clients want to know you will be there for them as much as they want to know what ROI your enterprise tech provides. Attention to detail quietly communicates thoroughness and commitment, especially to clients of an international market expansion. Lack of such awareness has cost global conglomerates millions of dollars.

Here, we'll explore real-world examples of what happens when organizations neglect prioritizing cultural intelligence before expanding to an international market. Paired with these lessons in action are insights into how Kettering International helps clients turn potential obstacles into wins.

Why is Cultural Intelligence Important in Business?

Let's approach this question through an example first. McDonald's dominates the global market for fast food, bringing the golden arches everywhere and serving millions of customers – but not in China. There, underdog competitor Kentucky Fried Chicken localised their menu, expanding into rice-based meals and black and rose buns for burgers – flavors that are not found in the U.S., but are beloved in the Chinese market. KFC now outperforms the behemoth McDonald's because they leveraged cultural intelligence to localise their product for international expansion.

Some tech firms approach international expansion without considering the differences in communication and collaboration styles between their home and target markets. Everything from how you show up to meetings to the syntax and nomenclature of your messaging demonstrates a presence – or lack – of cultural intelligence. Consumers and stakeholders are very perceptive and frequently decide whether to engage with products or services based on whether they feel spoken to and heard.

For example, an Australian insurance company was attempting to appeal to U.S. customers, but had a difficult time opening up in the U.S. market. Why? Because the company did not understand that insurance regulations and nuances are determined state by state. They are not universal across the country, so a pitch that wows New Yorkers does not necessarily translate to Houston or San Francisco. Missing this detail about the nature of American insurance practices stopped the Australian firm's international expansion cold: Clients quickly realized if they couldn't trust the company to grasp this basic construct, they couldn't trust them with the even greater intricacies of medical reporting in the U.S.

There is a common etiquette when traveling to absorb and respect as much of the culture as you can. A bit of the "when in Rome" mentality goes a long way in opening up communication and even opportunities while exploring other cultures. This core courtesy is even more vital in a boardroom with a contract and capital on the line. Taking the time to learn the culture, and also investigating and finding experts with the answers to questions you do not know to ask, is essential. That's more than a Google search can deliver, but Kettering International excels in serving our clients on this highly nuanced level.



Investing in International Expansion with Cultural Intelligence

Investing in cultural intelligence is the key for any tech firm looking into international expansion. If a company is willing to see this as a new adventure – starting from scratch in some ways versus the mindset of “we’ve always done it this way so it has to work again” – they are more apt to succeed. When we adopt a learner’s mindset in any aspect of life we are more likely to see more, hear more, and thrive more. The same is true for international expansion.

Global conglomerate Mattel learned this the hard way with a costly lesson in the importance of cultural intelligence. In 2009, Mattel built a 36,000 square foot Barbie store with six floors in the midst of Shanghai to bedazzle children and reap ROI. What happened? As Touchpoint shares, in a culture that reveres education, the beloved Barbie was seen as a distraction, and the store closed within two years with a \$1.8 billion loss. The colossal failure proves that even global brands need to pay attention to the culture of their target market.



Cultural intelligence, however, can be hard to grasp without an established authority to act as a guiding resource. Kettering advises CEOs and entire teams on how to approach each meeting and campaign, to the point of making suggestions for which staff members should spearhead each meeting based on how well their personalities mesh with the topic at hand.

It is this level of detail that makes the Kettering difference. The warmth of purposely-cultivated relationships can lay very lucrative foundations for prosperous client interactions that will grow and expand in their own right and in referrals, which is key to true international market expansion. There are so many ways to turn applied cultural intelligence into a pivotal opportunity – if you see it that way.

5

SPECIFYING YOUR BRAND

as an International Market Entry Strategy

When it comes to global expansion, companies cannot rely solely on previous success in their home market. Bridging the gap between the established and the new can prove challenging. Kettering International helps clients excavate hitch points – such as an unspecified brand – and articulates solutions through well-tested international market entry strategies.

Companies often miss opportunities because they haven't invested in crafting a voice to speak specifically to their international market. This is a critical component of expansion, particularly with a brand aiming for a U.S. roll out. Kettering International is based out of New York and helps many international businesses, especially tech firms with Australian roots, to establish their place in a wide and open market with tailored branding.



Beginner's Mindset for Seasoned Tech Enterprise CEOs

So why don't the accomplishments and processes that bring a CEO to the point of considering U.S. market entry tend to work in implementing that expansion? It seems counterintuitive – and daunting. After all, starting from day one can be a challenge, especially for CEOs who have strong foundations in their home markets.

However, missing this opportunity to re-adjust and re-brand will only hold your company back. The very legacy that roots you in your local client base can block the attention of new customers and contracts. Companies that are willing to adapt and embrace a path forward through the lens of their new home market are more successful in making inroads and achieving results.

Your global expansion is another company's home market advantage. A shift in place and people, then, requires a mindset shift for resiliency and success.

Key Elements in Rebranding for Global Expansion

Kettering International sits with clients across the tech enterprise market and helps them assess several key touchstones of growth:

- **Cohesion.** Branding is impactful to the extent that it is cohesive. It begins with a clearly articulated mission and is drawn down to the details. Simply changing an address, or popping up a landing page, is not adaptive marketing for global expansion. The mission, the messaging, and the validation testing for end users are all foundational to a successful launch.
- **Education.** You, or your partner such as Kettering International, need to research your target market and target client. Are they a good match? Does what you think will work because of your home market experience stand up to what the data shows is probable? Many Australian-based companies, for example, underestimate how large the U.S. market is, and thus fail to recognise that a client in California is entirely different from one in New York. This degree of knowledge and specificity is critical for international market entry strategies to produce a healthy return on investment.

