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Taking Your Business Global

De-Mystifying the Export Process

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Agenda

Exporting from A-Z:

- **Why should companies export?**
- **Four levels of export planning**
- **Export marketing**
- **Export pricing**
- **Export payment methods and international risk management**
- **Foreign exchange**
- **U.S. and foreign regulations**
- **Introduction to INCOTERMS + Harmonized Code System**
- **Export Documentation**
- **International Logistics**

Why should companies export?

- **Market growth**
 - 161,000 people in Guam vs. 7.2 billion globally
 - Go where the buyers are!
 - Transcend small or saturated markets
- **Reducing risk and balancing growth**
 - Sales to a variety of markets can offset local economy fluctuations
 - Minimize the effect of seasonal fluctuations
 - Escaping slow growth at home
- **Economies of scale**
 - More efficient use of production facilities
 - Marginally less expensive to produce 500 units than 400

Why should companies export?

- **Extend the product life cycle**
 - Product nearing obsolescence may still have demand in other countries
- **Faster growth and higher profits—Exporters:**
 - Grow faster than non-exporters
 - Have higher profits
 - Stay in business longer
 - Higher sales/ employee + higher wages/ employee
 - Average orders from international customers often larger than average domestic orders (Think containers)
- **Increased competitiveness**
 - Thinking outside the box
 - Exporters learn about trends/ products in other markets + bring them home
- **Increased company credibility in home market**

Why Export?

- **Trade Agreements Create Competitive Advantages for U.S. exporters**
 - NAFTA
 - Australia
 - Bahrain
 - Chile
 - Colombia
 - Israel
 - Jordan
 - Morocco
 - Panama
 - Singapore
 - Southern African Customs Union
 - South Korea
 - DR-CAFTA



Small Business as Exporters

Small and medium-size companies account for 97 percent of U.S. exporters and \$300 billion

- Majority are under 20 employees
- About 60 percent manufacturers
- About 24 percent wholesalers
- Only 4 percent of companies with an exportable product actually export-*Brookings Institute*

Why Don't More MSE's Export?

- **Common excuses**
 - “Our focus is only on the local market”
 - “We don't have the time/ resources to focus on exports”
 - “Exporting is too risky”
- **Major reasons why SME's don't export**
 - Would require moving out of their comfort zone
 - Not aware of available resources to assist exporters
- **Exporting is not rocket science!**
 - It is a series of sequential steps that most companies can easily learn!

Export Planning

Four Levels of Export Planning

- 1. Determining export readiness**
- 2. Establishing realistic export objectives and setting benchmarks**
- 3. Target market selection**
- 4. Developing a country marketing plan**

1. Determining export readiness

If your company has a terrific product or service, a deliberate decision to enter exporting may be one of the best decisions your company will make!

- If your company is not ready to export or if you have unrealistic expectations, it could be a terrible decision.
- Determining export readiness is a critical first step!

1. Determining export readiness

- **Many companies jump into exporting with minimal planning**
 - Responding to foreign inquiries
 - No focus---high opportunity costs
 - Pursuing exports with minimal planning
 - Higher failure rate or high opportunity costs.
- **Companies with the highest export success rates are the ones which pursue exporting carefully and systematically**

1. Determining export readiness

Readiness Factor 1: Management Commitment

- **Where is the export initiative coming from within a company?**
- **Top management commitment is critical for export success**
- **Factors:**
 - Time, budget, and personnel
 - Attitude towards risk and failure
 - Decision process: Feedback and control
 - Payback period
 - Patience

1. Determining export readiness

Readiness Factor 2: What resources can a company commit to exporting (?)

- **Financial resources**

- What is your budget? Adequate for export goals?
- Cash flow: Sufficient to support export activities **AND** domestic business?

- **Human resources**

- What skills do you have? What do you lack?
- Multiple functions/ departments involved
- Responsibilities (and job descriptions carefully defined)

- **Over what time period?**

1. Determining export readiness

Export Readiness Factor 3: Production capacity

- **How much more can you produce?**
 - Excess capacity/ Added capacity?
 - What if you need to modify a product for export—Impact on domestic production?
- **Large initial export orders are rare, but do occur**
 - Sure way to fail is the inability to fill a large export order
- **Ability to produce consistently and long-term**
 - Foreign buyers expect to have predictable and stable on-going deliveries.

1. Determining export readiness

Export Readiness Factor 4: An exportable product

- **Ideal exports: A unique product sold at competitive prices**
 - Harder to succeed with ordinary, widely available products
 - Unique can be viewed in a number of ways, including
 - Quality for price
 - Extra features
 - Higher service levels
 - Offering a unique solution
 - Quick means to determine product exportability: U.S. trade data
 - If product is listed, it is probably exportable!
- **Willingness to adapt product**
 - Formulation/ labeling
 - Metric/ Electrical current

1. Determining export readiness

Export Readiness Factor 4: An exportable product

- **What is your strength?**
 - R&D
 - Manufacturing
 - Purchasing
 - Marketing/Sales
 - HR Management
 - Customer Service
 - Technology
- **Can strength be duplicated internationally?**

1. Determining export readiness

Export Readiness Factor 5: Marketing Adaptability

- **Effective marketing internationally may differ from current marketing practices**
 - Marketing channels + distribution coverage
 - End-users
 - Advertising
- **Ability to provide marketing support**
 - After sales service/ warranties
 - Training, product manuals, after-sales support
- **Export readiness requires a willingness to approach marketing differently**

1. Determining export readiness

Common Exporter Mistakes

- Not seeking export counseling
- Inadequate planning
- Not staying focused on exports
- Insufficient management commitment

Common Exporter Mistakes

- Unwillingness to modify product and/or marketing
- Not screening appropriate service providers (e.g. freight forwarders)
- Not screening international sales agents or distributors

2. Establishing realistic export objectives and setting benchmarks

Objectives: To develop a clear:

- **Definition of a company's export goals**
- **Understanding of a company's available resources and operating parameters**
- **Definition of the company's strengths, weaknesses, and international opportunities (SWAT Analysis)**

2. Establishing realistic export objectives and setting benchmarks

Some basic questions:

- **How does exporting affect the domestic operations of my company?**
- **How much risk and what types of risk can my company accept from exporting?**
- **What is a realistic time frame to develop export sales and how does this match my expectations/ resources?**
- **What can my company afford to support export development?**
 - **Over what time frame?**

