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International Sales Plan



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Profile of China

China is forth world's largest country which has a long history of more than five thousand years. It situated in Asia and lies on the west coast of the ocean. China has an area of covers more than 9.6 million square kilometres. 56 nations make up the whole population of China and by the end of 2016, the total population in Mainland China was 1,387.21 million (National Bureau of Statistics of China, 2016).

Many traditional festivals and wedding celebrations are inextricably linked to the presence of alcoholic beverages. In China, alcoholic beverages are also related to art and poetry. One of the famous Chinese poets, Li Bai is also well-known as "the saint of wine." As part of business meetings, social drinking is one of the elements to maintain good relationships between supervisors and employees and to promote friendship among colleagues. In China, social drinking is encouraged as one of the Chinese cultural norms encourage but solitary drinking is discouraged. Besides, it is very common for Chinese people to drink alcoholic beverages in different occasion during lunch or dinner.

There are few reasons that make social drinking as one of the entertainments. When the country's economy develops rapidly, the living standards of the people tend to improve as well. There will be more social events happening in the country where drinking is part of the events. Stress and pressure from work also make drinking as one of the ways to distress.

People in China can get alcoholic beverages through wineries, alcohol stores, hotels, restaurants, supermarkets, bar and online. Red Wine is the current pioneer of the alcohol industry in China. However, whiskey is getting more popular in China due to few reasons. Firstly, whiskey is malt and cereal brewing which is closer to China's grain liquors. Secondly, whiskey has a lower sugar content than beer and does not need to be consumed within few hours after being opened.

After China joined the WTO, China's economy has become one of the strongest motivations for the growth of the world economy. The advent of China as a market economy has greatly contributed to the development of the global economy, but it also poses challenges as countries must adapt to the sudden increase in the global supply of low-skilled labour. The Gross Domestic Product (GDP) was worth 11199.15 billion US dollars in China of 2016. China indicate 18.06 percent GDP Value of the world economy. From 1960 until 2016 GDP in China averaged 1790.50 USD Billion, achieve an all-time high of 11199.15 USD Billion in 2016 and a record low of 47.21 USD Billion in 1962 (Trading Economics, 2018).

Target Market

Governed by the Communist party of China, it had over 22 provinces, five autonomous regions, four direct-controlled municipalities and the special administrative regions of Hong Kong and Macau. The four direct-controlled municipalities cities respectively are Beijing, Tianjin, Shanghai and Chongqing. Beijing is the capital of China which situated in North China.

China has 661 cities which are made up of four tiers, and are respectively called first-tier, second-tier, third-tier and fourth-tier cities. The classification is dependent on economy, culture, education, development and industry of the city. First-tier cities refer to metropolises that are an important and dominant role in social activities such as politics and economy in the country.

As the starting stage in entering the China market, Teeling Whiskey will be targeting on the first-tier cities which are Beijing, Shanghai, Guangzhou, Chongqing and Tianjin (Figure 1). The GDP in all first-tier cities owns above 300 billion USD Dollar and the cities are directly controlled by central government. In addition, the population in the first-tier cities has more than 15 million people (South China Morning Post, 2016).

Attractiveness of the Market

There are many emerging markets around the world, but the four largest market which known as BRICs (Brazil, Russia, India and China) have accounted for nearly 30% of global GDP in 2014 (Investopedia, 2018). China is the market suggested for Teeling Whiskey to enter into due to its attractiveness. China is the second largest economy and the most populous country in the world. China with a population of over 1.38 billion generates large scale of potential consumer market and this provides huge opportunities for Irish companies especially Teeling Whiskey to enter the market.

Since the reforming and opening up in 1978, China's economy has developed at an unexpected rate, averaging about 10% growth per annum. This fast growth rate defines a few encouraging trends. Firstly, China is prepared for the long-term economic reform from command economy to mixed economy. Secondly, China wishes to move towards a mass-consumer society that relies more on the service sector. Thus, it means create more opportunities for foreign companies to offer their products and services in China.

According to Enterprise Ireland, Irish firms have seen sales grow, stronger relationships and awareness of Ireland increase in China year after year throughout the last three decades. The total size of China's economy provides tons of opportunities for determined Irish companies. The number of young professionals with high disposable income in the major coastal cities who hope for higher standards of living is growing. Thus, it caused a rise in consumption and changes in drinking habits (Enterprise Ireland, 2013).

In China, many consumers could only afford locally made alcoholic drinks prior to the economic boom. However, with the rise of China's middle class and increases in disposable income, it allowed many consumers to afford foreign-made and foreign-branded alcoholic beverages (Nelson, 2011). As the Chinese get richer, their taste in alcoholic beverage change. Red wine is the most popular alcoholic beverages in China, with a penetration rate of 39%, followed by Chinese rice liquors (36%) and whisky (29%) (Rapoza, 2012).

The consumption of alcoholic beverages in China also drives the attractiveness of the Chinese market. China was ranked first in overall alcoholic beverage industry sales volume with total of approximately 45,000 million litres, followed by United States which had only less than 30,000 million litres in 2009 (MDA, 2009). In 2011, the consumption of five major alcoholic beverages which includes red wine, white wine, rice wine, imported spirits and beer have increased to 62.72 billion. The consumption of bottled spirits such as whiskey, brandy, vodka and baijiu in China has also increased at an annual growth rate of 20% over the past five years (Rapoza, 2012). By having significant increases in consumption of bottled spirits in China also means an opportunity for Teeling Whiskey to enter the Chinese market.

