



Bern University  
of Applied Sciences



## Survey - Doing Business in the Arab World

Prof. Dr. Paul Ammann, August 6<sup>th</sup>, 2020

# Introduction



Dr. Paul Ammann

Head Research Group International  
Management

Bern University of Applied Sciences

Thank you very much for participating in our survey

Please mute your microphone during the presentation!

I will send you the slides after the presentation.

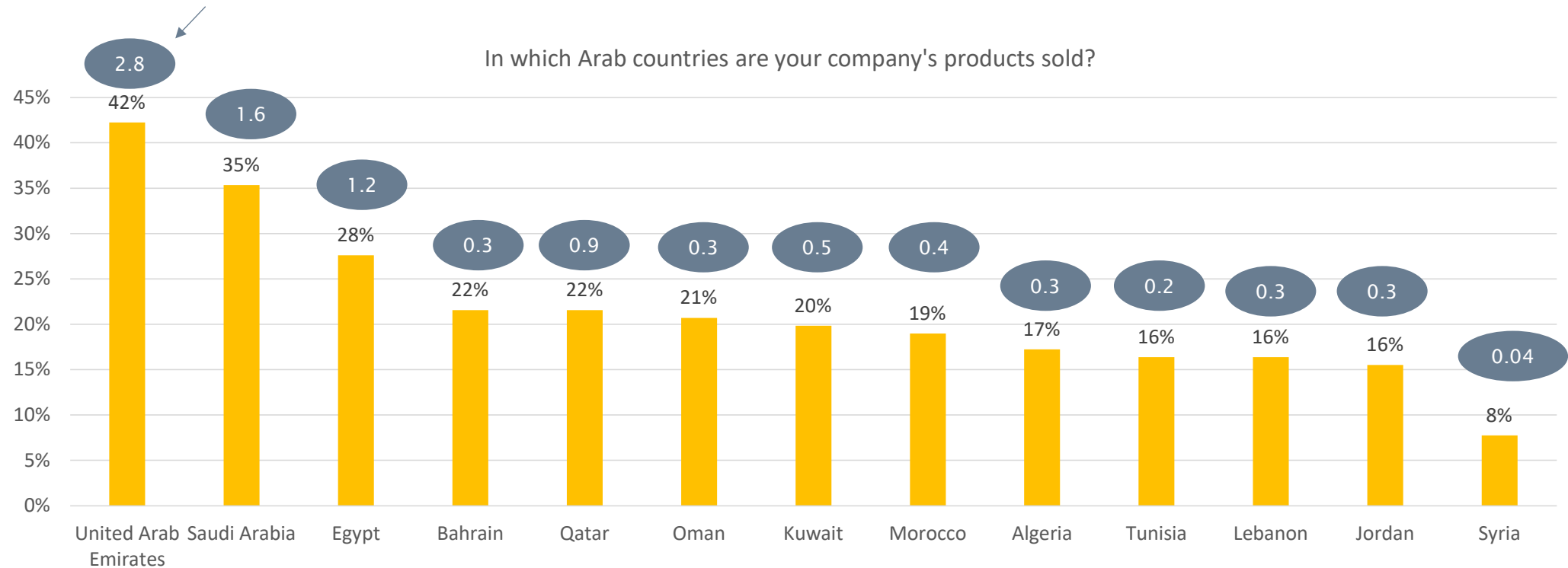
Survey - Doing Business in the Arab World

# Content

- **Results by question**
- Summary
- Statistical information

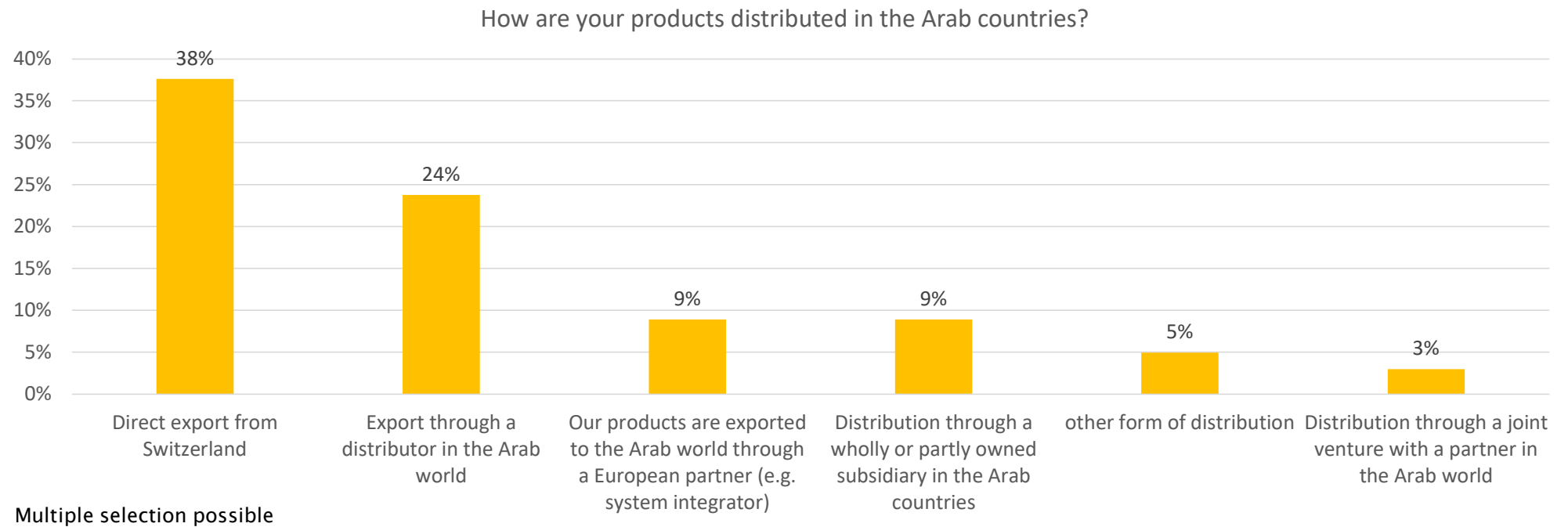
# Relative good match of countries mentioned with Swiss exports