2. Establishing realistic export objectives and setting benchmarks

- **Defining specific goals and parameters assures that exporting will be consistent with a company's long-term objectives and resources.**
 - Established parameters provide a basis for developing specific operational goals and measurement criteria
 - These need to be put in place before the question of which export markets is considered.
- **Develop an export mission statement**
 - EMS focuses on why a company should export and requirements to be successful

2. Establishing realistic export objectives and setting benchmarks

- ***“We sell food processing equipment to food companies who want reliable, high quality equipment at affordable prices. Unlike our competitors, we will be successful because we provide one stop shopping for most food processors, plus quick delivery of parts or repair services to minimize any client downtime.”***
- **If a company cannot articulate why it should export, it may not be ready to do so.**

2. Establishing realistic export objectives and setting benchmarks

Defining financial parameters:

- **What will exporting cost?**
 - Start-up costs (Raw materials, product modification, etc.)?
 - Export marketing costs (Initial and on-going)?
 - Logistics costs?
 - Regulatory costs?
- **What can the company afford? Sufficient?**
 - Initially + over what period?
- **Export transaction cash-flow analysis**
 - Timing of payments vs. expected revenues?
 - May dictate required payment terms

2. Establishing realistic export objectives and setting benchmarks

Defining financial parameters:

- **What will be the financial impact of exporting on company (domestic) operations?**
 - Will diversion of cash hurt on-going operations?
 - Impact of foreign receivables on balance sheet/ banking relationships?
 - What is the risk to the company if export budget is expended without results?

2. Establishing realistic export objectives and setting benchmarks

- **Production capacity**
 - Capable of producing projected export demand?
 - What if domestic demand increases?
 - Need for new machinery/ equipment?
- **What about product modifications?**
 - Impact on regular production?
 - Cost of new packaging or labels?
 - Cost of product adaptation?
 - Metric/ electrical/ regulatory/ simplification

2. Establishing realistic export objectives and setting benchmarks

Export marketing-how do you plan to do it?

- **Direct selling vs. indirect selling?**
 - Factors: Cost, experience, need for control of brand/ technical/nature of product
- **Direct selling:**
 - Via foreign agents or distributors?
 - Direct to end-users-Selling from company location?
 - Direct to end-users-Selling without travel?
 - Establishing foreign sales office?
- **Expected cost of different alternatives?**
 - Resources vs. Requirements?

2. Establishing realistic export objectives and setting benchmarks

- **Information adaptation:**
 - Adaptation/ translation of sales materials?
 - Web page translation?
 - Training and repair manuals?
- **Executing after sales support:**
 - Product training?
 - Warranty support?
 - Product repairs?

2. Establishing realistic export objectives and setting benchmarks

Human Resources:

- **Identifying applicable capabilities of existing staff**
- **Gaps in necessary expertise**
 - Marketing/ export sales?
 - Finance/ accounting?
 - Shipping?
 - Reception?
- **How will knowledge gaps be filled?**
 - Learn as you go?
 - Formal training?
 - Adding experienced staff?

2. Establishing realistic export objectives and setting benchmarks

Risk assessment:

- **What level is risk is the company comfortable assuming internationally?**
 - Political/economic risk?
 - Foreign exchange risk?
 - Credit risk?
 - Transportation risk?
- **What assumptions is the company making about risk and how to handle it?**

2. Establishing realistic export objectives and setting benchmarks

Need for control / establishing benchmarks

- **How should a company's export program be reviewed?**
- **How often?**
- **What financial and sales measures?**
- **When should a company alter its approach to exporting?**
 - Add resources?
 - Change strategy or target markets?
 - Withdraw from market?

2. Establishing realistic export objectives and setting benchmarks

Summary:

- **Macro-level planning should give a company a sound basis for entering international markets**
- **Helps to determine:**
 - How the company should proceed
 - What to realistically expect
- **Helps control the impact of exporting on domestic business**
- **SWOT analysis is a good tool for export planning**

3. Target Market Selection

Where a company exports is also important.

- **Most exporters tend to fall into an export market rather than consciously target high potential markets**
- **Export markets selected because:**
 - Company is contacted by a foreign buyer
 - A trade mission is available
- **Most SME's (70%) export to one client in one country**
- **Reactive market selection has high opportunity costs**
 - Alternative: Systematic market selection

3. Target Market Selection

- **Selecting a target market requires that a company define what it is looking for in a market**
 - i.e. what does a good market for its products look like?
- **The U.S. exports to more than 230 countries or territories**
 - How do you find the right market or set of markets?
- **Target Market selection requires defining what a high potential market looks like for a company before looking at actual markets**

3. Target Market Selection

What do you need to consider?

- **Product-specific factors**
- **Market and industry factors**
- **Country Factors**
- **Transportation Factors**
- **Government and regulatory factors**

3. Target Market Selection

Product specific factors:

- **What factors make a market attractive?**
 - Total market size/ consumption of a product?
 - Size of import market?
 - Growth rate of import market?
 - U.S. market share of import market?
 - Growth rate for U.S exports?
- **Level of competition?**
 - Easy for a small exporter to slip in unnoticed?
 - Product not locked up by current exporters

3. Target Market Selection

Market and industry factors:

- **What broader market factors make a market attractive?**
 - E.G.- Your product definitely fills a need?
 - E.G.-There are no close substitutes for your product?
 - E.G.-Marketing channels exist or are sufficiently well developed?
 - E.G.Domestic competition is limited/ poor quality?
 - E.G.-Limited marketing resources will allow for effective marketing?

3. Target Market Selection

Country Factors:

- **What is the economic potential of a country?**
 - Is a market capable of buying your product?
 - Iceland vs. Brazil vs. Bangladesh
- **Infrastructure**
 - Are there any minimum requirements to support your product?
 - E.G.-Reliability of electricity
- **Country factors-Product related**
 - E.G.- Number of very hot days (air conditioner manufacturer)
 - E.G.- Auto theft statistics (vehicle security equipment)

3. Target Market Selection

Country Factors: Social

- Cultural, language, and religion
 - E.G.- Prohibitions against consuming alcohol, pork, sea food
 - E.G.-Language fragmentation on marketing

Country Factors: Demographic

- Population considerations: Urban/rural, age/ income/ education
 - E.G. Urban-rural population distribution
 - E.G.-Number of consumers by age bracket

3. Target Market Selection

Transportation factors:

- **Availability/ frequency of shipping to target market?**
 - Air/sea
- **Shipping time?**
 - Are some markets just too far?
- **Transportation costs to target markets?**
 - Is there a geographic window beyond which your products become too expensive?

