

International Trade Leadership Mobile, Alabama



Session 1- International Sales & Marketing



Alabama Department of Commerce



Getting Ready to Export

International Trade Leadership Series
Mobile, Alabama

Connectivity



Agenda

1. Getting Ready to Export

2. Developing Customer Relationships

3. Building a Global Infrastructure

4. International Logistics

5. Managing Payments & Financing

6. Trade Regulations & Legal Issues

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Getting Ready to Export

This section is designed to help you understand and learn the benefits of exporting.

- This section will:
 - Show the exporting business opportunities
 - Sets the stage for learning about the basic elements for exporting
 - Get you excited about exporting
- Following this section, you will be better positioned to:
 - Begin or expand exporting
 - Determine if you want to further pursue business growth through exporting

Getting Ready to Export

Agenda

1. Why Export?

2. Organizational Readiness

3. Building an Export Plan

4. Resources and Tools

5. Cultural Aspects of Int'l Business

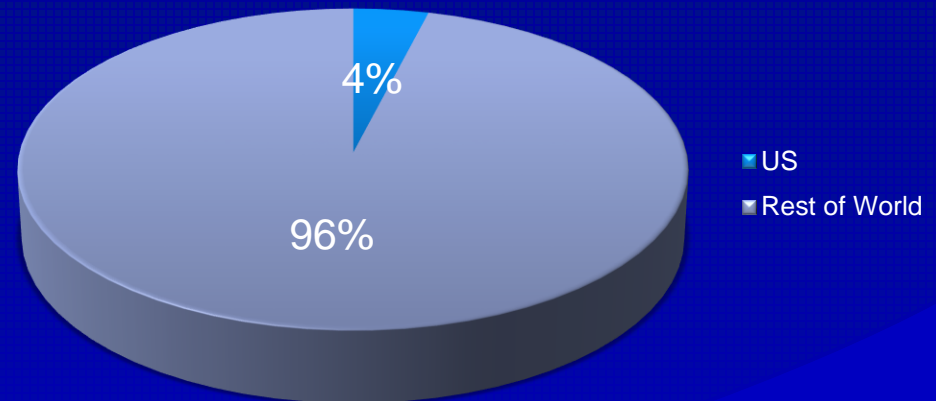


Why Export?

Why would a company consider exporting its products and/or services?

- It's where the money is
- It's where the people are
- It's where the growth will be
- Value of the U.S. dollar

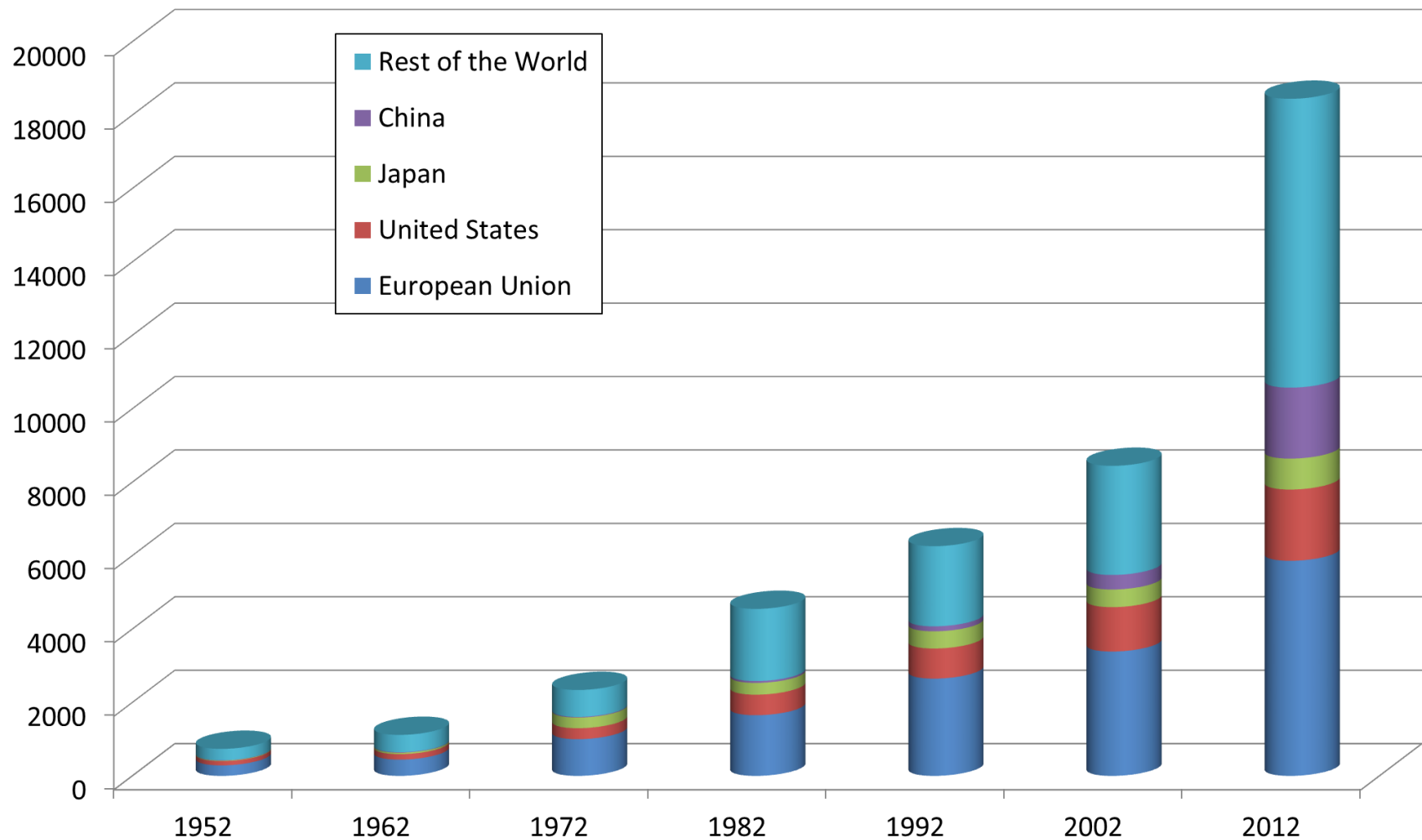
Percentage of World Population





**There are more people living inside
this circle than outside of it.**

International Trade Growth



GDP Growth Rates

- Asia growth rates 2014-e
 - China: 7.5% (was 9.3)
 - India: 3.8% (was 6.3)
 - Vietnam: 5.3%
 - Thailand: 3.1% (was 6.5)
 - Phillippines: 6.8%
- Others:
 - Russia: 2.0%
 - Brazil: 2.3%
 - Costa Rica: 4.3%
 - Colombia: 3.7%
 - Turkmenistan: 12.2%

US:

2013: 1.9%

2014: 2.8%

World

2013: 3.0%

2014: 3.7%

Source: IMF World Economic Outlook

Reasons for Exporting

There are many good reasons you should be exporting.