Swiss Exports to this country 2019 in BCHF

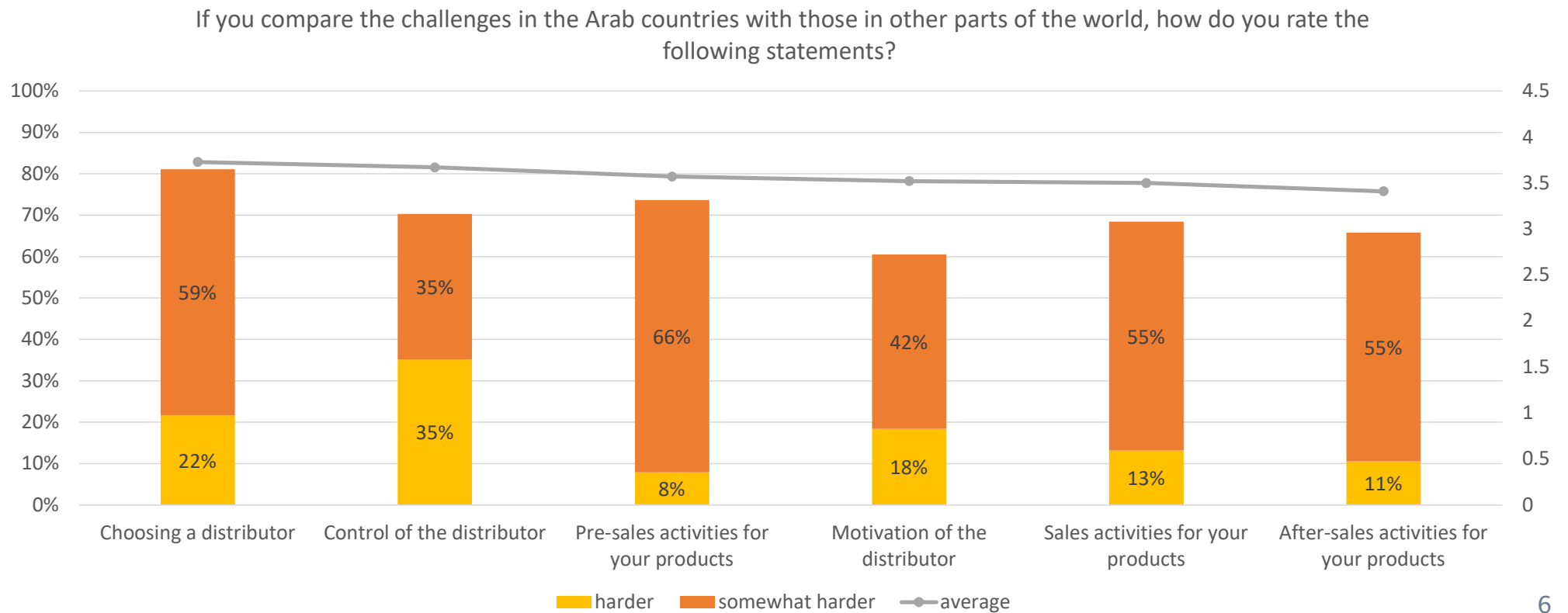


Multiple selection possible

# Few companies have wholly/partly owned subsidiaries in the Arab World



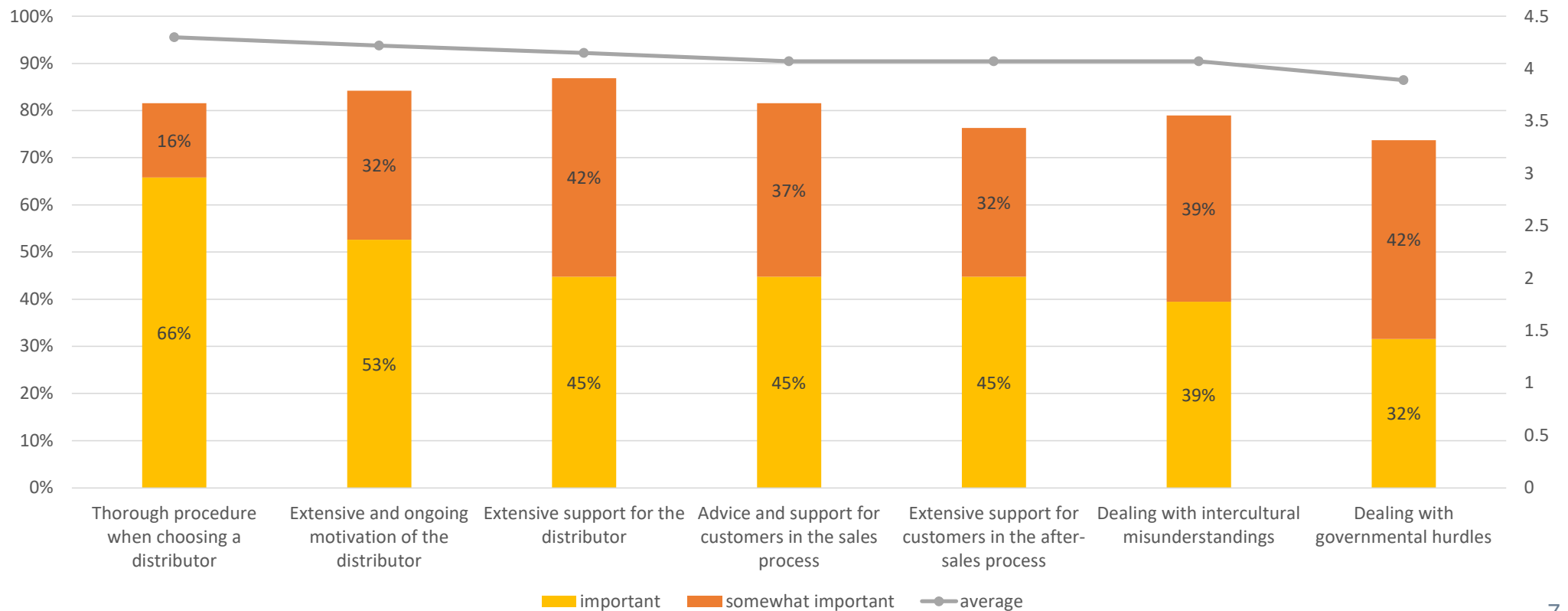
# Arabic countries are perceived as difficult countries compared to other regions – especially choosing and control of a distribution partner are challenges