Besides, the changes in social and cultural factors also strengthened the attractiveness of China's alcoholic beverage market. China's expanding pub culture has offered more ways for people to consume alcohol. Rise in the number of women who consume alcoholic beverages, especially wine has also expanded the China market According to the Datamonitor, the gender roles have been blurring. It means women and men are more equally attending events and engaging in drinking in most social occasions. Moreover, the new generation of working women in China with financial independence may also explain the rise in the alcoholic beverages consumption among women (Nelson, 2011).

Potential Gap - Threats

Recently, the Chinese government has legislated laws that ban the consumption of alcoholic beverages among children. In 2006, the government introduced a law that prohibit the sale of alcoholic beverages to consumers below the age of 18. In August 2009, Chinese government increased the base tax and consumption tax rates on high-strength alcohols such as baijiu and spirits. Coupled with the media and industry promotions for healthier drinking habits, it has affected the consumer choices on alcoholic beverages whereby more consumers are choosing lower-strength alcohol such as beer and ciders (Nelson, 2011).

Language barrier is also one of the potential gap that should be look into when entering the market. As China is one of the countries with highly diverse linguistic landscape, it is difficult for foreign companies such as Teeling Whiskey to enter the market at first without knowing the language. As mentioned before, China is made up of 56 ethnic groups and all have played an important role in the development of the various languages spoken in China. Mandarin is the official language and the most popular language in China. There is over 955 million speakers out of the China total population of 1.38 billion people. Cantonese also has an official status in China and is used as the official language in Hong Kong (Sawe, B.E., 2017).

Different regions of China will be using different dialects of Chinese that is predominantly spoken in the region. Wu Chinese is a dialect that commonly spoken in the eastern region of China and can also be divided into 14 varieties. Fuzhou is a dialect of Chinese subgroup and is centred in the city of Fuzhou while Hokkien dialect is one of the major regional languages spoken in China where it originated from the Fujian province. The accent and slang used in China might also create a gap in entering the market (Sawe, B.E., 2017).

China is a high context culture where it requires a deep understanding of the cultural context in order to be able to properly interpret what others are saying and doing. Chinese emphasized the importance of maintaining balance relationships. Therefore, negotiations usually take longer time and never seem to get to the point. This is because the major purpose of the negotiation is to get to know each other and at the same time to build trust. According to Hofstede Insights, China sits in the higher rankings of power distance as compared with Ireland. Therefore, the individuals are influenced by formal authority and focuses on personal reputation in society (Hofstede Insights, 2018). This cultural difference also creates a gap for Teeling Whiskey to enter the market.

Alcohol Industry Market Size in China

The alcohol industry includes all the alcoholic beverages that are produced by distillation or fermentation. The alcohol industry in China is divided into four main segments which are Beer, Wine, Spirits and 'Cider, Perry and Rice Wine'. The biggest companies in the alcohol industry are Anheuser-Busch InBev, Heineken and Diageo.

According to Statista (2018), the alcohol industry generates revenue amounts to \$285,901 million US Dollar in 2018 and is expected to increase annually by 2.5% (Figure 2). From an international perspective, it is shown that most revenue is generated in China. The average revenue per capita in relation to total population for alcoholic beverages total to \$206.02 US Dollar in 2018. In the alcohol industry, the volume of alcoholic beverages is expected to amount to 54,563.9 million litres by 2021 while the average volume per person for the alcoholic beverages total to 40.4 litres in 2018.

Spirits refers to distilled alcoholic beverages with an alcohol content of at least 15% vol. It is divided into few sub segments which include Whiskey, Vodka, Rum, Gin, and Spirits that distilled from grape wine and fruits. Diageo, Suntory and Pernod Ricard are the companies that dominating the Spirits market worldwide.

According to Statista (2018), the revenue in the Spirits segment generates a total of \$190,234 million US Dollar in 2018. It is expected to increase by 3% annually (Figure 3). In relation to total population figures, the average revenue per capita for Spirits amounts to \$137.08 US Dollar. The volume of Spirits is expected to a total of 11,297.1 million litres by 2021 (Figure 4). This figure shows that there is high demand for Spirits in the Chinese market for the next few years. The average volume per person for Spirits amounts to 7.9 litres in 2018 and it is expected to grow in the next few years.

How Teeling Whiskey Can Enter China Market

Entering into China market can potentially offer Teeling Whiskey many benefits. As mentioned before, China has a total population of 1,387.21 million people (National Bureau of Statistics of China, 2016). Even though Teeling Whiskey is only targeting on entering the first-tier cities in China but Teeling Whiskey is still able to reach such a large amount of potential target customers.

Therefore, in order to enter into China market, Teeling Whiskey will have to first decide on their entry strategy. There are few entry strategies which are exporting, contractual and investment entry. As the starting stage, Teeling Whiskey will be using indirect exporting as the entry strategy. It will be selling to or through an export company which will then handle the sales to Chinese buyers or distributors.

Even though Teeling Whiskey will lose some controls over the pricing by indirect exporting but there are also few advantages over it. By indirect exporting, less cost needed and less risk will be taken by Teeling Whiskey. It is one of the cost efficiency ways when entering China market and at the same time able to reach such a large amount of potential consumers. Besides, it also provides an opportunity for Teeling Whiskey to test the market in China. As mentioned before, China has different culture norms as compared with Ireland where China is a high context culture country.