3. Target Market Selection

Government and Regulatory Factors:

- **Political and economic stability**
 - What level of stability is your cut off?
- **Import tariffs, taxes, and fees**
 - Too high?
- **Regulatory requirements for product imports**
 - Easy and cheap vs. complicated and costly
- **Foreign exchange issues**
 - Complications or volatility
- **Existing trade agreements**
 - Help U.S. Exporters vs. helping foreign competitors

3. Target Market Selection

How do you find markets meeting your selection criteria?

- **Systematic market selection requires market research/ developing a comparative analysis**
- **Objective: To narrow field of potential export markets to several good candidates**
 - Top markets subsequently researched in greater depth
- **Trade data: A good place to start to determine market potential**
 - Import market size and market growth
 - Where the U.S. / Guam already is a player
 - Where foreign competition might be a barrier

		United States - Exports				
		030312 Pacific Salmon, Frozen, Nesoi				
		Millions of US Dollars				
		January - July				
Rank	Country	2012	2013	2014	Share	Change
	-- World --	\$ 44.668	\$ 48.445	\$ 80.808	100.0%	66.8%
1	China	\$ 29.104	\$ 28.460	\$ 39.346	48.7%	38.3%
2	Thailand	\$ 0.777	\$ 0.514	\$ 5.256	6.5%	922.3%
3	Canada	\$ 5.333	\$ 2.956	\$ 4.792	5.9%	62.1%
4	France	\$ 1.364	\$ 1.492	\$ 4.491	5.6%	201.0%
5	Japan	\$ 0.460	\$ 0.324	\$ 4.080	5.0%	1158.0%
6	Russia	\$ -	\$ -	\$ 3.828	4.7%	100.0%
7	Brazil	\$ -	\$ 0.069	\$ 2.771	3.4%	3930.6%
8	Georgia	\$ 0.192	\$ 0.898	\$ 2.266	2.8%	152.3%
9	Korea, South	\$ 0.322	\$ 0.375	\$ 1.863	2.3%	396.8%
10	Spain	\$ 0.421	\$ 2.481	\$ 1.688	2.1%	-31.9%
11	Ukraine	\$ 1.761	\$ 1.474	\$ 1.508	1.9%	2.4%
12	United Kingdom	\$ 0.140	\$ 0.388	\$ 1.116	1.4%	187.4%
13	Dominican Republic	\$ 0.499	\$ 0.583	\$ 0.990	1.2%	69.8%
14	Netherlands	\$ 1.375	\$ 1.193	\$ 0.982	1.2%	-17.7%
15	Portugal	\$ 0.136	\$ 0.459	\$ 0.620	0.8%	35.0%
16	Taiwan	\$ 0.141	\$ 0.521	\$ 0.507	0.6%	-2.6%
17	Indonesia	\$ -	\$ -	\$ 0.469	0.6%	100.0%
18	Greece	\$ 0.196	\$ 0.463	\$ 0.466	0.6%	0.8%
19	Germany	\$ 0.433	\$ 1.629	\$ 0.381	0.5%	-76.6%
20	Israel	\$ 0.235	\$ 0.749	\$ 0.357	0.4%	-52.4%
	Other countries	\$ 1.778	\$ 3.418	\$ 3.031	3.8%	-11.3%

			World Trade Atlas			
			China - Imports -Total-			
			030312 Pacific Salmon, Frozen, Nesoi			
			Millions of US Dollars			
			January - July			
Rank	Country	2012	2013	2014	Share	Change
	-- World --	\$ 67.079	\$ 90.688	\$ 111.282	100.0%	22.7%
1	United States	\$ 15.087	\$ 14.310	\$ 44.427	39.9%	210.5%
2	Japan	\$ 14.204	\$ 22.749	\$ 39.925	35.9%	75.5%
3	Chile	\$ 7.002	\$ 12.665	\$ 16.983	15.3%	34.1%
4	Russia	\$ 20.687	\$ 37.621	\$ 6.108	5.5%	-83.8%
5	Canada	\$ 6.051	\$ 2.071	\$ 1.849	1.7%	-10.7%
6	Denmark	\$ 0.513	\$ 0.529	\$ 1.235	1.1%	133.4%
7	Korea, South	\$ 0.387	\$ 0.089	\$ 0.392	0.4%	340.8%
8	Faroe Islands	\$ 0.558	\$ 0.550	\$ 0.174	0.2%	-68.4%
9	Norway	\$ 1.219	\$ 0.098	\$ 0.149	0.1%	52.4%
10	Estonia	\$ -	\$ -	\$ 0.039	0.0%	100.0%
11	Germany	\$ -	\$ -	\$ -		
12	Korea, North	\$ -	\$ 0.005	\$ -		
13	Australia	\$ 1.372	\$ -	\$ -		
Source of Data:China Customs						

		World Trade Atlas		
		Global imports		
		Millions of US Dollars		
		HS 030312 pacific Salmon-Frozen		
	2012	2013	Share	Change
Reporting Total	\$ 1,049,065,701	\$ 1,068,747,371	100.0%	1.9%
Japan	\$ 609,354,039	\$ 445,831,322	41.7%	-26.8%
China	\$ 279,595,314	\$ 380,441,722	35.6%	36.1%
Thailand	\$ 54,933,783	\$ 71,208,273	6.7%	29.6%
Russia	\$ 878,271	\$ 32,635,332	3.1%	3615.9%
Germany	\$ 12,306,997	\$ 14,079,073	1.3%	14.4%
Canada	\$ 14,980,060	\$ 13,986,559	1.3%	-6.6%
Brazil	\$ 9,079,935	\$ 9,676,166	0.9%	6.6%
Belarus	\$ 5,398,800	\$ 8,794,100	0.8%	62.9%
USA	\$ 11,718,510	\$ 8,446,382	0.8%	-27.9%
France	\$ 3,885,003	\$ 8,106,933	0.8%	108.7%
Spain	\$ 5,515,500	\$ 8,053,479	0.8%	46.0%
Switzerland	\$ 2,400,830	\$ 7,820,810	0.7%	225.8%
Israel	\$ 4,825,000	\$ 7,287,000	0.7%	51.0%
South Korea	\$ 3,040,797	\$ 6,770,475	0.6%	122.7%
Italy	\$ 4,914,428	\$ 6,645,714	0.6%	35.2%
Netherlands	\$ 1,107,679	\$ 5,095,398	0.5%	360.0%
Denmark	\$ 1,109,578	\$ 4,724,236	0.4%	325.8%
Indonesia	\$ 3,796,054	\$ 4,676,324	0.4%	23.2%
Georgia	\$ 2,229,863	\$ 4,156,719	0.4%	86.4%
Poland	\$ 2,549,064	\$ 3,664,400	0.3%	43.8%
Portugal	\$ 2,827,411	\$ 2,900,149	0.3%	2.6%
Hong Kong	\$ 495,544	\$ 1,166,617	0.1%	135.4%
Lithuania	\$ 860,363	\$ 1,108,012	0.1%	28.8%
Sweden	\$ 1,198,231	\$ 1,081,337	0.1%	-9.8%
Malaysia	\$ -	\$ 1,045,401	0.1%	100.0%
Other countries	\$ 10,064,647	\$ 9,345,438	0.9%	100.0%