Sorted by «average»

# The most important success factors in the Arab World are choosing and motivating a distributor

What are the most important success factors for you in the Arab countries?



Sorted by «average»

# Most advices given are related to the distributor!

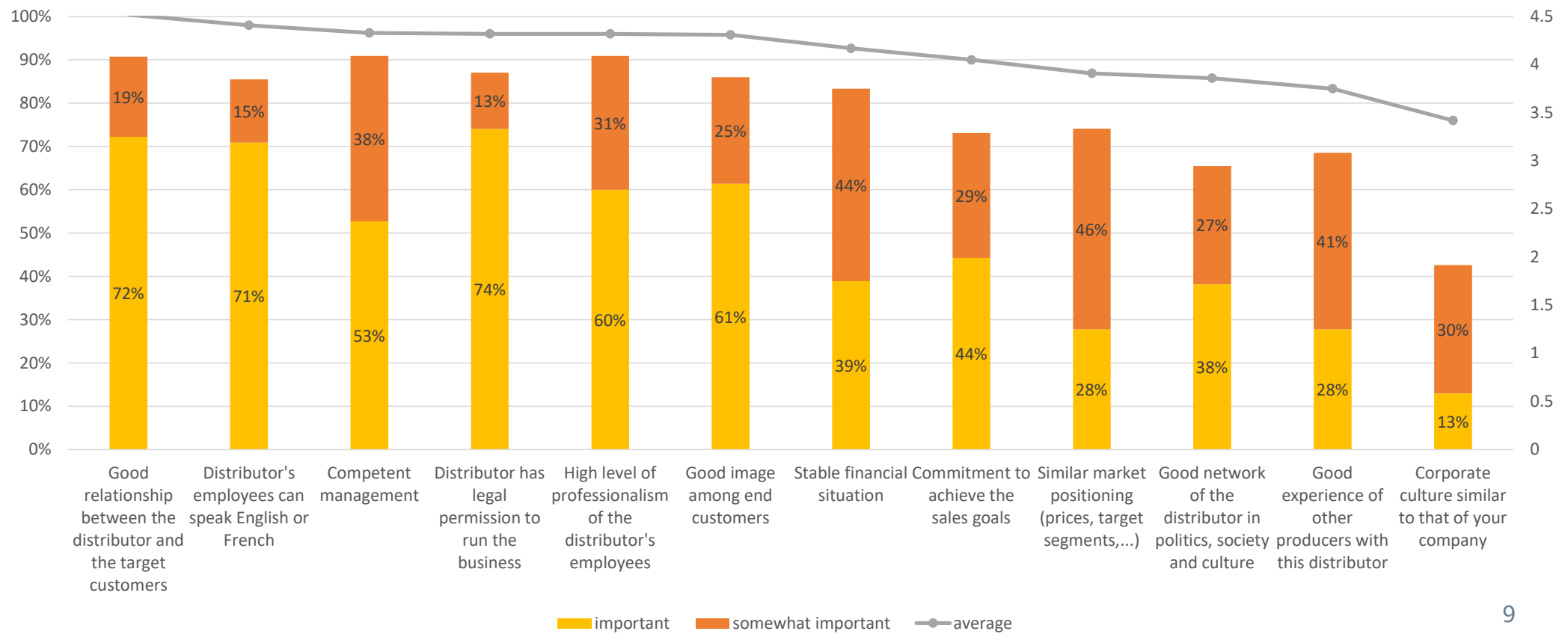
## What advice would you give to other companies that want to operate in Arab countries?