The main reason of using indirect exporting to enter China is to maintain the image of Teeling Whiskey as Irish Whiskey. It is important to have the “Made in Ireland” label on every bottle. When the potential customers think of Irish Whiskey, they will think of Teeling Whiskey.

Teeling Whiskey can also consider entering the market by manufacturing abroad through contractual when it reaches at least 10% of market share in China. By doing so, Teeling Whiskey has more control over the pricing and branding. Teeling Whiskey can then run their own marketing activities in order to promote and build their brands more convenience and efficiently in China.

Product Positioning

Teeling Whiskey are well-known for their vision in doing things differently and their whiskeys represent the entrepreneurial spirit. Innovation is at the core of everything at Teeling Whiskey. Teeling Whiskey does not chill filter the whiskey prior to bottling and leave as much of the body, character and richness in the bottle. Therefore, it is the elements and contents inside the bottle that counts. Teeling Whiskey tend to maintain the extra depth of character in each whiskey.

Teeling Whiskey aims to retain the drinkability of Irish Whiskey but at the same time bring in new and unique flavours to complement the naturally smooth and sweet taste of Irish Whiskey. Therefore, the team is inspired to bringing more options and innovation into Irish Whiskey. They are producing small batch bottling of unique Irish Whiskey by using innovative cask maturation techniques. Their passion for quality, genuineness and craft comes through in every bottle.

Key Territories and Potential Key Accounts

China is a growing market with burgeoning middle class of 300 million people. There is plenty of potential and opportunity for Teeling Whiskey to grow and success in the Chinese market. This is because China have acquired a strong desire for more whiskey, especially in the modern first-tier cities which are in Beijing, Shanghai, Guangzhou, Chongqing and Tianjin. First-tier cities have more than 15 million people and this has created a huge market potential for Teeling Whiskey.

There are several channels such as liquor stores, hotels, supermarket, bar, and restaurant where the end user can purchase for whiskey. However, Teeling Whiskey will only target on liquor stores, hotels and supermarkets as the key accounts in the targeted five first-tier cities. The targeted key accounts must have power for large number of purchases, ability to generate large amount of sales and have good brand reputation in the targeted city. The key accounts in each city will be assigned and managed by two salespersons.

How They will be Targeted and Managed

Key accounts management is an effective way for Teeling Whiskey to gain sustainable competitive advantage. There are several procedures when designing the sales territories. First of all, Teeling Whiskey will need to select on a control unit. In this case, Teeling Whiskey will be targeting on five first-tier cities in China such as Beijing, Shanghai, Chongqing, Guangzhou and Tianjin. Liquor stores, hotels and supermarkets are the potential of the key accounts.

In the first year, Teeling Whiskey targets to reach 100 new key accounts across five cities. In order to successfully manage the key account, it is important for Teeling Whiskey to determine the desirable call patterns which shows the call frequency per account per year. Sales pitch must be designed and modified every time in order to fit in on the targeted key accounts.

As there are only five targeted cities for Teeling Whiskey, therefore, each city should comprise 20% of sales potential. Two salespersons will be assigned for one city which means each salesperson will have to contribute on 10% of sales potential. Incentives or commission should be given to the top salesperson as this will motivate them to generate more sales and bringing more business for Teeling Whiskey.

Table below shows the total calls needed in each city.

	Beijing		Shanghai		Guangzhou		Chongqing		Tianjin	
Call	Calls		Calls		Calls		Calls		Calls	
Frequenc	Accoun	per ye	Accoun	per ye	Accoun	per ye	Accoun	per ye	Accoun	per ye
2 per mo	8	192	8	192	5	120	5	120	3	72
1 per mo	10	120	10	120	5	60	2	24	3	36
1 per wee	12	624	12	624	5	260	3	156	4	208
	30	936	30	936	15	440	10	300	15	316

The total calls made per year in Teeling Whiskey in order to contact with the key accounts are 2,928 calls. Each salesperson is expected to make at least 293 calls per year which means the salesperson will have to make 6 calls per week.

Effective Customer Relationship Management (CRM) system also helps the salespersons of Teeling Whiskey in managing the key accounts. Salesforce is the most common used CRM system which used by the marketing and salespersons. The salesperson is able to keep track and update the lead status and convert them into accounts and contacts when needed.

Overall Sales Objectives

First Year

In the first year, Teeling Whiskey aims in obtaining 100 new key accounts across first-tier cities of China. These targeted 100 new key accounts are from 40 liquor stores, 40 hotels and 20 supermarkets. Besides, Teeling Whiskey targets to achieve €11 millions of sales in the first year.

Second Year

In the second year, Teeling Whiskey aims in obtaining 150 new key accounts across first-tier cities of China. These targeted 150 new key accounts are from 60 liquor stores, 60 hotels and 30 supermarkets. Teeling Whiskey also targets to achieve €24 million of sales in the second year.

Overall Sales Strategy

There are few sales strategies that need to be done by the international sales team in order to help Teeling Whiskey to generate revenue which will achieve on the targeted sales. First of all, salesperson will need to identify and screen for qualified key accounts. In this case, the salesperson of Teeling Whiskey will need to identify and screen on the potential liquor stores, hotels and supermarkets. Salesperson should prioritise the key accounts who have more buying power and able to generate more income.

Before approaching the key accounts, salesperson will have to research as much as possible about the prospective key accounts before making a sales call. It is important for the salesperson to understand the background of the key accounts and design sales pitch which suit and sound for the key account.