- Increased revenue and profit
- Increased productivity
- Spread risk base of business
- Offset lack of demand for seasonal products
- New product ideas
- Additional markets
- Tax advantages

Moving from Reactive to Proactive

- **Reactive Strategy**
 - Easy, low cost, fast, learn from competitor's mistakes
 - Lose first mover advantage, competitors might be wrong, misplaced management time
- **Proactive Strategy**
 - A global assessment of market opportunity, independent of previous sales or competitor actions, avoids missing overlooked or optimal markets.
 - Stimulus from inside your company
 - Target / focus on a set number of markets
 - More up-front costs

Organizational Readiness

Some important questions to ask yourself about your organization's readiness to export.

- Does your company have a product for export sales?
- Does your company have an export plan?
- Can your company commit sufficient production capacity?
- Does your company have the financial resources?
- Is your company willing and able to dedicate resources?

Product Readiness for Export

Some important questions to ask yourself about you're the readiness of your product or service for export.

- How successful are your products domestically?
- What are the unique features of your products?
- Are you losing market share to more technically advanced products on the domestic market?

Exporting Requires Commitment

Expanding or starting your export operations requires commitment in a number of areas.

- Sacrifice short-term profits
- Increased travel and administrative costs
- Hire additional staff
- Develop appropriate marketing materials
- Comply with international standards
- Obtain the necessary export licenses and import permits
- Foreign currency exchange fluctuations
- Seek out additional financing

The Importance of Market Research for Exporting

Your company MAY begin exporting without any market research if it receives unsolicited orders.



Businesses that invest time in market research INCREASE their chances of succeeding.

The Importance of Market Research for Exporting

Researching potential markets can help you company in multiple ways.

- Finding where your products are most likely to sell
- Identifying market segments and niches
- Determining both domestic and international competitors
- Discovering how to overcome barriers to market entry
- Understanding customers' needs and accommodating as appropriate
- Identifying new trends
- Determining your price competitiveness

Why Write an Export Plan?

There are several benefits to writing an export plan.

- It becomes a selling tool to management
- It becomes a tool to measure progress and adhere to an assigned export marketing budget
- Keeps focus on objectives or goals
- Written plans are not forgotten
- Clearly written plans are easy to understand and follow

Conducting Market Research

When conducting market research there are some factors to consider.

- Demographics and the distribution of population by age and income
- Per capita income, rate of economic growth, stages of economic development
- Political stability, rule of law, regulations, ease of doing business
- Culture and business practices
- Market entry, taxes, duties, import license, inspections, etc
- Infrastructure, ease of moving products, communication, roads, ports and airports

Why Rank Markets

- Don't rely on untested assumptions
- Avoid hidden agendas in the company
- Make informed decisions with consensus
- This is a process, not a one-time exercise

Trade Volume and Trends

- Step1: Identify your HS Code
- Step2: Rank current US exports
 - By Dollar Value, By Volume
 - Recognize the impact of commodity prices
- Fastest growing markets (% increase)

How to Rank Markets

1. Develop a List of Indicators
2. Convert the Data (Assign a point value)
3. Weight Each Factor
(Assign relative importance)
4. Analyze the Results
 - Are they reasonable?
 - Conduct What-If analyses

Analysis

- First Culling of Markets
 - Eliminate the 'Losers'
 - Small market size, poor market trend, poor credit rating
- Subjective Sorting
 - Remove undesirable locations

Additional Factors

- Trade Agreement?
- Non-tariff barriers?
- Regulatory requirements?
- Industry Standards / Certifications
- Packaging / Labeling
- Legal Issues (registered agent?)
- Payment Issues

Market Research Sources

Export.gov - Market Research Library

The screenshot shows the Export.gov website interface. At the top, the logo "export.gov" is displayed with the tagline "Helping U.S. Companies Export". To the right of the logo, there are links for "Register" and "Manage Account", and a search bar with the text "Search Our Site" and a "Search" button. Below the logo, a navigation bar contains links for "Home", "Opportunities", "Solutions", "Locations", "FAQ", "Blog", and "Connect". The main content area is titled "Market Research" and includes a sidebar with links to "Market Research Home", "Learn to Benefit from FTAs", "Webcasts on Exporting", "Country & Industry Webinars", "Order Custom Research", and "Other Sources of Info". The main text area provides information about the Market Research Library, including a list of resources such as "Country Commercial Guides", "Industry Overviews", "Market Updates", "Multilateral Development Bank Reports", "Best Markets", and "Industry/Regional Reports". A note at the bottom states that these reports are available only to U.S. companies and students/researchers that are registered with Export.gov.

export.gov
Helping U.S. Companies Export

Register | Manage Account
Search Our Site Search

Home > Market Research

Market Research

- Market Research Home
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- Other Sources of Info

Related Topics

- Information by Country

Market Research

Plan your market entry the right way – use market research to learn your product’s potential in a given market, the best prospects for success, and the market’s business practices before you first export.

If you’re just beginning to sell internationally, narrow your focus by concentrating on no more than *two* or *three* best-prospect markets. Use our [Step-by-Step](#) research guidelines to get started.

Market Research

Access the U.S. Commercial Service [Market Research Library](#) containing more than 100,000 industry and country-specific market reports, authored by our specialists working in overseas posts.

The Library Includes:

- Country Commercial Guides (read latest “Doing Business In” guides)
- Industry Overviews*
- Market Updates*
- Multilateral Development Bank Reports*
- Best Markets*
- Industry/Regional Reports*

* These market research reports are available only to U.S. companies and students/researchers that are registered with Export.gov. Register above to get access.

Agricultural Goods Market Research Reports

Steps for Creating an Export Plan



1. Analysis

- Research and Analysis Needs
- Identify Data Sources

2. Target Markets

- Prioritize Countries – Where do you want to go?
- Identify target markets within those countries

3. Country Strategy

- Identify marketing strategy for each country

4. Logistics

- Shipping
- Financing
- Other resource requirements (i.e. repairs, warranty)

5. Monitor Results

- Measure strategy success and focus areas
- Get the most from your distributor

Export Plan Content



U.S. Department of Commerce Resources

The U.S. Commercial Service is part of the U.S. Department of Commerce, and agency of the United States government.