- Es steht und fällt mit dem Vertriebspartner..
  - Einen lokalen Partner suchen und ihn ständig motivieren
  - Choosing a good partner – be patient, it takes more time than expected
  - Select partners carefully, do not rush.
  - chercher et trouver le bon partenaire commercial
  - Die Beziehung zum Handelspartner ist äusserst wichtig. Falls das Interesse an unseren Produkten ernsthaft ist, unbedingt den Kunden vor Ort besuchen oder in die CH einladen. Auch ist es ratsam vorgängig Referenzen bei CH-Firmen einzuholen, welche bereits mit dem Kunden in Nahost zusammenarbeiten
- Advices related to Distributor**
- sich mit der arabischen Kultur auseinandersetzen. Bedürfnisse sind oft anders als aus andern Ländern
  - Etre présent localement. On ne fait pas d'affaires en général avec tous les pays du monde sans visites régulières ou présence locale
  - Je nach dem ist das Verhältnis zum Faktor Zeit sehr unterschiedlich. Die direkten Ansprechpartner (meist keine Araber) wollen Gas geben. Die Entscheider (vielfach Araber) haben jedoch ein völlig anderes Gefühl für Zeit und Verbindlichkeit.
  - Networking & Erfahrungen austauschen
  - Kultur und Vertrauen inkl. Zwischenmenschliche Beziehungen sind sehr wichtig.
  - Good preparation and not to rely on assumptions.
  - Ausdauer
  - Nur liefern bei gesicherter Finanzierung. Ausdauer haben. Sicherheit der Mitarbeitenden muss oberste Priorität haben.
  - sich mit der arabischen Kultur auseinandersetzen. Bedürfnisse sind oft anders als aus andern Ländern
  - Start aus VAE und erst dann in die umliegenden Staaten agieren



# Good relationship to target customers, Competent management and the professionalism are key criteria to select a distributor

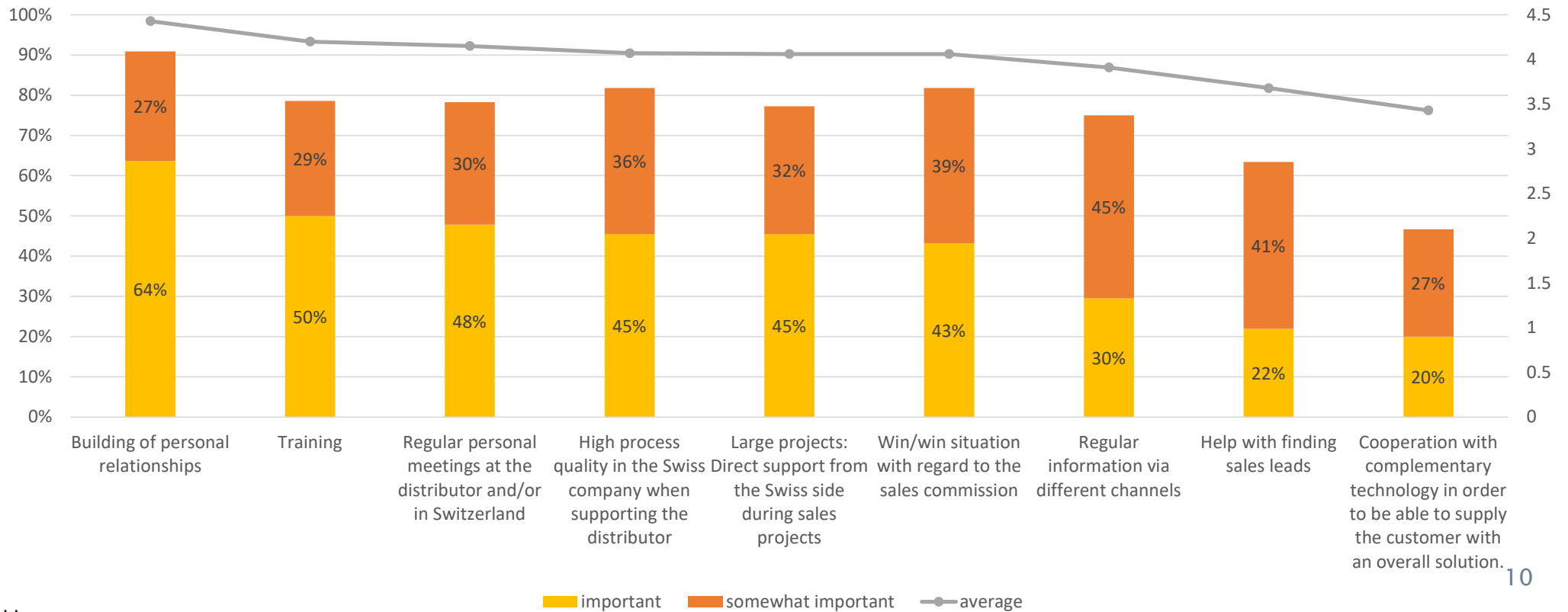
Which criteria are important for the selection of a distributor in the Arab countries?



Sorted by «average»

# Personal relationship, Training and regular personal meeting are key activities for the motivation of distribution partner – also important: high process quality