3. Target Market Selection

- **U.S. export data:**
 - <http://www.export.gov/%5C/tradedata/index.asp>
- **Global import data**
 - UN Comtrade Statistics <http://comtrade.un.org/>
- **Guam**
 - Guam Export Report/ Business & Economic Statistics Program, Government of Guam
- **Other countries**
 - Many national customs agencies have trade data on line

3. Target Market Selection

- **Most other information can be collected from free secondary sources**
- **Next step is to compare information on different markets as systematically as possible**
- **Problem: Comparability of information**
 - Some information won't be available
 - Timeliness issues
- **Best possible markets should emerge fairly easily**
 - Some companies use a matrix approach

3. Target Market Selection

Country Selection Matrix					
Country	Factor A	Factor B	Factor C	Factor D	Total
Japan	X	X	X	X	65
China	X	X	X	X	55
Australia	X	X	X	X	54
Singapore	X	X	X	X	50
New Zealand	X	X	X	X	48

- The target market selection process should result in a workable number of viable export markets
- New exporters are advised to select at most one or two markets for closer examination
- Other markets should be reserved for subsequent export expansion

4. Developing a country marketing plan

A country marketing plan should:

- **Provide information on a market at an operational level**
- **Enable a company to determine key steps to market entry**
 - Some information may not be available without actually visiting a target country
 - Much of the information may be available from the Market Selection Process

4. Developing a country marketing plan

- **Major marketing channels to end-users**
- **Major competitors in the market**
- **Major importers**
- **Major trade shows, publications, and associations**
- **Regulations, tariffs, and taxes (landed cost)**
- **Country business practices and culture**
- **Product adaptation requirements**
- **Logistics**

4. Developing a country marketing plan

What do you need to look at?

- Major marketing channels
- Major competitors in the market
- Major importers
- Major trade shows, publications, and associations
- Regulations, tariffs, and taxes (landed cost)
- Payment terms
- Country business practices and culture
- Product adaptation requirements
- Logistics

- The result should be a roadmap that allows a structured approach to enter with market:
 - Maximizes chances of success
 - Minimizes potential barriers

Four Levels of Export Planning

- **The four levels of export planning allow companies to move forward as exporters**
 - Minimize risk
 - Within company resources
- **The planning process will take time**
 - Most information required is free
- **For most companies, the planning process is serial and may not result in a formal document**
 - More of a framework/ check list for approaching exporting
- **A formal document stuck in a drawer is of little value**

Export Marketing

- **Market entry strategies**
- **Finding/selecting international agents/distributors**
- **Marketing channel management**
- **Market research sources**
- **Importance of trade shows**
- **Advertising and product promotion**
 - E-Marketing
 - Effective marketing materials
- **Delivering marketing support**

Foreign Market Entry Strategies

Understanding Foreign Market Entry Strategies & Relationships



Foreign Market Entry Strategies

Market Entry Considerations

- **Who are your customers?**
 - Importing distributors?
 - Industrial or other end-users?
 - Retailers?
 - Government?
- **How are you going to reach them?**
 - Objective to reach as many potential customers using the minimum required resources.

Foreign Market Entry Strategies

There are two basic options available for market entry

- **Indirect market entry works through a third party to achieve market entry**
 - Company relies on a third party (usually domestic) to access foreign buyers (100% of export effort is outsourced)
 - Third party coordinates market entry/ assumes all risk
- **Direct market entry requires the exporter to assume all responsibilities/ activities for entering a foreign market**
 - Company sells its products directly to an overseas buyer

Foreign Market Entry Strategies

Indirect market entry: Benefits

- **No experience is required by exporting company**
 - Like another domestic sale
 - Management is not distracted
- **Faster way to get to market**
 - Building on experience/ connections of third party marketer
 - No need to create internal export capabilities
- **Low or no cost**
 - No direct export marketing costs
- **Low risk**
 - No foreign exchange risk

Foreign Market Entry Strategies

Indirect market entry: Disadvantages:

- **Poor control over export activities**
 - No control over basic sales/ marketing decisions
 - Third party picks markets and distributors
 - Attention to your product may be inadequate
- **Inadequate feedback**
 - No feedback from customers
 - Low or no feedback from third party
- **Selling to the wrong markets or wrong distributors**
 - Opportunity costs can be high
- **Increased risk**
 - Your product may not be presented effectively

Foreign Market Entry Strategies

When to use indirect marketing?

- Lack of resources to support direct exporting
- Wrong time for company to focus on exporting
- Obtaining regional coverage outside your main export focus

Indirect Market Entry Options

- Export Commissioned Agents
- Export Management Companies
- Piggyback Exporting

Indirect Market Entry - ECA

What is an Export Commissioned Agent?

- **Small Independent Firm or Entrepreneur**
- **Usually located in U.S.A.**
- **Has established contacts in foreign market**
- **Possesses product & industry knowledge**
- **Passes order on to manufacturer**
- **Paid a commission based on EXW sale price**

Indirect Market Entry - ECA

Export Commissioned Agent Does Not:

- Pay the exporter directly
- Take title of the goods sold
- Arrange international transport
- Maintain product inventory or service
- Pays foreign marketing costs

Indirect Market Entry - EMC

Export Management Company (EMC)

- **Most common indirect method**
- **Serves as in-house international division**
- **Posses knowledge of industry & foreign markets**
- **Usually larger than Export Commissioned Agent**

Indirect Market Entry - EMC

Export Management Company (EMC)

- Buys products directly from manufacturer
- Receives a deep discount price (15-20% below domestic)
- Usually has a multi-year contract per foreign market
- Offers foreign price quotations

Indirect Market Entry - EMC

Export Management Company (EMC) (cont.)