- Mission of the agency
 - To promote the export of goods & services from the United States, particularly by small- and medium-sized businesses
 - To represent U.S. business interests internationally
 - To help U.S. businesses find qualified international partners

Our Network & What It Can Do For You

The Commercial Service has Trade Specialists in over 100 U.S. cities and in 83 countries worldwide.

- We can:
 - Locate international buyers, distributors and agents
 - Provide expert help at every stage of the export process
 - Help you to enter new markets faster and more profitably



U.S. Commercial Service

Business Matchmaking

- Gold Key Service
- International Partner Search
- International Company Profile
- Commercial News USA

Trade Promotion Events

- Catalog Exhibitions
- International Buyer Programs
- Trade Missions/US Pavilions

Tailor-Made Programs

- Advocacy
- Single Company Promotions
- Business Consulting
- FUSE (Post-Web Promotion)

Market Research

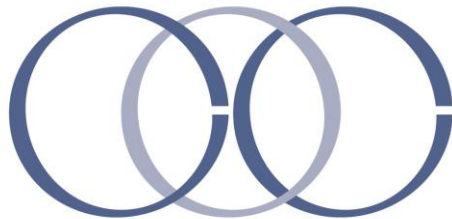
- Market Research Library
- Customized Market Research
- China Commercial Brief



Export Alabama Alliance



birmingham
business
alliance



MOBILE AREA
CHAMBER OF COMMERCE



NAITA
North Alabama International Trade Association



Alabama Department of Commerce



U.S. Chamber of Commerce,
Washington, D.C.

Other Tools and Resources

www.export.gov - country and industry specific reports from the U.S. Commercial Service

aitc.ua.edu – Alabama International Trade Center: Basic guides to exporting, export finance, market research

www.buyusa.gov/eme - Industry specialized reports and bulletins from the U.S. Commercial Service

www.strategis.ic.gc.ca - U.S. and Canadian statistics

www.census.gov

www.tradestatsexpress.gov

www.bna.com/itr/custom.htm

www.buyusa.gov

www.comtrade.un.org

www.gtis.com/gta

www.usatradeonline.gov

www.thinkglobal.us/ Commercial News USA



Next Steps

Successful business growth incorporates exporting.



Frequently Asked Questions

- What country should I start with, to begin exporting?
- If my product does not sell well here, should I turn to exporting?
- Should I just buy a plane ticket and fly to the foreign country and make cold calls?
- Should I just get started selling if I have a contact in the foreign country?
- My customer is asking for free samples, what should I do?
- How can I find out if my foreign customer is reliable?

What Questions Do You Have?



Developing Customer Relationships

Agenda

1. Getting Ready to Export

2. Developing Customer Relationships

3. Building a Global Infrastructure

4. International Logistics

5. Managing Payments & Financing

6. Trade Regulations & Legal Issues

Developing Customer Relationships

This section is designed to provide techniques to build and manage lasting relationships with international customers.

- This section will:
 - Demonstrate that business outside of the U.S. have different cultural practices, thus different needs
 - Show you that managing customer relationships is critical to increasing your sales
- Following this section, you will be better positioned to:
 - Work with a culturally diverse customer base
 - Manage your customers' expectations