When approaching the key account, the salesperson will have to know how to greet the key account to get the relationship off to a good start. It is important to be polite and greet accordingly when making sales call with the key account as the first impression is really important. Chinese people are more high-power distance; therefore, title of the person is very important and should be mentioned by salesperson when trying to address the key account. During the sales call, it is important for the salesperson to arrange an appointment with the key account. By doing so, the salesperson can meet the person in charge face-to-face and present Teeling Whiskey to the key accounts.

Salesperson can also bring some sample of Teeling Whiskey along and demonstrate the taste of the Teeling Whiskey during the presentation. By having an appointment with key account, salesperson can also show how Teeling Whiskey is better than another, by tasting the whiskey together at the same time explaining the taste of Teeling Whiskey with them.

After meeting up with the key accounts, salesperson will have to seek out and overcoming the key accounts objections to buying. Therefore, it is important for the salesperson to follow up with the key accounts and try to negotiate with them in order to secure sales closing. Even if the key account made an order with Teeling Whiskey, salesperson will still need to follow up after the sale to ensure the key account satisfaction and repeat buying. It is suggested that the salesperson can contact the key account every month to ask on the sales report and customer feedback on the Teeling Whiskey.

Sales Forecast

Estimated Market Sales Potential

$$\begin{aligned}
 \text{Market Sales Potential} &= \text{Buyers} \times \text{Price} \times \text{Quantity} \\
 &= 300,000 \times €45.80 \times 11 \\
 &= €151,140,000
 \end{aligned}$$

Refers to the first report on “Overseas Target Country / Market”, first-tier cities which are Beijing, Shanghai, Guangzhou, Chongqing and Tianjin have more than 15 million people. There is around 2% of the population in China who drink whiskey. Therefore, the estimated number of buyers is from 2% of the 15 million people. The average price of Teeling Whiskey from the range of Small Batch, Single Grain and Single Malt is €45.80. Also refers to the first report, the average volume per person for Spirits amounts to 7.9 litres in 2018. It is estimated of 11 bottles Teeling Whiskey (which amount to 0.7 litres per each bottle) to be sold to each individual buyer. Therefore, the overall estimated market sales potential is €151 million.

Sales and Profit Forecasting

First Year

Total Estimated Prospective Buyers		300,000
Target Market (10% of total buyers)	X	0.1
Distribution / Communication Coverage (75% of target market)	X	0.75
Annual Purchase Rate (11 bottles per year)	X	11
Average Offering Unit Price (€45.80)	X	45.80
Forecasted Sales		€11,335,500

As mentioned before, the estimated prospective buyers is the 2% of 15 million people in first-tier cities which is 300,000. In the first year of entering China, Teeling Whiskey aims in targeting 10% of the total estimated prospective buyers. The number of buyers will then be narrowed down and reach only 75% of target market due to distribution and communication factors. As mentioned before, it is estimated of 11 bottles Teeling Whiskey (which amount to 0.7 litres per each bottle) to be sold to each prospective buyer. As the average price of Teeling Whiskey is €45.80, the forecasted sales in first year will be €11 million.

Second Year

Total Estimated Prospective Buyers		309,000
Target Market (20% of total buyers)	X	0.2
Distribution / Communication Coverage (80% of target market)	X	0.8
Annual Purchase Rate (11 bottles per year)	X	11
Average Offering Unit Price (€45.80)	X	45.80
Forecasted Sales		€24,907,872

Refers to the first report on “Overseas Target Country / Market”, it is believed that the spirits segment is expected to grow 3% annually. Therefore, the total estimated prospective buyers will increase by 3% which is now 309,000 in second year. However, it is expected to target on 20% of the total buyers and increase 5% on the distribution and communication coverage (which is now 80% of target market) in second year. The annual purchase rate and the average offering unit price remain unchanged. Thus, the forecasted sales for second year will be €24,907,872.

Sales Target

There are at least 10 salespersons will be recruited for Teeling Whiskey to target and approach on the key accounts. Each salesperson will be assigned to specific type of key accounts in targeted city. As Teeling Whiskey is targeting on the five first-tier cities in China, therefore two salespersons will be assigned to approach the key accounts on one city. Each salesperson will need to achieve €1 million of sales in the first year while €2.5 million of sales in the second year.

Setting Up International Sales Team

There are three steps in recruiting and selecting sales talent in order to set up for international sales team. First of all, Teeling Whiskey will have to plan for the recruitment and selection of the international sales team. By doing so, it is important to identify the job analysis, job qualification and the job description before recruiting any salesperson.

Job analysis refers to the task, duties and responsibilities of the sales job. In this case, the salesperson in Teeling Whiskey should be able to present, promote and sell the products to targeted key accounts. Besides, it is also salesperson's duty to establish, develop and maintain positive business and customer relationships between Teeling Whiskey and the customer. Thus, it is important for the salesperson to attend on any social drinking events organised and invited by the key accounts. This not only shows respect to them but also able to secure the sales from those key accounts. The salesperson should also be able to reach out to customer leads through cold calling. As mentioned before, each salesperson will be assigned on specific type of key accounts in particular city in China. Thus, it is important for the salesperson to take the initiative to do research on the targeted key accounts in order to secure high chance of closing the sales.