- Responsible for foreign market development
- Utilizes manufacturers brochures & letterhead
- Arranges international transportation
- Provides warranty & repair service

Locating an EMC

- FITA: www.fita.org + “Agents + Distributors”
- Networking & Industry Associations
- Internet resources: E.G.- Kompas

Indirect Market Entry

Piggyback Exporting:

- **Utilizes existing manufacturer & exporter (piggyback)**
 - Already experienced exporter of complementary products
- **Piggyback company wants to expand their product line**
- **Piggyback exporter becomes international department for manufacturer**

Indirect Market Entry - PE

Piggyback Exporter:

- **Buys products directly from manufacturer**
 - Utilizes deep discount pricing
- **Adds to current international product mix'**
 - Builds their own brand recognition
- **Sets & handles international pricing**
 - Manufacturer has no say
- **Responsible for all foreign market development**

Piggyback vs. EMC



Indirect Market Entry

EMC Versus Piggyback Exporting

- **Future use of distribution channel**
 - EMC is on behalf of manufacturer
 - Piggy Back exporting is less transparent
- **Brand awareness**
 - EMC builds manufacturer's brand awareness

Direct market entry

General rule of thumb:

- **If customer universe is limited, it is possible for exporter to approach customers directly**
 - Potentially managed from home country
- **If there are a large number of potential customers, it is costly, inefficient to try to reach each one**
 - Sales cost/ customer is too high
 - Inability to reach a large number of customers
 - Creates a need for a market intermediary

Direct Market Entry

- **Exporter has control/responsibility for execution of export activities**
 - Choice of market
 - Timing
- **Benefits**
 - Direct feedback
 - Greater control over product/ product marketing
 - Higher sales?

Direct Market Entry

Disadvantages

- **Higher marketing costs than indirect exporting**
- **Requires higher management time and focus**
- **Potentially longer time to generate export sales**
- **Higher financial risk**
- **Opportunity costs due to poor execution**

Direct Market Entry Options

- **Direct selling-no market intermediaries**
- **Commissioned agents**
- **Importing stocking distributors**

Direct Market Entry Options

Direct selling-no market intermediaries:

- **All sales activities are conducted from company location**
- **Only works if there is a manageable universe of end users**
 - E.G.- bakery equipment
- **Lower cost marketing**
 - Telephone + limited travel + trade shows?
- **Disadvantages:**
 - Market knowledge lower
 - Harder to build relationships

Direct Market Entry

Foreign sales agents:

- **Similar to domestically-based sales agent**
- **Usually smaller-often individuals**
- **Do not take title to goods or carry inventory**
- **Manufacturer ships directly to buyer**

Direct Market Entry

Foreign Sales Agent Process:

- **Agent locates potential customers**
- **Passes order to exporter per agreement**
- **Exporter ships directly to buyer**
- **Obtains payment from buyer**
- **Agent receives payment based on commission**

Foreign Sales Agents

Benefits

- **Increased control over sales process**
 - Sell directly to foreign customer
 - Greater control over pricing
- **Greater involvement in sales process**
 - Higher feedback

Drawbacks

- **Exporter's multiple receivable risk**
- **Agent does not carry product inventory**
 - Delivery time & competitive disadvantage
- **May lacking import knowledge**
- **Agency & employment issues**

Direct Market Entry

Stocking International Distributors:

- **Buy directly from U.S. exporter in bulk**
 - **Purchase products on discount**
 - **Distributor profit equals markup on landed cost**
 - **Sell to directly to customers in foreign market**
-
- **Characteristics:**
 - **Have in-country product & industry knowledge**
 - **Tend to be larger than agents]**
 - **Extensive import expertise**
 - **Carry complementary product lines**

Direct Market Entry

Stocking International Distributor

- **“Takes title” of goods purchased**
- **Maintains continuous inventory**
 - Ships to customer & gives immediate delivery
- **Provides customer service, warranty work & training**
- **Aggressive in marketing & promotion**
 - Brochures, advertising & trade shows
- **Assists exporter with packaging issues**
- **Builds the exporter’s brand image**

Locating International Agents and Distributors

Two Options

- **With Travel**
- **Without travel**



Locating Agents & Distributors

Top methods for locating overseas agents & distributors by Traveling

- Industry trade shows
- Trade Missions
- USDOC www.export.gov
 - Gold Key Service
 - International Distributor search
 - International Company profile
- USDA FAS www.fas.usda.gov
 - Foreign ATOs
 - Trade shows www.fas.usda/international-trade-shows-2014

Locating Agents & Distributors Without traveling

Without Traveling

- **U.S. Department of Commerce**
 - International Distributor Search
 - International Company Profile
 - Commercial News USA
 - “Distributor Inquiries Welcome”
 - BuyUSA.gov Matchmaking
 - Catalog Shows
 - Customized market research
- **U.S. Department of Agriculture**
 - Foreign buyer lists

Without Traveling

- **Major U.S. trade shows**
- **Complimentary firms in industry**
- **Foreign industry associations**
- **International portals**
 - Country version of Google
- **Subscription databases**
- **Potential foreign end-users**

Selecting International Agents and Distributors

Selecting Agents & Distributors

Foreign distributors/ agents need to be selected carefully:

- **SME's tendency to go with first company interested**
 - Some times no distributor is the best choice
 - Company needs to fit your selection criteria
- **A bad distributor can ruin your market entry**
- **Why does a distributor want to represent you?**
 - Enhance their product lines?
 - Block your product?

Selecting Agents & Distributors

Selection with Travel

Interviewing Potential Representatives:

- **Prepare questions in advance**
 - Remember your selection criteria
 - Stick to your agenda
- **Arrange a meeting at their facility**
 - Dress conservatively
 - Arrive early
- **Dinner and drinks may be a first step**
- **An occasion to get to know each other**
 - Not the occasion for a formal business discussion
- **Do not become too informal**
 - Avoid sensitive topics

Selecting Agents & Distributors

Maximize your visit to their facility:

- Use the meeting to better understand the scope of their operations
 - Geographic coverage
 - Industry coverage
 - How they could market your product
- What do you can you observe about
 - Warehousing, shipping & customer service?
 - What other brands to they carry?
 - Do they appear to be organized? Busy?
 - Any unusual observations?
- Provide a time line for making your decision

Selecting Agents & Distributors

Selection without Travel

- **Fax or email questionnaire (checklist)**
- **Phone call interview**
- **Financial background checks (D&B, Veritas, etc.)**
- **Check trade references**
- **Ask for a written marketing plan**
- **Wait for domestic trade show to meet**

Selecting Agents & Distributors

Agent & Distributor Selection Decision:

- **Evaluate all candidates using “Profile Form”**
 - Systematic comparison
- **Rely on your instincts & gut feeling**
- **Contact approved & rejected reps via letter**
- **Never burn bridges!**

Selecting Agents & Distributors

What to look for in an agent/distributor:

- **General:**
 - Years of operation?
 - Ownership?
 - Organizational structure + number of locations?
 - Number of employees + experience of key staff?
 - Importing experience and products imported?
 - Linguistics capabilities?
- **Sales:**
 - Annual sales and sales growth?