Developing Customer Relationships

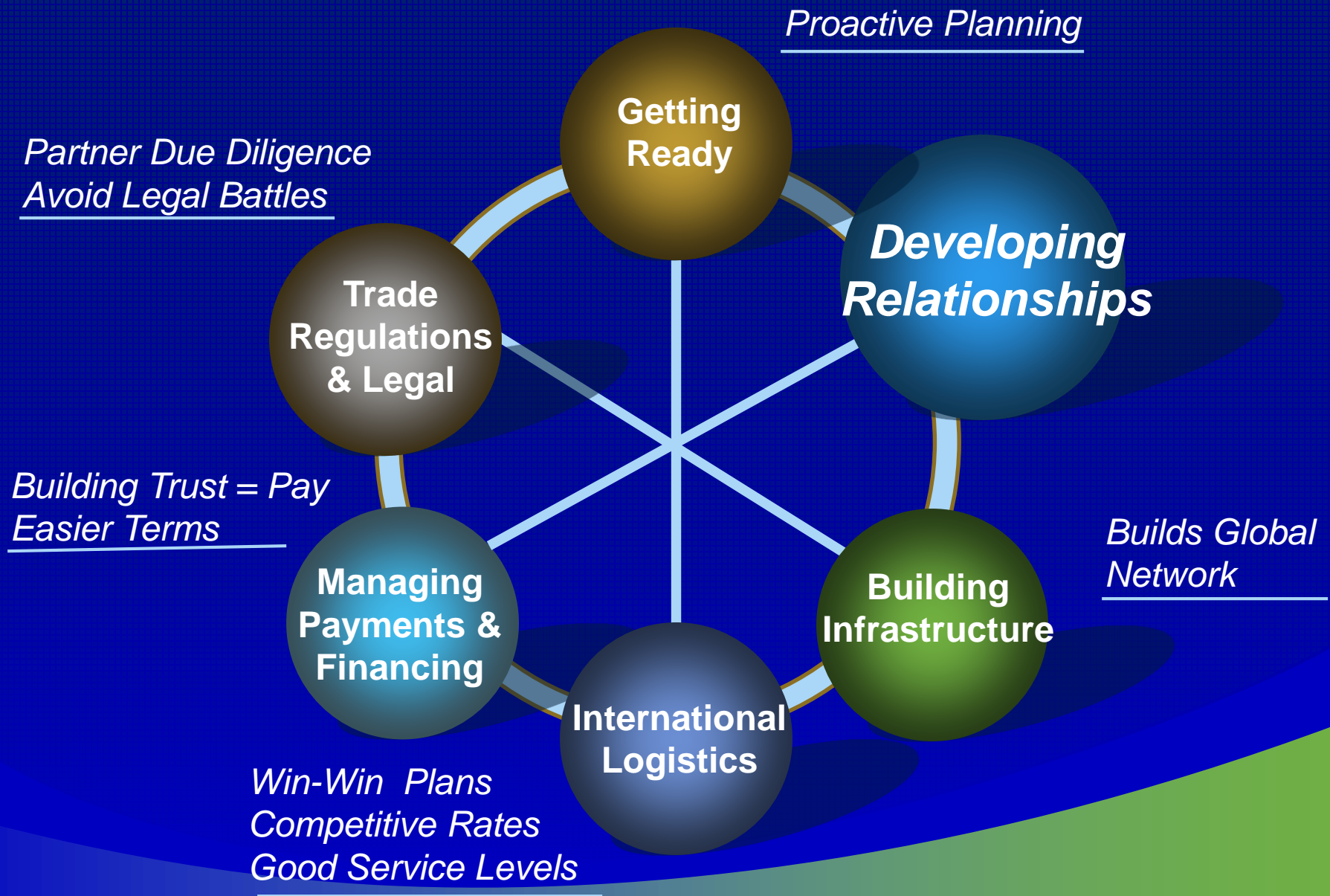
Agenda

1. Establishing Credibility

2. Building Your Network

3. Leveraging the Web

4. Challenges of International Markets



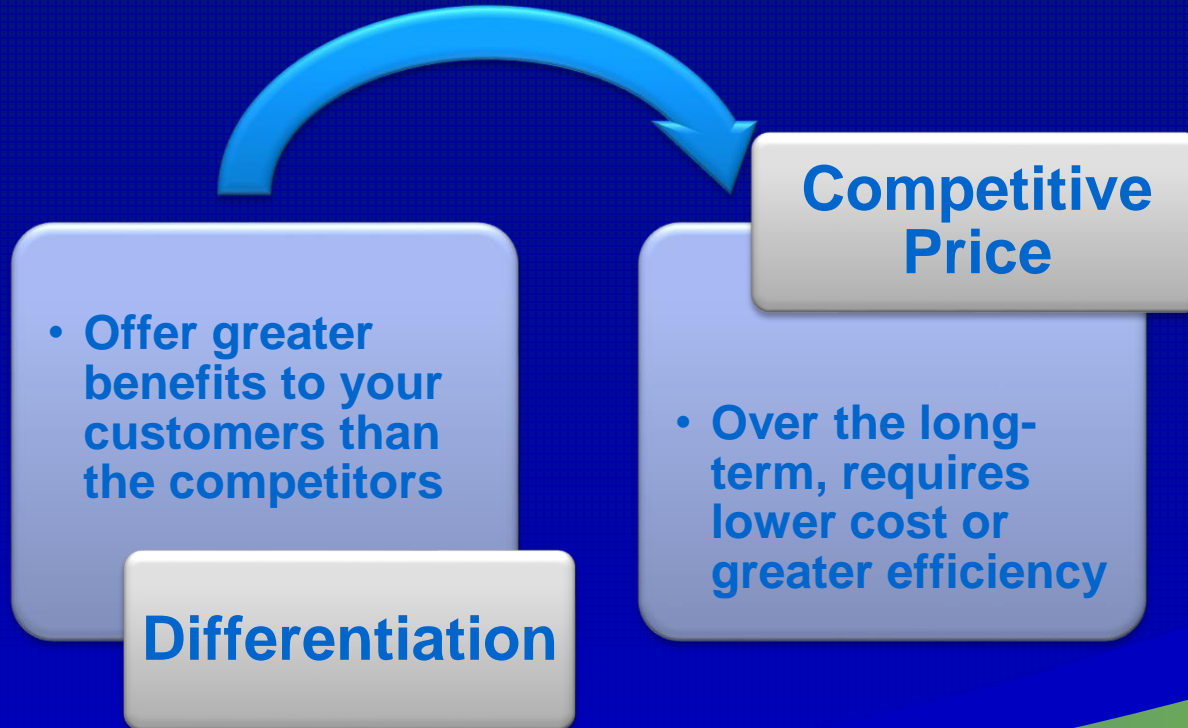
Establishing Credibility

There are some key concepts to remember when working to establish your international credibility.

- Under promise, but over perform
- Follow up in a timely manner and do so thoroughly
- Offer high quality, competitive products and services
- Take care of problems – it is how we deal with them that makes us different
- *“The customer is always right”* – this is true internationally!

Establishing Credibility

To be successful in domestic and global markets you must offer the customer A REASON TO BUY FROM YOU VERSUS THE COMPETITOR.



Building Your Network

Things that will make your customers smile:

- Timely, hassle-free shipments
- Proper documentation
- Products arrive without freight damage – pay attention to packaging
- Correct specifications – pay attention to electric, gas, plumbing, steam and other requirements
- Products have required approvals such as UL, NSF, CE, CCC, CB, etc.
- Avoid “Dead on Arrival” – ensure your products work out of the box!
- Warranty with parts and service support

Building Your Network

Adaptation of cultural business practices is a best practice.

- Cultural sensitivities are best handled by being humble and sincere
- Be a student of the world – show an eagerness and willingness to learn their culture and history
- A few spoken words in a different language go a long way
- Small talk is important – connect with your customers on a personal basis (i.e. families, kids, sports, hobbies)

Building Your Network

Consider using additional helpful hints for success.

- Study well each market you believe has opportunities, large and small
- Modify approaches to accommodate local conditions
- Make trips – do not be afraid to ask for the order! We have more similarities than differences
- Once getting an order, move on to the next one
- Ensure you have your team in place – both internal and external to provide a quality transaction
- Enhance your reputation at each step of the process