Job qualifications refer to aptitude, skills, knowledge, and personal traits needed as a salesperson working in Teeling Whiskey. As Teeling Whiskey is entering the China market, therefore it is important for the salesperson to be able to speak and write professionally in Mandarin and English with at least BS/BA degree or equivalent. Salesperson will require to communicate with the key accounts in Mandarin while presenting the report / status of the sales to the sales manager in English. Besides, the candidates must have proven at least 2 years work experience as salesperson and are expected to know what to do when tasks are being assigned. He / she must have excellent selling, communication and negotiation skills. The salesperson should highly motivate and target driven with a proven track record in sales. It is also important for the salesperson to achieve on their targeted KPI.

The next step in recruitment and selection process is locating prospective candidates. There are several ways in locating the salesperson such as careers / job fairs, college career centres, on-line career sites, internal employee referral and employment agencies. Teeling Whiskey can recruit its employees firstly through the online career sites or through employment agencies. As Teeling Whiskey has no experience in selecting and hiring candidates in China, therefore it is important to have someone who is expert in this field to find Teeling Whiskey the best candidate who fit in all the job requirements. Teeling Whiskey can also participate in the top universities career fairs and from there recruits for interns or fresh graduates from the top universities and provide them practical working experience. They will have to work closely with salesperson in approaching the customer and understand the SOP before they can handle the key accounts by themselves.

The last step on recruitment and selection process is the evaluation. During this step, Human Resources from Teeling Whiskey or external employment agencies in China will have to screen on CV sent by the potential candidates. CV screening is the most important part in order to make sure the candidates fits in the job description. From there, Teeling Whiskey will then contact the qualified candidates to attend for the job interviews. During the job interviews, the recruiters can not only ask questions on the candidate's background but also give assessment to them. Role plays is one of the most popular assessment used by company in order to check on the candidate's ability to resilience on uncertainty or tricky situation. Teeling Whiskey can check on the candidate's competency with role plays by giving them a common situation faced when approaching key accounts and assess them according to how they respond on the situation.

Structure of International Sales Team

As mentioned before on previous section, there is at least 10 salespersons from China will need to be recruited in order to set up the international sales team for Teeling Whiskey and each salesperson will be assigned to specific type of key accounts in targeted city. As Teeling Whiskey is targeting on the five first-tier cities in China, therefore two salespersons will be assigned to approach the key accounts on one city. Each salesperson will need to achieve at least €1 million of sales in the first year. Five interns will be recruited during the summer and work closely together with the salesperson in approaching the key accounts. All these salespersons will be under the supervision of the sales manager from Teeling Whiskey headquarters.

Table below shows the organisation structure of the international sales team for Teeling Whiskey.



Estimated Costs for Sales Team

TOTAL OVERHEADS		
line item	Bugdgt/Year 1	Bugdgt/Year 2
Sales Expenses		
Salaries	60,000	72,000
Team building	5,000	5,000
Training	5,000	5,000
Commissions	100,000	250,000
Bonuses	5,000	6,000
Insurance	1,000	1,000
Total sales Expenses	€176,000.00	€339,000.00
Travel Expenses		
Transport	6,000	7,000
Food	9,000	15,000
Accommodation	7,500	9,000
Entertainment	10,000	12,000
Total Travel Expenses	€32,500.00	€43,000.00
Office Expenses		
Premises Rent	12,000	12,000
Heat, Ligth & Power	3,600	3,600
Administration	1,800	1,800
Office supplies	2,400	2,400
Equipment - Lap/lpad	3,000	4,000
Total Office Expenses	€22,800.00	€23,800.00
Promotions		
Samples	4,600	4,600
Advertising	100,000	100,000
Attending trade shows	6,000	6,000
On line promotions	12,000	12,000
Total Promotions	€122,600.00	€122,600.00
Exportation Expenses		
Delivery fees	50,000	100,000
Toal Exportation Expenses	€50,000	€100,000

Total Expenditure		
Expenditure	Year1	Year2
Sales Expenses	176,000	361,800
Travel Expenses	32,500	43,000
Office Expenses	22,800	23,800
Promotions	122,600	122,600
Exportation Expenses	50,000	100,000
Total Expenditure	€403,900.00	€651,200.00

The average basic salary in first-tier cities of China is around €500 (¥4,000) per month. As Teeling Whiskey has 10 salespersons working in the company, therefore the overall estimated salary is €60,000 (¥480,000) in the first year. Teeling Whiskey will increase the salary to €600 (¥4,800) per salesperson per month in the second year.

A one-month training will be provided by Teeling Whiskey for each salesperson and the estimated cost for training is €500 (¥4,000) per salesperson. A 0.01% of commissions will be given to the salesperson based on the amount of sales a salesperson can generate. As refers to the previous report, forecasted sales in the first year is €11,335,500 whereby each salesperson will have to bring in at least €1 million of sales for Teeling Whiskey. If all the salespersons achieve the targeted sales, 0.01% of €11 million which is €100,000 will be given to 10 salespersons in the first year.

The bonuses given to the salesperson are based on their one-month wages which is €500 (¥4,000). Therefore, the total sales expenses including salaries, team building, training, commissions, bonuses, and insurance are €176,000 (¥1,408,000) in the first year and €339,000 (¥2,712,000) in the second year.

The budget allocated for transport fees is €600 (¥4,800) per salesperson in the first year. Food expenses allow the salesperson to claim on expenses during social meeting with the key accounts. Therefore, €900 (¥6,300) is allocated for each salesperson in the first year while €1,500 (¥12,000) in the second year. The total travel expenses which includes transport, food, accommodation, and entertainment are €32,500 (¥260,000) in the first year and total of €43,000 (¥344,000) in the second year.