Selecting Agents & Distributors

What to look for in an agent/distributor:

- **Financial**

- Banking references?
- Payment terms? Aging of accounts
- Number of customers?
- General financial solvency +major debts?
- Can you get a credit report/ international Company Profile?

Selecting Agents & Distributors

What to look for in an agent/distributor:

- **Products and marketing:**
 - Product lines carried ?
 - What products tend to drive sales + where do your products fit?
- **Customer profile-Who do they sell to?**
 - Key accounts?
 - Industry groups?
 - End-user groups?
 - Retail?
 - Government?
- **Territory Covered?**
 - Territory covered vs. effective coverage?

Selecting Agents & Distributors

What to look for in an agent/distributor:

- **What is their market share?**
 - By channel?
 - By product?
- **Marketing capability**
 - Type and extent of advertising? PR capabilities?
 - Trade shows exhibited?
 - Web presence?
- **Marketing your product?**
 - Estimate of initial order size + first year forecast?
 - What resources would commit to your product launch?
 - How would they launch your product?
 - How would they price your product?

Selecting Agents & Distributors

What to look for in an agent/distributor:

- **Industry visibility**
 - Trade association memberships
 - Known to national industry publications
- **Logistics and distribution**
 - Warehouse facilities?
 - Level of inventory carried?
 - Freight expertise?
 - Import expertise?
- **Technical and regulatory**
 - Ability to sell highly technical products? (if applicable)
 - Can they provide technical support/ customer training, if required?
 - Ability to assist meeting government regulatory requirements for product?

Distributor Agreements

- **Export sales work two ways:**
 - Order by order, but no formal arrangement
 - A formal arrangement which assigns specific roles and responsibilities to both the exporter and distributor
- **Formal arrangements create incentives for importer to build sales/ institutionalize your products in market**
- **Distributor agreements:**
 - Are important to a long term relationship
 - Should be crafted with legal assistance

Distributor Agreements

Distributor Agreement Criteria

- Payment terms
- Term of appointment
- Territory covered
- Exclusivity
- Products or services covered
- Compensation and expenses
- Performance requirements and conditions
- Who pays local tariffs and taxes

Distributor Agreement Criteria

- Foreign corrupt practices act
- IP rights (use of trademarks and conditions)
- Governing law and jurisdiction
- Termination
 - Criteria
 - Remaining inventory

Marketing Channel Management

Making Your Distributor Relationship Work

Marketing Channel Management

Distributor relationships are what you make of them

- Common problem
 - Many distributor relations fail to meet expectations
- Two possibilities:
 - Wrong distributor
 - Relationship never got off the ground
- Many SME's fail to develop their distributor relationships
 - Not the same degree of attention given to domestic distributors

Marketing Channel Management

Potential results- Inadequate distributor support

- **Distributor has less motivation to sell your product**
- **Inability to deliver adequate level of customer support**

Consequences:

- **Opportunity costs-lower sales**
- **Potential damage to your brand + longevity in the market**

Marketing Channel Management

Good starting point-Your distributor's customer expectations

- They view your distributor as your domestic customers view you
 - Orders and logistics
 - Customer support and training
 - Warranty issues and repairs
- Your foreign distributor is better positioned to serve your foreign end-users
 - Their customers expect the same level of service that you provide domestically

Marketing Channel Management

What do foreign distributors expect?

- **To be treated the same as domestic distributors**
- **Prompt responses to any orders/ communications**
- **Fair pricing**
- **Resources + training to enable them to provide good customer service/ market support**
- **From a transactional relationship to a partnership**

Marketing Channel Management

Distributor Relationship Building

- **Spend time with the distributor**
 - Annually (Minimum)
 - Jointly participate in trade shows, key account calls, etc.
 - Bring distributor to visit US HQ
 - Training events at distributors/ at HQ
- **Effective communications**
 - Frequent/ On same basis as domestic communications
- **No price discrimination**
 - News of pricing differences (domestic/ foreign or foreign/foreign) hard to hide
 - Need to justify differential pricing (cost/ features, etc.)

Marketing Channel Management

Exclusivity:

- **Granting exclusivity needs justification based on ability of distributor to adequately cover market**
 - Geographically
 - By end-user segments
- **If justifiable, exclusivity is a strong motivator**
 - Good distributors will actively build sales
- **The more activities you transfer to a distributor, the stronger the basis for exclusivity**

Marketing Channel Management

- **Terminating a distributor may need to occur**
 - Poor performance
 - Distributor has reached limit of capabilities
- **Termination needs to be carefully planned**
 - Contract needs to state reasons
 - End of Contractual term
 - Performance standards
 - Complicated by labor laws in many countries
- **Residual inventory management issues**
- **Market disruption + public relations issues**

International Market Research

International Market Research

International market research is a challenge to both novice and experienced exporters.

- **Finding sufficient information may not be easy**
- **Basic problem: Ability to find/ compare data from different countries**
 - Same data organized differently
 - Timeliness of data
 - Expense-Many information sources are costly

International Market Research

Two types of international market research

- **Using secondary sources**
 - A substantial amount of market information is available through published/ on-line sources
 - Information is increasingly available, particularly for less developed countries
- **Primary market research**
 - Generally, very specific questions
 - Collection complicated by language and cultural differences
 - Normally done by company directly

International Market Research

Good news is that one can assemble a fairly large amount of information from secondary sources

- **Key is knowing:**
 - How to limit scope of international market research
 - What is really essential?
 - Easily available/ comparable data can be assembled for a larger group of countries
 - E.G.-Trade data, demographic data
 - Detailed information needs to be limited to a small, but manageable group of countries
 - E.G.-Marketing channel information

International Market Research

Key is knowing: How to work around limited or non-availability of data

- **Ratio analysis**
 - Building approximate relationships
 - Brazilian example
- **Using comparable indicators**
 - Data might be available for complimentary/ similar products
- **Updating older data using reasonable growth rates**
 - E.G.-Increase in per capita income as a proxy for increased consumption of specific products

International Market Research

Types of International Information Sources

- **Governmental**
 - U.S. and foreign
- **Foreign industry trade association/ publications**
- **Trade shows + trade show websites**
- **Competitor + complementary company websites**
- **Private information sources**

U.S. Government Information Sources

- **Foreign Commercial Service U.S. Department of Commerce** www.export.gov
 - Country Commercial Guides
 - Market research reports
- **Foreign Agricultural Service-USDA** www.fas.usda.gov
 - FAIRS reports
 - Sector reports
- **CIA World Fact Book**
 - Comprehensive data

www.cia.gov/library/publications/the-world-factbook/index.html



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Market Research

Plan your market entry the right way – use market research to learn your best prospects for success, and the market's business practices before you

If you're just beginning to sell internationally, narrow your focus by conce prospect markets. Use our [Step-by-Step](#) research guidelines to get starte

Market Research

Access the U.S. Commercial Service [Market Research Library](#) containing m specific market reports, authored by our specialists working in overseas p

The Library Includes:

- Country Commercial Guides (read latest "Doing Business In" gui
- 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 with Export.gov. Register above to get access.