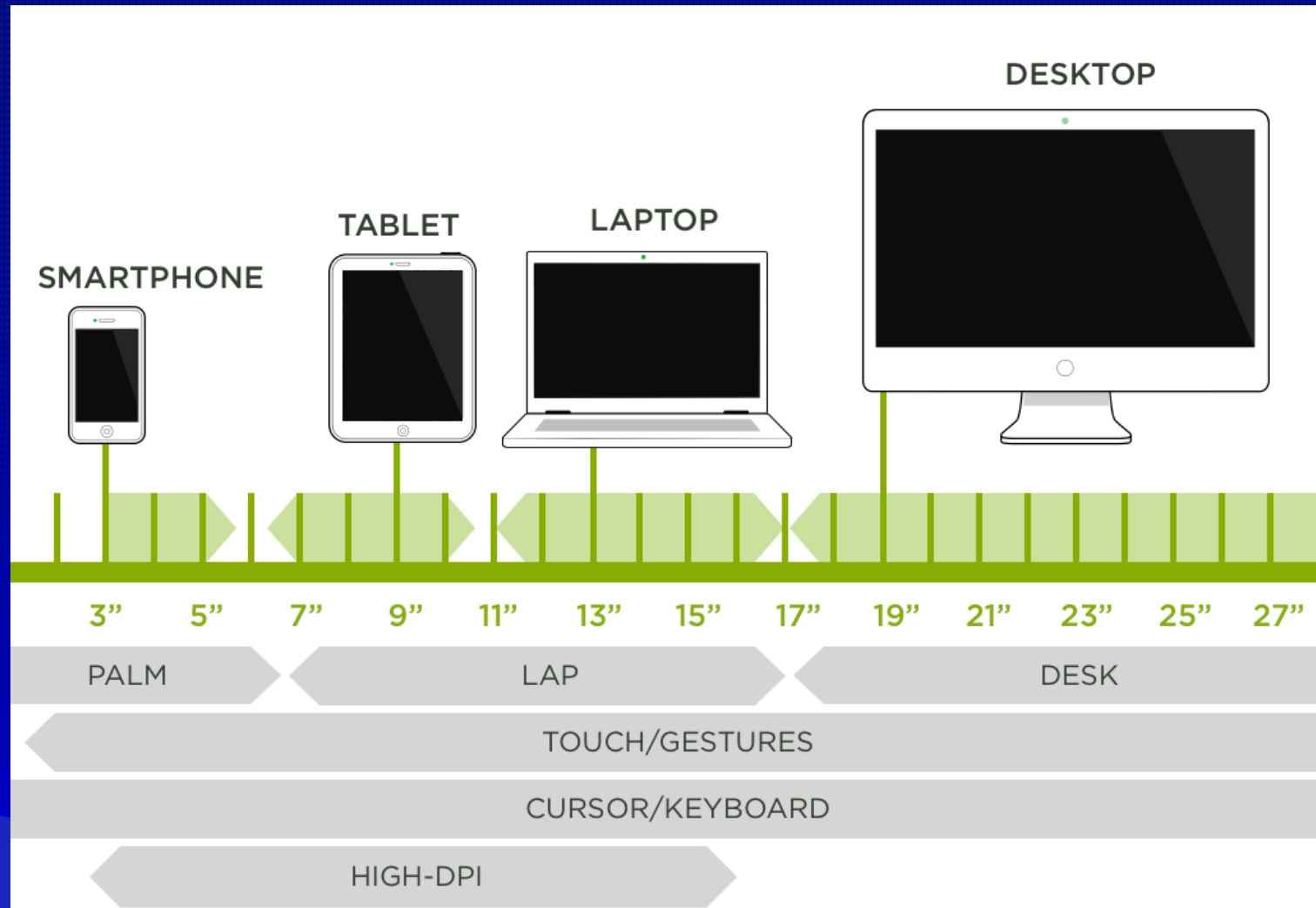
Leverage the Web

Once you have a website you are already “out there” and open to global exposure whether you want it or not.

- Asia and Europe have more web users than North America and the number in Africa, Middle East, and Latin America is rapidly increasing
- Try a “phased” approach with continual improvements
 - Simple enhancements to your site
 - Internationalization
 - Localization
 - Translating your website
 - Proactive promotion

RESPONSIVE WEB DESIGN (RWD)

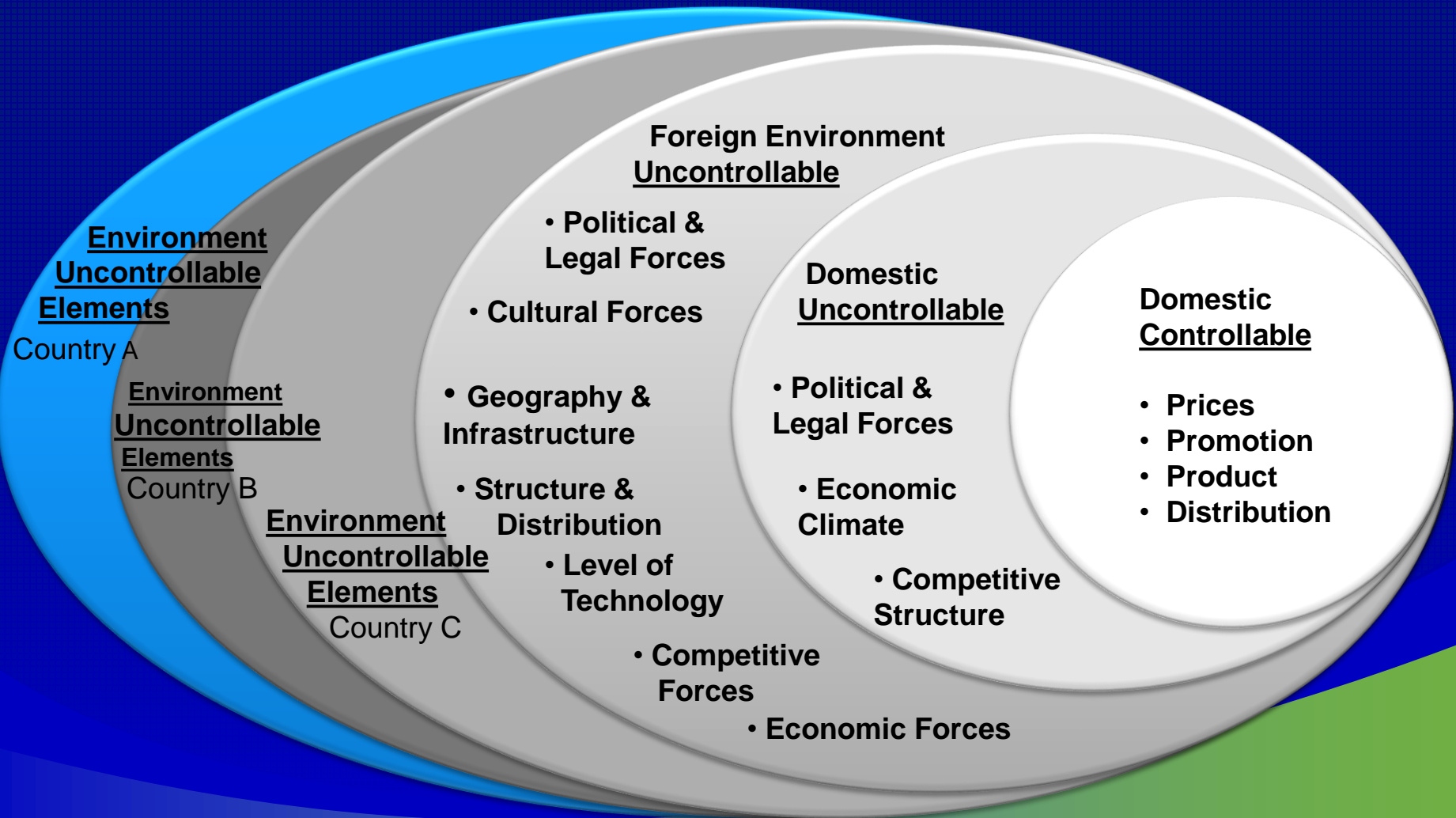
is a web design approach aimed at crafting sites to provide an optimal viewing experience—easy reading and navigation with a minimum of resizing, panning, and scrolling—across a wide range of devices (from desktop computer monitors to mobile phones).