Premises rent is relative high in the first-tier cities in China and the average rent is up to around €1,000 (¥8,000) per month. Laptops and smartphones will be provided to each salesperson. Thus, the total office expenses including premises rent, heat, light, power, administration, office supplies, and equipment are €22,800 (¥182,400) in the first year and the second year is €23,800 (¥190,400).

Teeling Whiskey will have to spend more on advertising in this first year as this is because it is the first time for Teeling Whiskey to enter into the China market. Therefore, in order to have more people recognise the brand and create brand awareness, Teeling Whiskey will have to spend more on the promotion. The total promotions expenses including samples, advertising, attending trade shows and online promotions are €122,600 (¥980,800) in the first year and the same in the second year.

Hence, the total estimated expenditure for Teeling Whiskey which include sales expenses, travel expenses, office expenses, promotions and exportation expenses is €403,900 (¥3,231,200) in the first year and €651,200 (¥5,209,600) in the second year.

Monitoring and Evaluating Sales Team Activities and Performance

It is important for Teeling Whiskey to always keep track of the sales team activities and performance. This is because sales team is one of the departments that bringing in most of the revenues for Teeling Whiskey. Therefore, Teeling Whiskey can monitor and evaluate the sales team activities and performance through organisational effectiveness framework.

Under the organisational effectiveness framework, there are several analyses that need to be done in order to monitor and evaluate the sales team. First and foremost, sales analysis need to be completed by Teeling Whiskey. As mentioned on previous report, each salesperson is assigned to specific territories / cities in China. Therefore, it is important for the salesperson to focus on the territories and type of key accounts assigned. As the total forecasted sales is €11 million on the first year, therefore each salesperson will have a sales target of at least €1 million from the key accounts. It is important for the sales manager to always make sure the salespersons do their best in closing the deals with the targeted key accounts by giving them necessarily supports and reasonable rewards and commission.

Besides, cost analysis will need to be completed by the sales manager in order to monitor and evaluate the sales team activities and performance. It is important to analyse the cost that incurred by the salespersons and its impact on the sales. Therefore, the sales manager will have to set a reasonable budget for the entire sales team. Refers to the estimated cost on previous section, the total expenditure in the first year is €403,900 while the forecasted sale is €11 million. Therefore, the estimated net profit of Teeling Whiskey in China will be approximately € 10 million in the first year. The cost to serve is equivalent to the total cost to serve account / revenue from the account.

$$\begin{aligned}\text{Cost to serve} &= \text{€}403,900 / \text{€}11,335,500 \\ &= 3.56\%\end{aligned}$$

Hence, the cost to serve for Teeling Whiskey in China is 3.56% of the total estimated sales from targeted key accounts.

Sales manager will have to check on the productivity of each salesperson as well on monthly basis to ensure the salespersons are working on the assigned tasks and targets given. This is important as the productivity of salespersons and profitability of Teeling Whiskey are interrelated. Sales manager can evaluate on the salesperson's performance through behaviour-based perspective and outcome-based perspective. The behaviour-based perspective refers to the subjective measures of salesperson's characteristics, activities and strategies while outcome-based perspective refers to straightforward objective measures of result.

The sales manager of Teeling Whiskey can evaluate the salesperson's behaviour by monitoring their attitude towards the task assigned. Salespersons should be energetic and always believe in themselves when approaching the key accounts. Besides, it is the salesperson's responsibility to be on time on work and finished the assigned tasks at specific time given. As China has a very strong power distance culture, therefore it is important for the salespersons to show respect to the sales manager and targeted key accounts. A salesperson's behaviour can also be monitored and evaluated through his / her teamwork with other colleagues. It is sales manager's responsibility to avoid any kind of conflicts between the salesperson.

Besides, sales manager can also monitor and evaluate the salesperson productivity through outcome-based perspective. Call productivity is one of the methods in evaluating the salesperson's performance. Sales manager will have to monitor the calls being made by each salesperson per week, per year and also the calls per account. As mentioned in the previous report, each salesperson will have to make at least 6 calls per week which means a total of 293 calls per year should be made by each salesperson. Besides, the salesperson's performance can be monitored and evaluated through expense to sales. Budget will be allocated for each salesperson. However, the less the ratio between the expenses to sales, it is assumed as the better the performance of the salesperson in saving the cost at the same time generating more revenues for Teeling Whiskey.

It is important for the sales manager to always monitor and evaluate the salesperson as this is directly link to the commission and rewards for the salesperson. Besides, this helps the sales manager to identify the salesperson capability in closing the deals. Sales manager can also identify the training and counselling needed for the salesperson to improve on their skills based on the salesperson's activity and performance. Promotion and rewards should be given to those who able to meet the company's expectations and targeted sales.

Use of CRM System to Support Sales Efforts

In order to support sales efforts, it is important for Teeling Whiskey to use a Customer Relationship Management (CRM) system. In this case, Salesforce is suggested to Teeling Whiskey in supporting the sales efforts. It is a cloud-based CRM software which does not require hardware and software maintenance and each salesperson has the access to the most up-to-date and reliable data at anywhere, anytime from any device. Salesforce system is the ideal solution for Teeling Whiskey in support the sales efforts.

First of all, Salesforce enable salesperson to create leads from any potential key accounts. Data and information of the lead can be store and update from time to time when needed by the salesperson. Any potential lead will then be converted into account and contact which will make the sales process easier. These accounts and contacts can also be shared in Salesforce within the salespersons in case immediate changes and update need to be made when the person in charge is not around.