Agricultural Goods Market Research Reports

[Tariff Schedules](#), [Trade Missions](#), [GAIN Reports](#), and [Specific Country Data](#) of agricultural goods and commodities. Market reports on processed and found in the "Country and Industry Market Reports" above.



Doing Business In Canada:

A Country Commercial Guide for U.S. Companies

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Hong Kong: Great Success for U.S. Exhibitors at Seafood Expo Asia 2014

September 29, 2014 - 19 U.S. exhibitors reported over \$2.56 million in onsite sales and \$8.5 million in projected sales following a successful Seafood Expo Asia 2014 trade show held in Hong Kong September 2-4.

Hong Kong Agricultural Biotechnology Annual 2014

July 21, 2014 - The Hong Kong government (HKG) is going to launch a public consultation on a mandatory pre-market safety assessment scheme for genetically engineered (GE) food this year.

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Updates - Hong Kong's Pesticide Residues in Food Regulation Enacted

Report Categories:

Agriculture in the News

FAIRS Subject Report

Sanitary/Phytosanitary/Food Safety

Approved By:

Erich Kuss

Prepared By:

Caroline Yuen

Report Highlights:

The Hong Kong government notifies WTO members that it enacted its first-ever Pesticide Residues in Food Regulation in June 2012. The Regulation will enter into force in 2014, following a two-year grace period which is provided to trade to familiarize

Voluntary _ Public

Hong Kong

Post: Hong Kong

Retail Food Sector Annual 2014

Report Categories:

Retail Foods

Approved By:

Fiona K



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REFERENCES

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EAST & SOUTHEAST ASIA :: CHINA*(ALSO SEE SEPARATE HONG KONG, MACAU, AND TAIWAN ENTRIES)*

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VIEW 84 PHOTOS OF
CHINA

EXPAND ALL

Introduction :: CHINA



Geography :: CHINA



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Economy :: CHINA



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International Market Research

Other Government Sources

- World Bank data www.data.worldbank.org
- OECD Data <http://stats.oecd.org>
- UN Comtrade Statistics <http://comtrade.un.org/db/>



Welcome to OECD.Stat Extracts

Go to [OECD iLibrary](#) to access complete databases (subscribers).

This page offers access to OECD's core data.

OECD.Stat includes data and metadata for OECD countries and selected non-member economies.

Ways to access the data:

- By keyword using "search" (e.g. [GDP](#), [FDI](#), [Health](#), [unemployment](#), [income distribution](#), [population](#), [labour](#), [education](#))
- By selecting data in the left-hand menu (popular queries or data by theme)
- By accessing your saved queries under "My Queries" (for logged-in users)

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Selected commodities: [0702](#) (Edible vegetables and certain roots and tubers // Tomatoes, fresh or chilled.), [070200](#) (Edible vegetables and certain roots and tubers // Tomatoes, fresh or chilled. // Tomatoes, fresh or chilled.)

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Selected partners: All

Selected trade flows: Import

Sort Order
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[Switch to any HS classifications](#)

Period	Trade Flow	Reporter	Partner	Code	Trade Value	NetWeight (kg)	Quantity Unit	Trade Quantity	Flag
2012	Import	Japan	Canada	0702	\$723,672	144,491	g	144,491	0
2012	Import	Japan	Mexico	0702	\$725,540	95,857	g	95,857	0
2012	Import	Japan	Netherlands	0702	\$1,359,944	145,479	g	145,479	0
2012	Import	Japan	New Zealand	0702	\$1,438,245	332,340	g	332,340	0
2012	Import	Japan	Rep. of Korea	0702	\$9,252,103	2,306,003	g	2,306,003	0
2012	Import	Japan	USA	0702	\$14,149,550	3,411,486	g	3,411,486	0
2012	Import	Japan	World	0702	\$27,649,053	6,435,656	g	6,435,656	0
2013	Import	Japan	Canada	0702	\$1,743,376	368,307	g	368,307	0
2013	Import	Japan	Mexico	0702	\$711,892	127,035	g	127,035	0
2013	Import	Japan	Netherlands	0702	\$2,868,771	334,058	g	334,058	0
2013	Import	Japan	New Zealand	0702	\$1,534,293	450,033	g	450,033	0
2013	Import	Japan	Rep. of Korea	0702	\$10,003,451	3,202,215	g	3,202,215	0
2013	Import	Japan	USA	0702	\$17,730,534	4,147,770	g	4,147,770	0
2013	Import	Japan	World	0702	\$34,592,317	8,629,418	g	8,629,418	0

Work on IMTS

- > [Methodology IMTS](#)
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* regularly updated

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Released data

# of country periods	
today (2014.09.30)	0
in a week	2
in a month	18
year-to-date	215
in a year	272
all data	6781

Not yet available reporters of 2013 data

International Market Research

Industry trade association/ publications

- **Many industries abroad have trade associations and industry publications**
 - Tracking industry news/trends
 - Membership lists are common
 - Try to schedule a meeting if visiting a country
- **Find via Google or other search engines**
 - Footnote: Use country version of Google
 - Japan www.google.jp
 - China www.google.cn
 - Hong Kong www.google.com.hk

International Market Research

Trade Shows (More shortly)

- **Excellent source of first hand market intelligence**
- **Trade Show web pages often identify relevant:**
 - Trade associations
 - Trade publications
 - List of exhibitors
 - Important industry topics (seminar listing)
- **Two good sources for trade shows**
 - Events Eye www.eventseye.com
 - BizTradeShows
 - www.biztradeshows.com
 - <http://10times.com/>
 - Also check U.S. F.C.S post for shows

International Market Research

Competitor + complementary company websites

- **Many companies include valuable information on their websites**
 - What countries they sell to/are active
 - Names of their distributors
- **Good way to identify:**
 - Competitors/ which distributors to avoid
 - Potential distributors carrying complimentary, but non-competing products