Website: Best Practices

- Name@company.com vs info@company.com
- Forms
 - Not too many questions
 - Allow for large data
- Be Responsive
- Automatic Translation vs Professional Translation
- Search Engine Optimization (SEO)
 - Which search engine?

Scope and Challenges of International Markets



Next Steps

Take the time to build a lasting relationship with your customer.



The diagram features a large, light blue upward-pointing arrow in the center. Five circular nodes, each with a different color and a double border, are arranged around the base of the arrow. From left to right, the nodes are: light blue, green, gold, blue, and grey. Each node contains a text label. The background is a solid dark blue, with a green hill-like shape at the bottom right.

**Consider
Product
Differentiation**

**Establish
Pricing
Matrix**

**Research
Product
Approvals**

**Gain Some
Basic Language
Skills**

**Search the
Web for
Customers**

Frequently Asked Questions

- What kinds of products or services are in demand overseas?
- How do I build relationships with my customers?
- Should I be concerned about civil unrest and anti-American tendencies?
- What sort of things should I bring with me? Are gifts appropriate?
- How can I protect my company against foreign disruptions?
- Is E-Commerce popular overseas?

What Questions Do You Have?



Building a Global Infrastructure

Agenda

1. Getting Ready to Export

2. Developing Customer Relationships

3. Building a Global Infrastructure

4. International Logistics

5. Managing Payments & Financing

6. Trade Regulations & Legal Issues

Building a Global Infrastructure

This section is designed to help you understand and learn how to build and expand your international operations.

- This section will:
 - Teach you that exporting is not overly complicated
 - Give you the confidence and knowledge to export and believe you can do it
- Following this section, you will be better positioned to:
 - Grow your business and create value for yourself and your customers
 - Craft an actionable sales and marketing plan to achieve your goals and expand globally

Building a Global Infrastructure

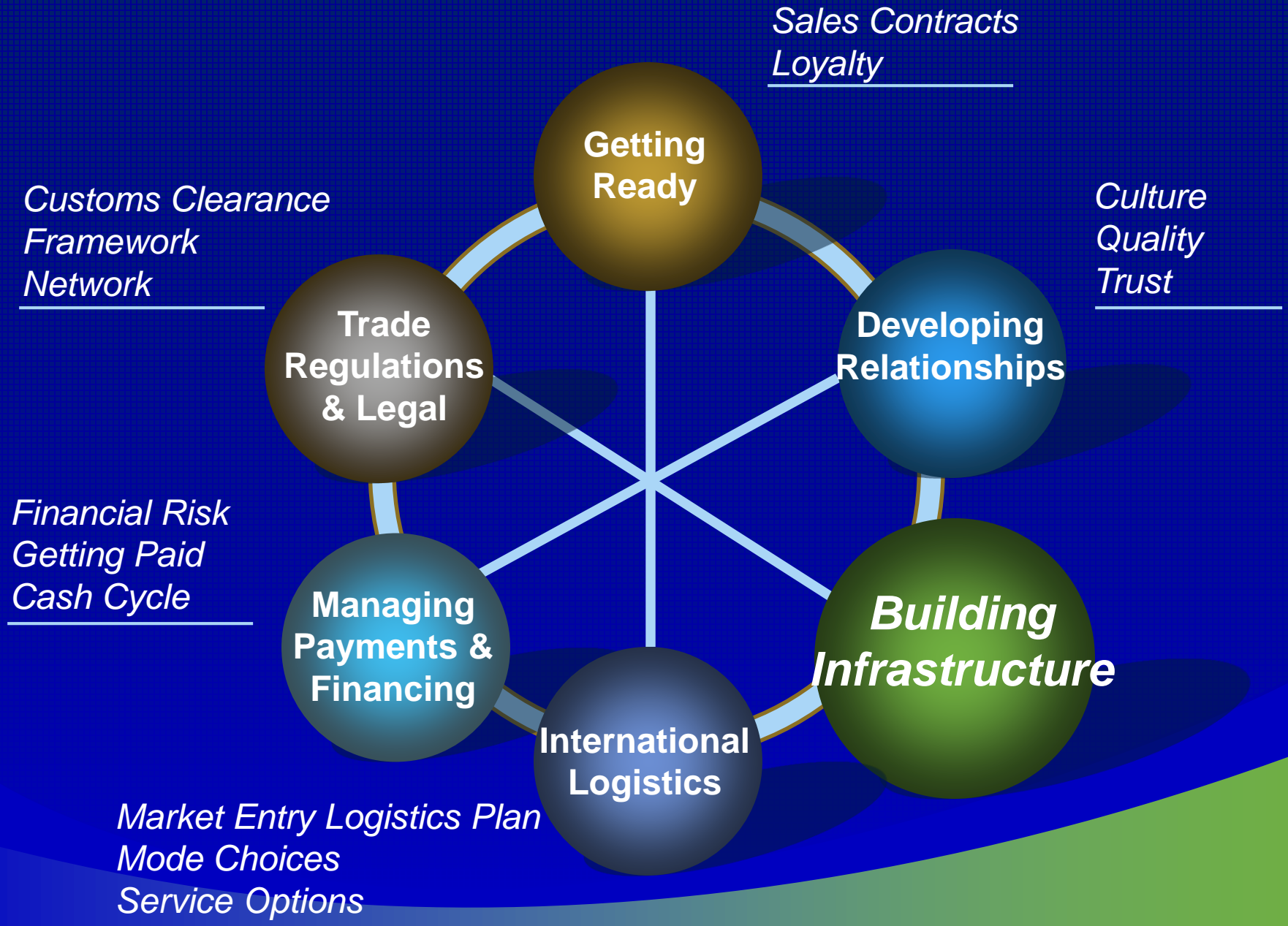
Agenda

1. Organizing for Export

2. Methods of Exporting

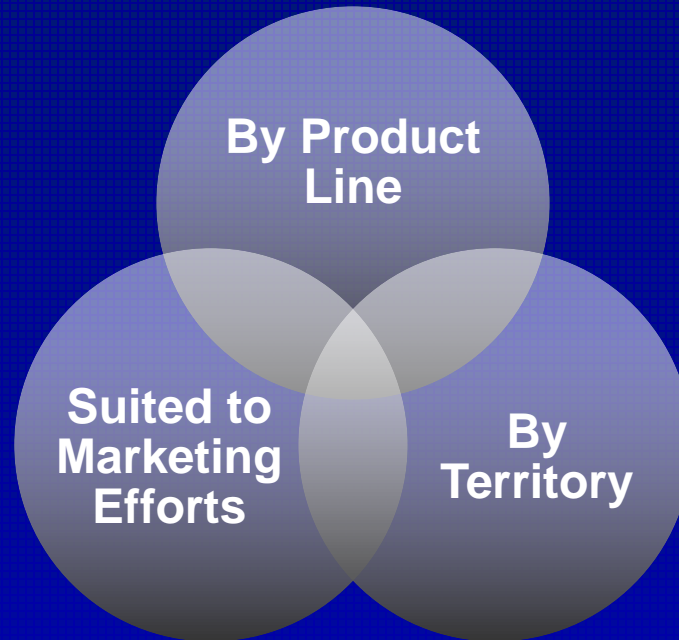
3. Channels to Market

4. After Sales Service Networks



Ways to Organize for Exporting

Firms have several ways to organize their exports.