- **Teamwork.** You need a local team. You can learn from them and collaborate with them to bring your vision to life in a market that's new to you, but home to them. Partnering locally assures your clients that your new solution has a solid foundation, and that you're here to stay – from launch through implementation and future growth. Boots on the ground make for more authentic networking and greater longevity in client engagement.

Flexibility is the key to unlocking international market entry success, but that can take a bit of effort. It may require a CEO to pivot in ways they would have never thought possible. The experts at Kettering offer unflinching guidance in navigating these waters, whether that means affirming a good local fit, or informing clients that reluctance to tailor their brand has jeopardised the successful forecast for their proposed international expansion.

The Importance of Branding for Global Expansion

Consider the example of fast food giant McDonald's. In 1990, the global conglomerate opened its first restaurant in China, and it took off because customers had a penchant for Western-style foods. As China grew more prosperous and interested in fresher foods, McDonald's lost its allure, says Chen Na from Sixth Tone. Learning from its missed marks in the Chinese market and reluctance to deviate from its reputation as a uniquely Western, rather than an Eastern-centric staple, McDonald's has now begun to chart a different path forward. They have recently undertaken rebranding efforts to reflect the country's changing cultural tides, and plan to open half of their "1,900 stores in 2023" in China, per CNBC.

When a business takes on a new or different customer base, it needs to pivot for relevancy and profitability. Kettering International carries with its business acumen an understanding of international cultures and the nuances of branding. Additionally, Kettering builds personnel teams to meet tech enterprise launch experiences with stunning accuracy. At Kettering, we remind our clients that it is a person who will decide whether or not to move forward with your tech firm. A relatable brand voice that speaks to clients' current needs is as necessary as end user-friendly implementation for a successful global expansion.

6

WATERTIGHT SUCCESSFULLY LAUNCHES IN THE U.S.

with Kettering's Local Market Insight

The Watertight Kit serves as a portfolio and media kit with linked analytics, enabling creatives everywhere to get paid for their content. The growing market to connect brands with desired content creators drew the attention of Andrew English, founder and CEO of Watertight. He knew a successful market launch for Watertight relied on meeting both end users' needs: the brands in finding creators, and the creators in finding funding. Kettering International walked Watertight through articulating and validating an engagement model for a dual-marketplace launch with confidence and results.

Opportunities and Challenges of Launching In the U.S. Market

Drawing on his background as a former director and producer in Berlin, English's expertise in creative production and its lifecycles informed his start-up vision and inspired him to look towards international expansion. With its status as the birthplace of the influencer culture and well-noted receptivity to innovation, the U.S. appealed to English as the next logical point of growth.

In 2022 the Australian-born entrepreneur opted to launch Watertight in the larger U.S. market, but the question of where specifically to launch created some turbulence. "It is a bit of a scary journey to come over here and not know anyone," English disclosed candidly.

In fact, Watertight's search for the right connections to build a select team and network for their launch landed them first in California, then took them to Austin, Texas before they ultimately anchored their U.S. home base in New York City, NY.



Tech Firm Launch Solutions with Kettering

While in NYC, English met with John Crozier-Durham, CEO and Founder of Kettering International. Crozier-Durham understood the necessity and the potentiality in product market fit before a launch – especially for international expansion. This is an assessment many tech firms skip on, assuming what worked in one market will work in another. Skipping this step can undermine a secondary market launch, costing time and resources. Kettering’s acumen in validating an effective engagement model helped Watertight navigate the tech enterprise waters of a new market and a new product, offering them strategy but also cultural currency for their U.S. launch.

“Kettering helped us to structurally organise our team, and provided introductions and people to help us get started in a really lean way – which is what every startup needs,” says English. With Kettering’s well nurtured relationships and nuanced understanding of personnel fits as a niche advantage, Watertight was able to align a team and a structure to carry them from concept to launch-ready.

Validate Your Launch Concept with Kettering International

Kettering also provided pre-launch Watertight with vetted prospects to assist in A/B testing. Mixed or unclear messaging can cost companies profitable opportunities and connections; since Watertight’s media kit serves two distinct audiences within the content creation lifecycle, fine-tuning the messaging for each customer was essential.



Understanding specific end-user touchpoints was paramount in gaining buy-in and developing the brand voice for an effective launch. Kettering worked with English to deploy and analyze extensive market outreach, sifting through the questions and real-time feedback on brand issues to ensure alignment between Watertight's projections and local market realities. Kettering also saved Watertight time and resources by identifying early on which messaging was not hitting the mark.

Partnering with Kettering International

English praises Kettering for infusing confidence into Watertight during their very early start-up time, a precious commodity for any pre-launch enterprise tech firm. And now that English has seen firsthand the value of acting on Kettering's evidence-based approach rather than preconceived assumptions about expanding to a new market, he plans to continue partnering with Kettering for further growth.


As a next step, Kettering is helping Watertight implement a process to easily receive feedback from client businesses on process improvements and growth opportunities. Watertight expects to evolve with their end users to improve experiences for both brands and the content creators they are paying.


Work With Kettering International Today


Do you have launch metrics that need a vetted strategy? Are you curious about international expansion and how to build the best launch? Contact Kettering International for more information on validating your engagement model or fine-tuning your implementation strategy. Book a free consultation today, and stay tuned for our next article, which will explore the place and role of Australian tech in the U.S. economy.



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