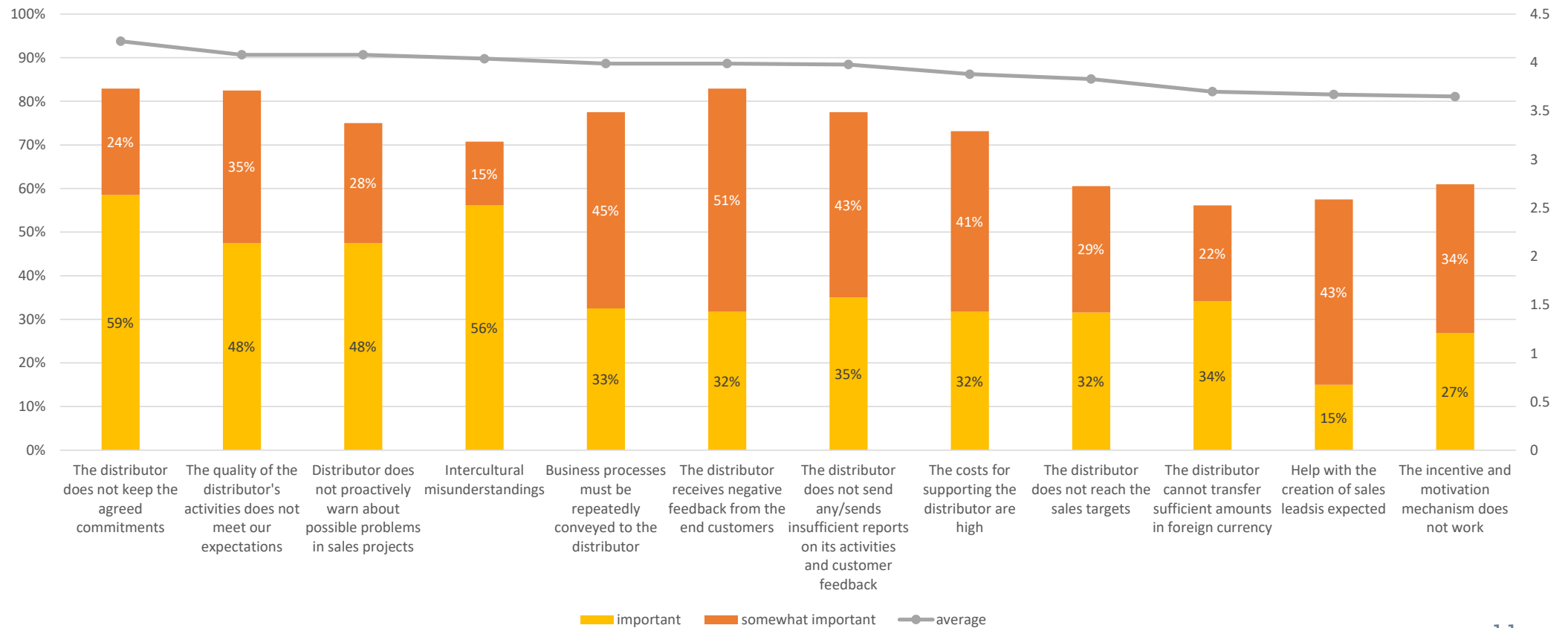
Which activities are important to motivate a distributor to actively sell your products?



Sorted by average

# Main challenges of working with a distributor are its reliability, pro-activity and cultural misunderstandings

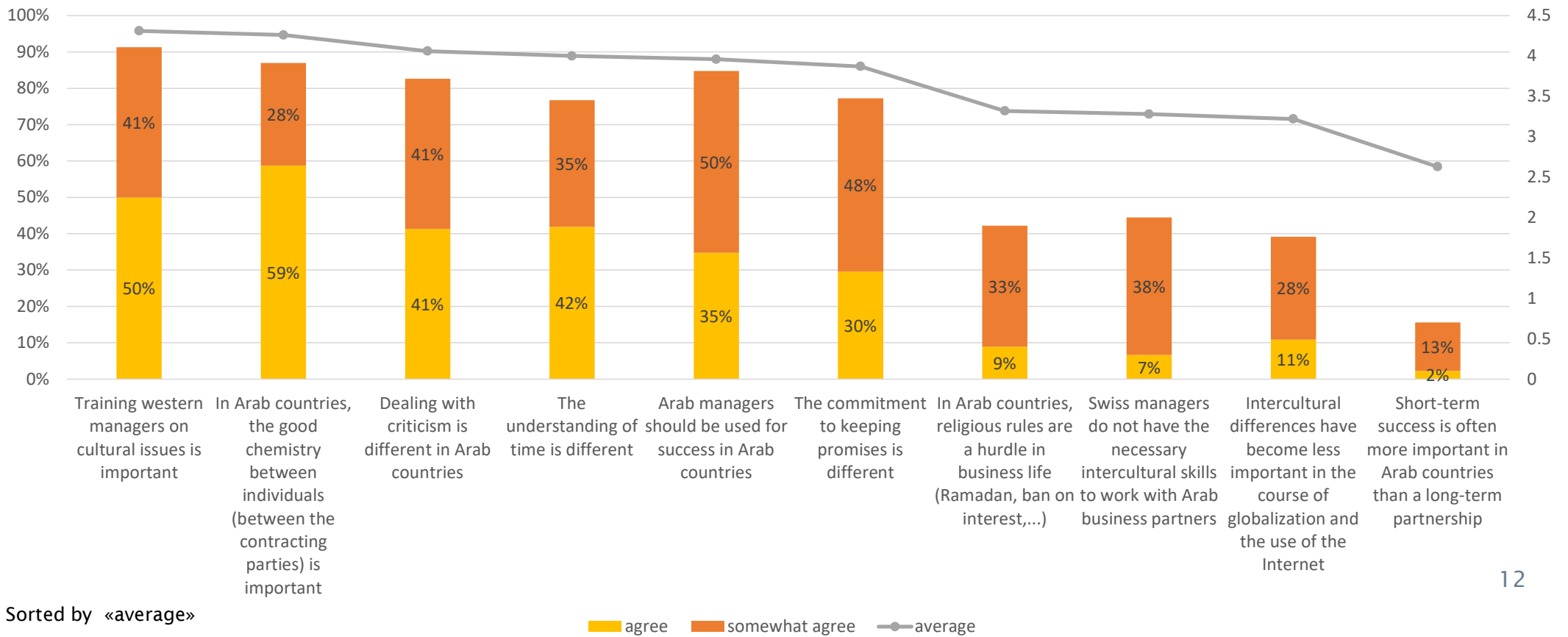
What are the main challenges when working with a distributor in the Arab countries?