- Do not treat your exports the same as domestic sales
- Separate the domestic and international sales functions within your business

Organizing for Export

Ensure you have a solid export foundation.

- Well defined and passionate export team
- Export plan and strategy everyone buys-in to
- Owner commitment for staff, travel and other resources
- Competitive and quality product or service
- Willingness to stick it out

Organizing for Export

You will need to invest time and effort into building your export team.

- Required characteristics of team members:



Organizing for Export

Building your export team requires positioning both internal and external resources.



Methods of Exporting



INDIRECT

1. Passively filling orders from domestic buyers, who then export the product

2. Seeking out domestic buyers who represent foreign end users or distributors

3. Exporting indirectly through intermediaries

4. Exporting Directly

Methods of Exporting

Indirect selling – exporting through an intermediary (i.e. Export Management Company, etc.).

- Advantages
 - The intermediary assumes responsibility for finding buyers, getting the product shipped and for collecting payments
 - Immediate access to markets
 - Access to expertise and trade contacts, lowering risk
 - Your company can still learn about competitors, technology and opportunities
- Disadvantages
 - Reliant on an outside company for market information and sales
 - Less control
 - Minimum buyer contact

Methods of Exporting

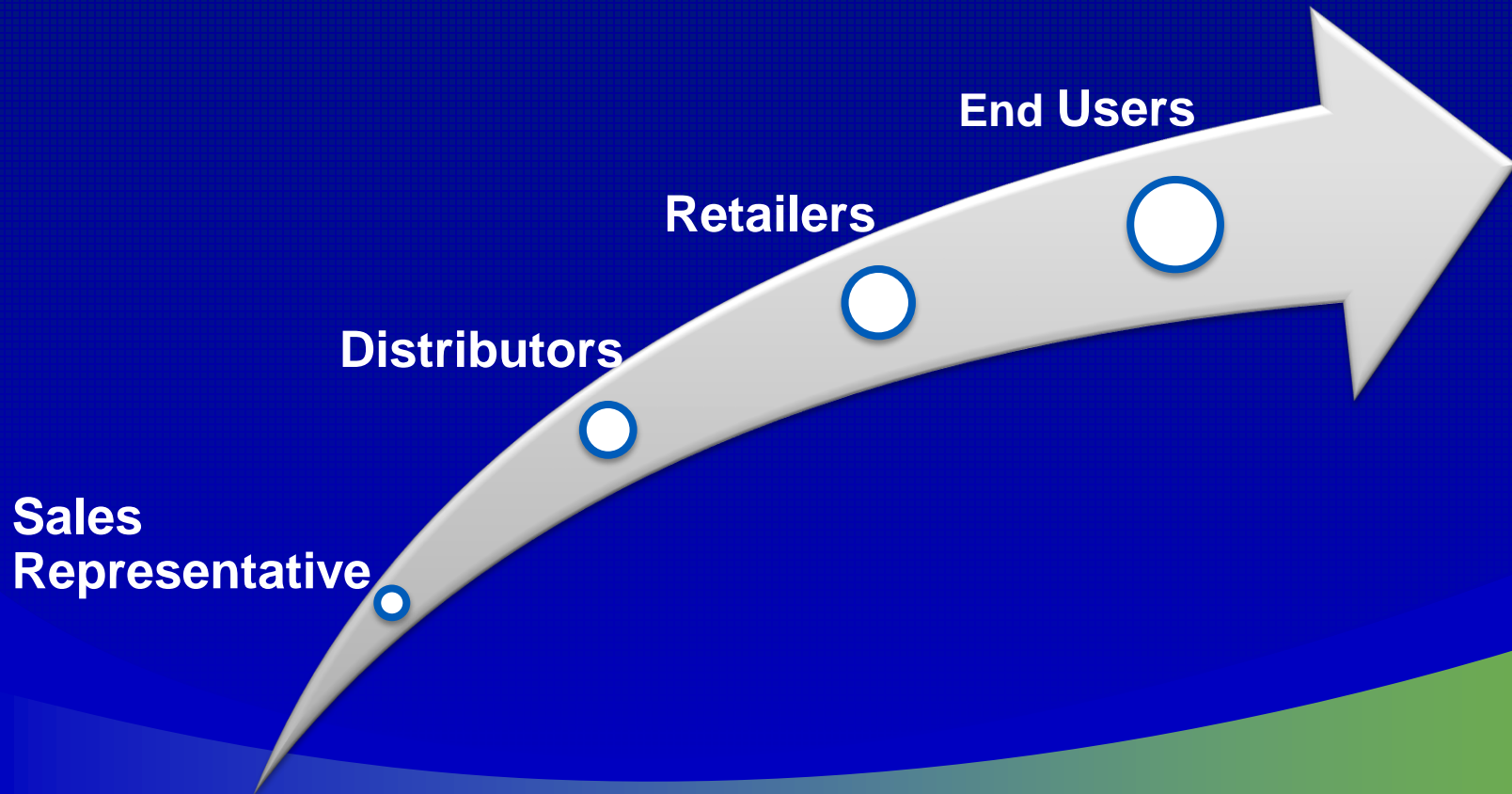
Direct selling – your company deals directly with the foreign buyer.

- Advantages
 - Best way to achieve maximum profits and long term growth
 - Closer relationship with the overseas buyers
 - Control in the export process
- Disadvantages
 - Significant commitment of management and financial resources to achieve desired results

Channels to Market

Finding a solid partner will help ensure success.

- Once you have organized your company to handle exporting, you now need to identify your channel to overseas markets



Channels to Market: Choosing a Partner

DO NOT partner with the first company to “walk in the door”. Do your due diligence!

- Be patient
- Be thorough



Channels to Market: Choosing a Partner

You can use a variety of promotion techniques to help identify and select potential partners.