International Market Research

- **Private information sources**
 - Usually subscription-based or per use fee
- **Kompass** www.kompass.com
 - Company data for about 65 countries
- **Avention (Formerly One Source)** www.vention.com
 - Company and market information
- **Global Trade Information Services** www.gtis.com
 - Most advanced trade data platform
- **Datamyne** www.datamyne.com
 - Trade data with some company data
- **Euromonitor** www.euromonitor.com
 - Product and retail reports
 - E.G. -Fresh Vegetables in Singapore

Importance of Trade Shows

Importance of Trade Shows

Both U.S. and foreign trade shows are important

- **Major U.S. trade shows often attract foreign buyers**
 - U.S. FCS often brings foreign buyers
- **Major trade shows are an important marketing tool**
 - Introduce your product and company
 - Identify potential agents/ distributors
 - Market intelligence
 - Major drawback: Expense

Importance of Trade Shows (Not Exhibiting)

Benefits of visiting a trade show

- Lower cost
- Learn about competitors and their products
- Collect product literature
- Compile a list of representatives and distributors
- Some exhibitors/ visitors might be potential buyers

Importance of Trade Shows-Exhibiting

Exhibiting at a foreign trade show requires careful planning

- **Book early to obtain a good location**
 - Check to see if there will be a U.S. Pavilion
 - Pavilions have good location, high traffic, subsidized cost
- **Arrange transportation of products/ materials early**
 - Check country requirements for temporary imports
 - ATA Carnet

Importance of Trade Shows-Exhibiting

Foreign trade shows require careful planning:

- **Marketing materials**
 - Low cost materials for “collectors” + more significant materials held in reserve for serious visitors
 - Low cost materials should be in the appropriate language and provide a basic description of the products and contact info
- **Visual Appearance**
 - Visitor should be able to quickly determine what you are selling and given a reason to stop

Importance of Trade Shows-Exhibiting

Foreign trade shows require careful planning:

- **Business cards**
 - Prepare well in advance
 - Remember many countries include education in titles
 - E.G.-MBA, PH.D, Ing (engineer), Lic (business degree)
 - Good idea to translate information into local language on one side of card
 - Consider adding a brief description of your business
 - “Manufacturers of high quality specialty foods”
 - Bring a large number of cards

Importance of Trade Shows

Foreign trade shows requires careful planning:

- **Staffing**
 - Companies need to have more than one person covering show
 - Allows second person time to visit other
 - Ideally, hire a local national to help staff the show
- **Language**
 - Don't assume English works
 - One reason for having the local hire

Importance of Trade Shows

Foreign trade shows require careful planning:

- **Obtain a trade show directory before the show**
 - Target who you will visit
 - Invite key companies to visit you at the show
- **Plan to pick up trade industry publications**
 - Most trade publishers will give away free copies
- **Consider using the FCS Gold Key Program in conjunction with show**
- **Use time before and after show to visit with potential customers/distributors**

Importance of Trade Shows

Foreign trade shows require careful planning

- **Pricing**
 - Don't include price lists among available literature
 - Can be discussed with qualified buyers
 - Be able to price in landed cost if a serious discussion develops with a potential buyer

Importance of Trade Shows

Final points:

- **Start your planning early**
- **Register early if exhibiting**
- **Research:**
 - Local business practices and customs
 - Local marketing channels

E-Exporting for Small Businesses

E-Exporting for Small Businesses

- **The Internet is a cost-effective means to expand your marketing internationally**
 - More than 1 billion people globally have internet access
 - Many SME's have been 'discovered' by potential buyers in regions companies considered beyond their reach
- **Internet marketing also a good source of market information**
 - Customer profiles, sales trend, etc.
- **Beyond marketing, websites can also be used to execute sales and provide client support**
 - Technical specifications
 - Tracking shipments

E-Exporting for Small Businesses

There are basically three types of websites

1. Information delivery sites

- Promotes a company and its products
- Common for products that can not be sold on-line

2. Transactional sites

- Transactional sites are similar to stores
- ‘End-to-End Transaction, i.e. customers can search for and select products, place and pay for an order

3. E-Marketplaces

- Sites which bring buyers and sellers together
- Ali Baba

E-Exporting for Small Businesses

- **Informational sites are the most common for SME's**
 - Normally can fit within company's IT capacity
 - Transactional sites may require more resources
- **Basic requirements for setting up a web site**
 - Obtaining a domain name
 - Registering it with major search engines
 - Don't forget any industry specific search engines
 - Selecting a web host
 - Also consider web hosts in specific countries

E-Exporting for Small Businesses

Localizing web content for foreign customers:

- **Most SME's depend on their national website to generate all traffic, including international**
- **Adapting your webpage for international customers can substantially increase international traffic**
- **Two strategies:**
 - Internationalizing the website
 - Aimed at international customer in general
 - Often multiple languages
 - Precludes a major web redesign
 - Localizing a website
 - Targeted to a specific national market/ highly customized

E-Exporting for Small Businesses

Factors: Internationalizing/localizing a web page

- **Language**
 - English only goes so far
 - Foreign language sites result in higher hits/ higher absorption of content
 - For most SME's, foreign language pages replicate the English page content
- **Cultural content**
 - Focus on cultural sensitivity
 - Formality vs. informality
 - Avoiding certain colors, etc.

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Factors: Internationalizing/localizing a web page

- **Pricing**
 - Dollars and/ or local currency
 - Include currency converter?
 - Understanding of local payment practices
- **The metric system**
 - Don't force potential customers to do conversions of weight, dimensions, etc.

E-Exporting for Small Businesses

Factors: Internationalizing/localizing a web page

- **Privacy laws**
 - Different countries have different rules on what information can be collected-retained-used
- **Advertising content**
 - Most countries have rules about advertising content that are applicable to web content
 - Particularly important for localized sites
 - International Chamber of Commerce Guidelines at www.iccwbo.org
- **Internet security if purchases are made**
 - Https:
 - Electronic signatures-accepted or not?

E-Exporting for Small Businesses

Factors: Internationalizing/localizing a web page:

- **SPAM regulations**
 - Many countries have rules about mass marketing via e-mails
 - Check Direct Marketing Association www.the-dima.org
- **Jurisdiction**
 - Remember that you are exporting to a foreign jurisdiction with different rules and regulations
 - Their rules on contract law
 - Pharmaceuticals, medical devices, food, etc.
- **Guard your reputation!**
 - Fair business practices
 - Full information disclosure
 - Handle complaints quickly