Sorted by average»

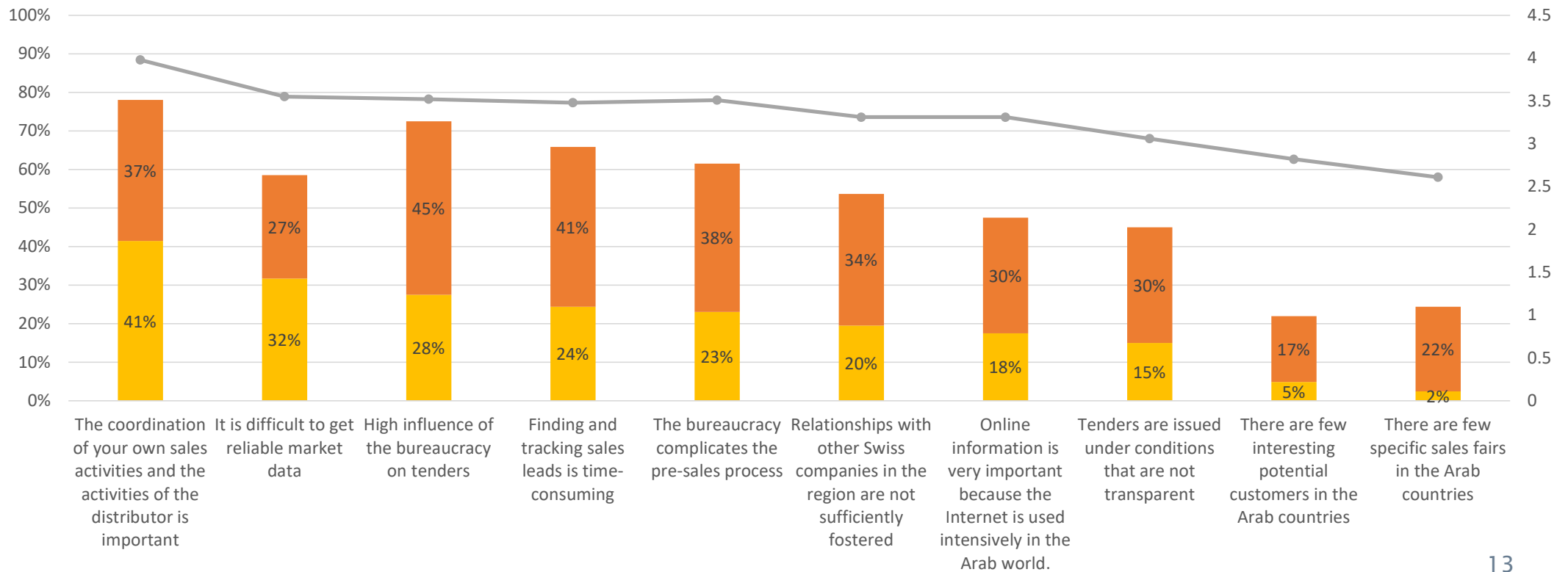
# Personal contacts are essentials and training is needed for western managers. Dealing with criticism and time is different.

How do you rate the following statements regarding the cultural differences between Switzerland and the Arab countries?



# Pre-Sales: Coordination & Market information are important as well as the influence of the bureaucracy

How do you rate the following statements regarding the pre-sales process in the Arab countries?  
Pre-sales: Your marketing activities before a customer shows interest in your product

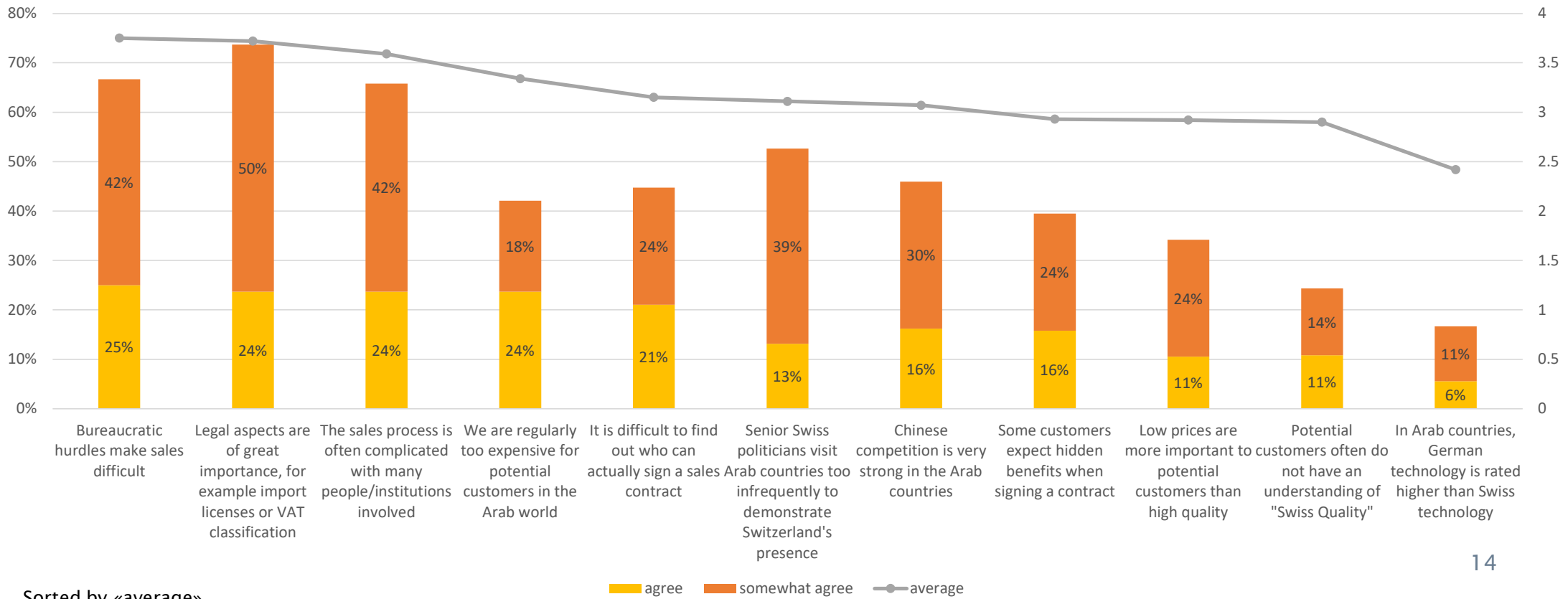


Sorted by «average»