- Tap into foreign visitors at domestic tradeshow
- Exhibit at key foreign tradeshow and Foreign Publications
- Determine how your competitors are entering markets
- Network through key international trade associations
- Ask for leads and referrals from your network
- Tap into overseas American Chambers of Commerce
- Utilize U.S. Commercial Service assistance (i.e. Gold Key)
- Participate in Trade Missions through the U.S. Commercial Service

Channels to Market: Choosing a Partner

You can use a variety of promotion techniques to contact potential partners.

Traditional

- E-mail, telephone, or letters
- Could be a WEAK form of contact

Online

- Register with global search engine
- Translate your website, if necessary
- Utilize online marketing firm

Trade Shows

- ATTEND
- Design your exhibit around market
- Bring literature, samples, etc

Channels to Market: Choosing a Partner

VISITING a variety of foreign markets can be very useful in the partner selection process.

- Knock on doors
- Foreign buyers are impressed most when visiting their offices
- Important personal relations are established
- Seeing is believing
- Best way to continuously educate yourself

Channels to Market: Choosing a Partner

When considering potential partners, there are many important factors to evaluate.

Share your core values (e.g. long-term growth)

Strong relationships in your target markets

History/Background

Trade/Bank References

SME Needs (sales force, marketing, product mix, etc.)

Channels to Market: Choosing a Partner

The U.S. Commercial Service can provide a number of valuable tools to help you select a partner:

Trade Leads

- Commercial News USA Magazine

Business Matchmaking

- Gold Key Service

Business Screening

- International Company Profile

Channels to Market: Negotiating a Partner Agreement

In the process of negotiating a partner agreement, there are a variety of provisions that can be included.

- Non-compete clauses
- Non-disclosure of confidential information
- No entry into agreements with other parties that bind your company
- Inquiry referrals to your company outside the partner's territory
- Requirement that utmost skill and ability be applied in representing your product
- Escape clause/non-performance
- Automatic renewal clause

Channels to Market: Managing Your Overseas Partners

***Multiple steps exist.
Think creatively.***



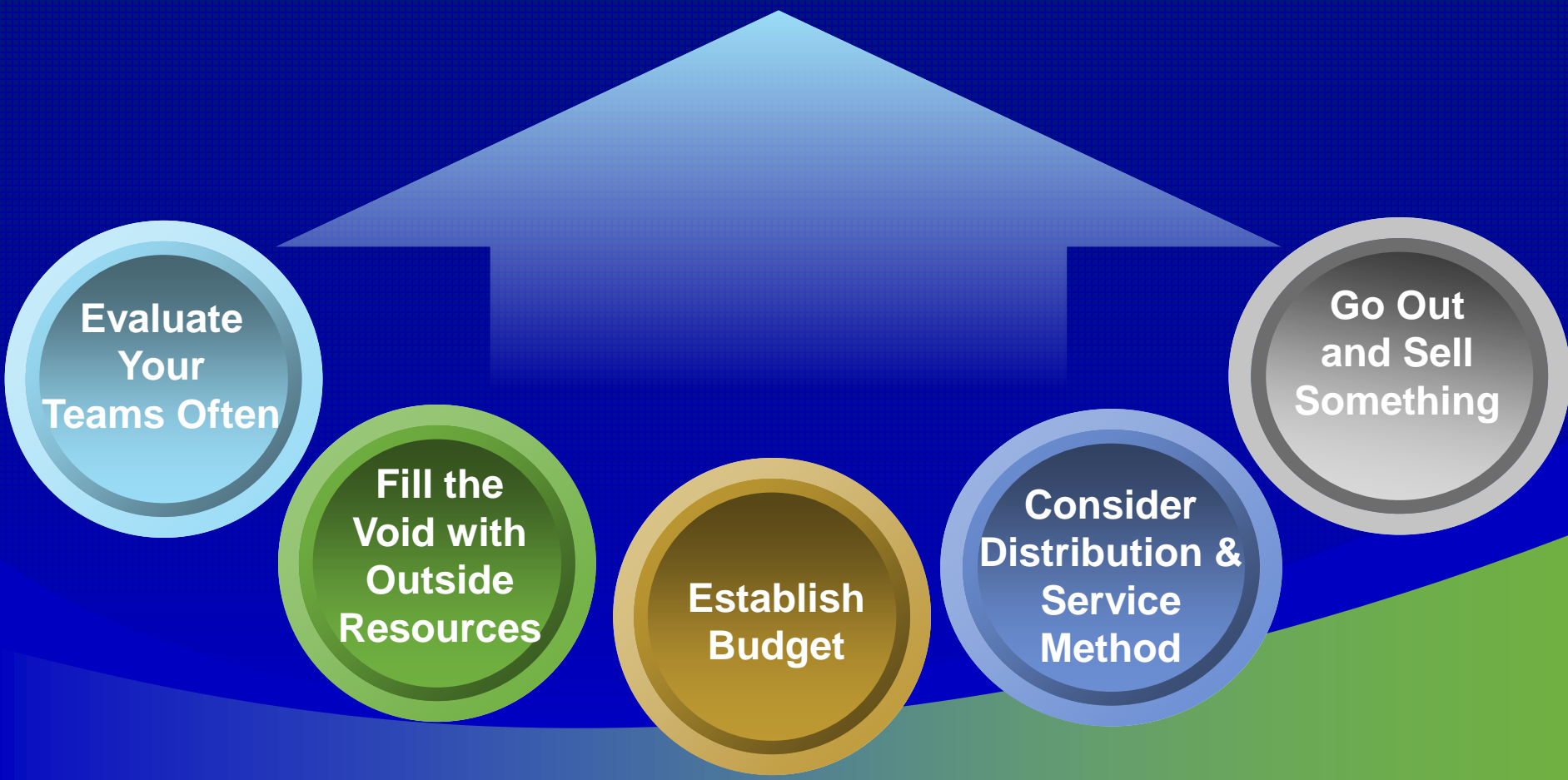
Establishing an After-Sales Service Network

There are several ways to set up an after-sales service network.

- First Party
 - Exporter provides local service
- Second Party
 - Importer/Distributor provides local service
- Third Party
 - Independent service company provides local service

Next Steps

Focus on your global infrastructure and stay engaged.



**Evaluate
Your
Teams Often**

**Fill the
Void with
Outside
Resources**

**Establish
Budget**

**Consider
Distribution &
Service
Method**

**Go Out
and Sell
Something**

Frequently Asked Questions

- Where do I start?
- Which markets do I go to first?
- Where can I find government help?
- How do I ship product overseas?
- How do I finance my transaction?

What Questions Do You Have?