Salesperson can create the opportunities and tasks on their key account. Thus, notification will pop out to remind the salesperson on what tasks need to be done on each account on every morning. The opportunities created on account also help the salesperson to know what the opportunities on each account are and also emphasise on the most important key accounts by providing the amount for each opportunity. Salesperson can also update on the stage of the opportunity from prospecting to closed. Thus, the sales manager can monitor and evaluate the salesperson's performance on the status of each account.

Salesforce enable the sales manager and salesperson to view any potential accounts with the "create new view" function. By creating new view, the salesperson is able to filter on any specific needed information such as billing country, billing city or the type of industry. Thus, the salesperson can fully focus on the targeted segmentation without wasting time to filter the information one by one. Besides, the report generated from the "new view" can be download and view as a PDF file. Thus, the salesperson can download and share the reports to the sales manager in order for the sales manager to evaluate on the performance.

Salesforce which features activity monitoring, reports, and metrics helps sales teams to achieve more accurate forecasts and provide insight into win / loss analysis. As Salesforce becomes more powerful with more data generated into the system, therefore it is important for the salesperson to constantly update on any changes on the information and create lead whenever he/she receive name card from any potential key accounts. By doing so, salesforce enable the sales manager to measure the sales activities effectively.

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Appendix

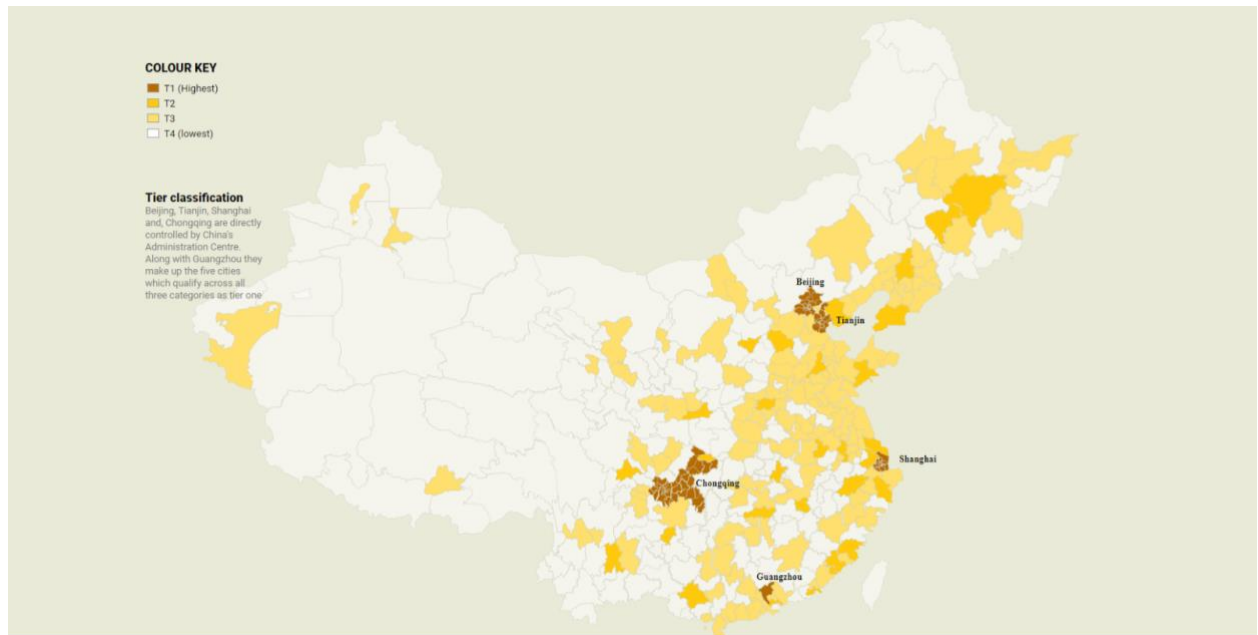


Figure 1: The first-tier cities are Beijing, Tianjin, Shanghai, Guangzhou and Chongqing.