■ agree 
 ■ somewhat agree 
 —●— average

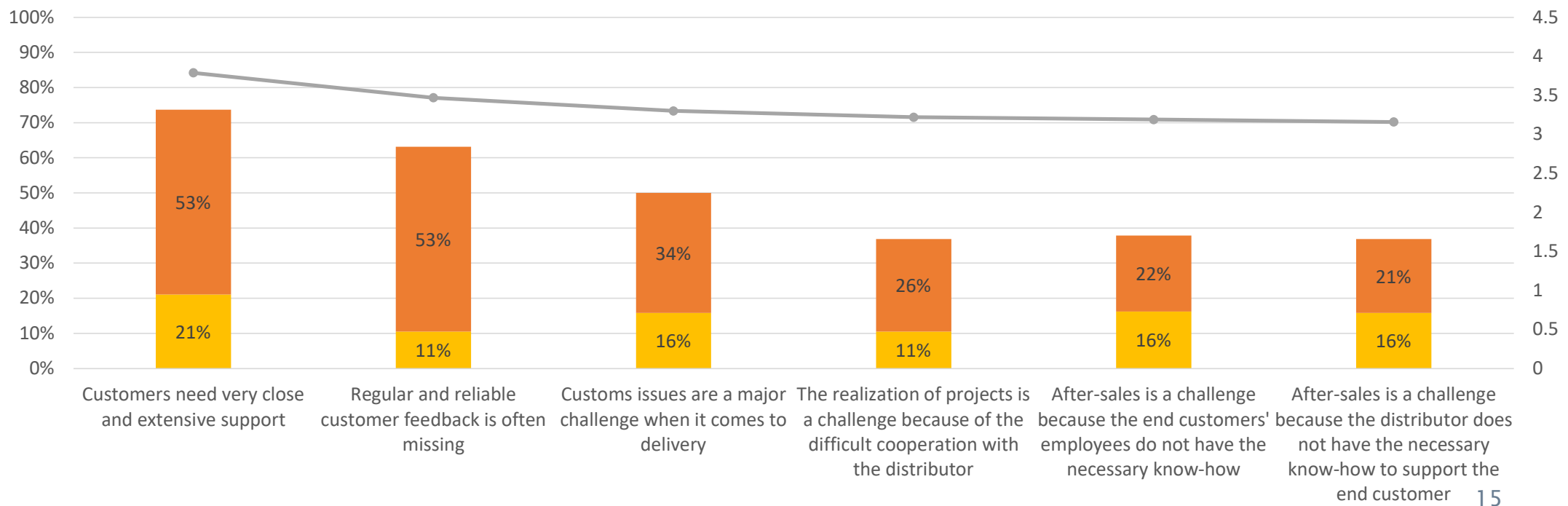
# Sales: Bureaucracy and legal aspects, as well as a complicated sales process are major challenges

How do you rate the following statements regarding the sales process in the Arab countries? Sales: Your activities from the potential customer showing interest to the signing of the sales contract



# After-Sales: Major challenges is the support needed by the customers and the missing feedback from the customers (again importance of distributor!!)

How do you rate the following statements regarding after-sales in the Arab countries?  
 After-sales: your activities after signing the sales contract



Sorted by «average»

■ agree   
 ■ somewhat agree   
 —●— average

# Content

- Results by question
- **Summary**
- Statistical Information



## Key points (I)

- Arab countries are perceived as **difficult markets**
- The most important **success factors** are **choosing & controlling the distributor**
- **Choosing a distributor**: legal permission, good access to and good image at end customers and languages are major criteria
- **Motivating a distributor**: Personal relationship, training, and regular personal meeting are major activities, also important high process quality and fair commissioning
- **Collaborating with a distributor**: Reliability, Cultural misunderstanding & quality of work are the main challenges

## Key points (II)

- **Intercultural differences** are still important, mainly dealing with **criticism** and understanding of **time**
- **Pre-Sales**: Coordination is key and the influence of bureaucracy is a challenge
- **Sales**: Bureaucracy and legal aspects, as well as complicated sales process are major challenges
- **After-sales**: Major challenges are the support needed by customers and missing feedback



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Thank you!

I am happy to answer any questions.

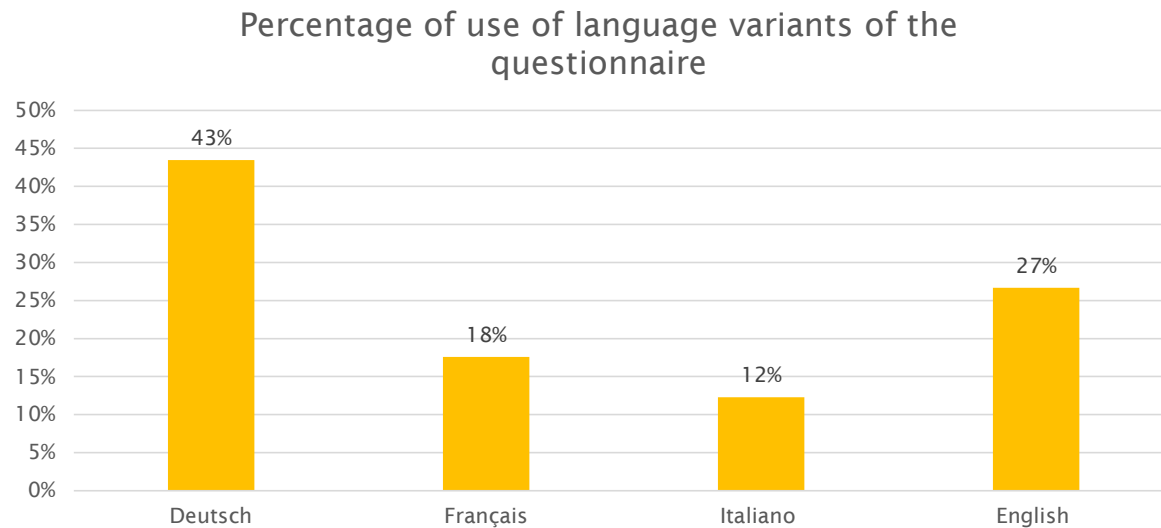
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- Results by question
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- **Statistical Information**

## Statistical information

- The online survey was sent to Swiss exporting companies by AZ Direct in June 2020
- This survey does not claim to be statistically representative
- The online questionnaire was available in four languages



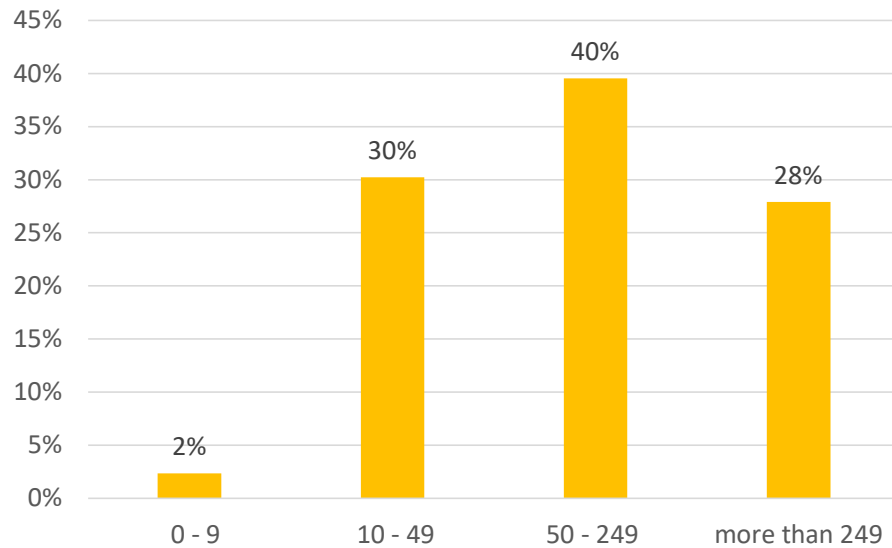
# N = number of answers per question showing a normal picture of an online survey

Important: Exports to Arab countries are only 4% of total exports of Switzerland

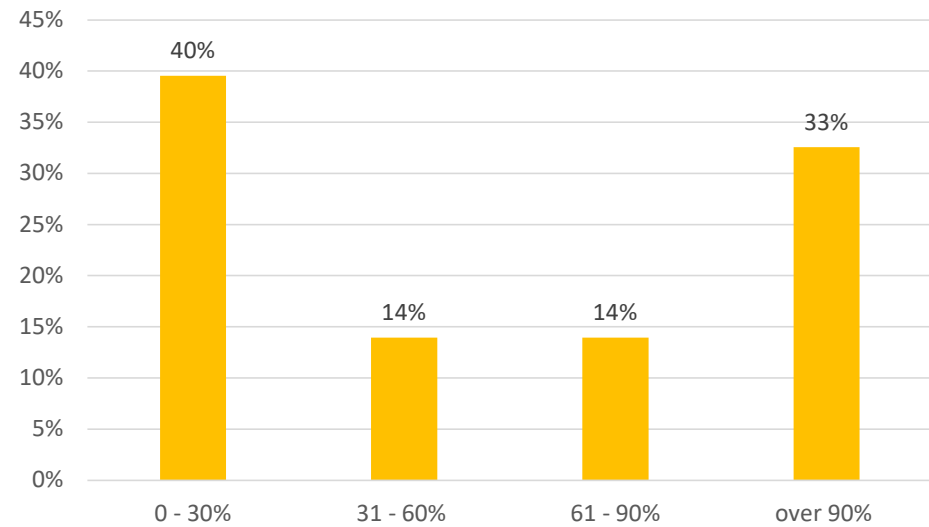
<b>Question</b>	<b>N</b>
Arabic countries	196
How the products are sold in the Arab countries	130
Selection of distributor	113
Motiviation of distributor	93
Challenges of collaborating with a distributor	82
Intercultural challenges	78
Pre-Sales	74
Sales	70
After-Sales	66
Importance of Challenges	66
Comparison with other regions of the world	65
Advices	65
Demografic information	64

# Demographic information (I) – A third of participating companies export over 90% of turn over!

How many employees work in your company?



What is the share of exports of your company's sales?



# Demographic information(II) – the importance of customer- specific projects – Switzerland is too expensive for standard products