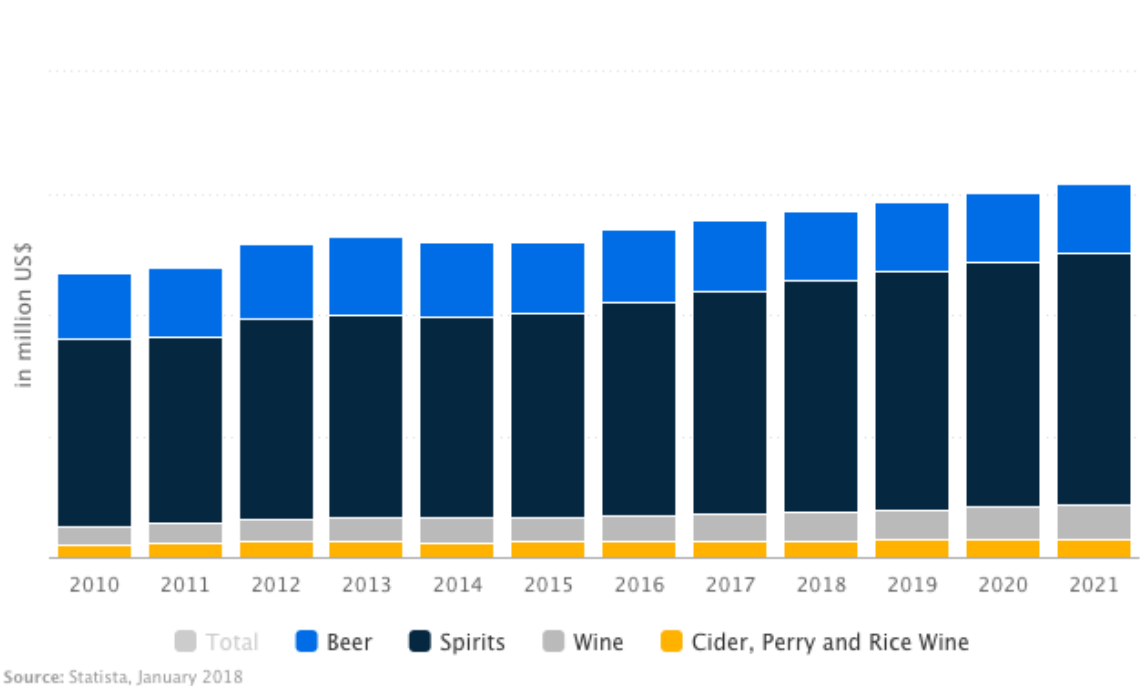
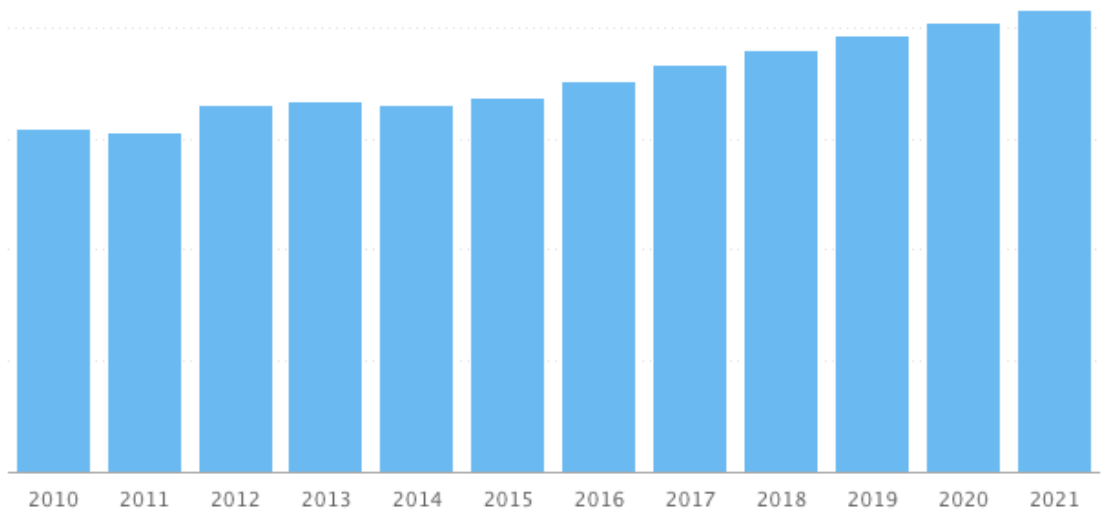


Figure 2: Alcohol industry generates revenue amounts to \$285,901 million US Dollar in 2018 and is expected to increase annually by 2.5%.

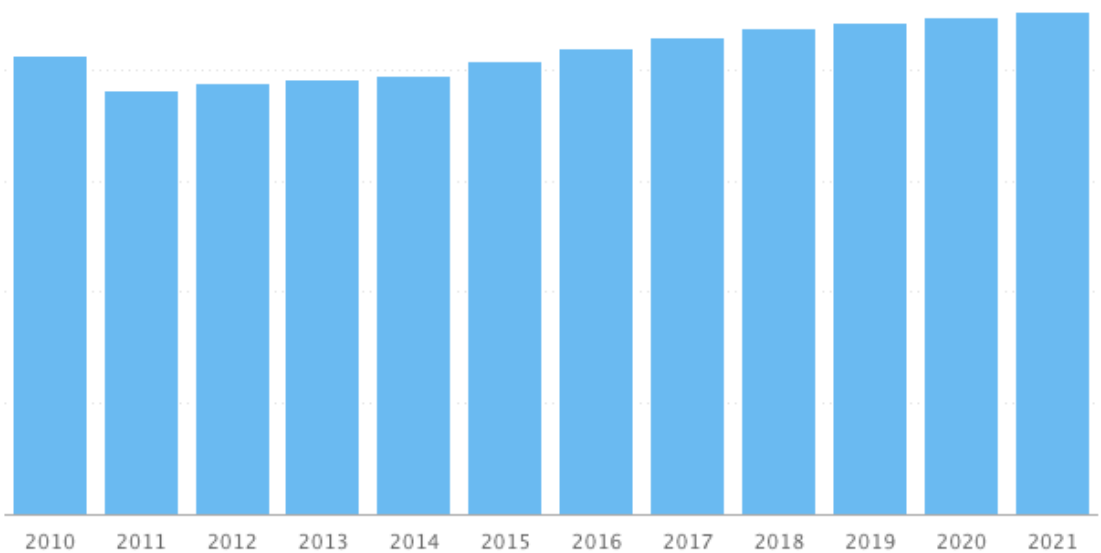
in million US\$



Source: Statista, January 2018

Figure 3: Revenue in the Spirits segment generates a total of \$190,234 million US Dollar in 2018. It is expected to increase by 3% annually.

in million litres



Source: Statista, January 2018

Figure 4: The volume of Spirits is expected to a total of 11,297.1 million liters by 2021.