

Market

Session 3:

More ^V Intelligence

Refine your list of potential overseas markets



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Hello, my name is Rick Martin. Welcome to this third session of Export-U.com.

This series of online trade mini-courses has been developed by the International Trade Center of the University of Georgia's Small Business Development Center in close cooperation with the U.S. Department of Commerce under its Rural Export Initiative Program.



If you've completed the previous session, you generated a view of world markets based on some critical numbers reflecting market characteristics such as: total U.S. trading volume in your product to various markets, world volume into the same markets, U.S. market share, country credit ratings, GDP etc.

Since you cannot research one hundred plus markets, you will need to get your list of potential markets down to a manageable number – usually 5 to 10 – then reduce those to the top 3 prospective markets.

In this session, we will be addressing one approach to targeting the right markets for your product and your company.



First Culling of Markets

(Sort through data from Session 2)

Eliminate markets that are:

- Very small
- Trending down or low growth
- Poor credit rating

Sort remaining markets based on your own subjective factors



After going through the list a couple of times and removing markets, the number left should be relatively small.

Image: Microsoft Clip-art, and NASA Goddard Photo and Video on Flickr

Lets begin with the "numeric" data you've developed from trade databases and other sources.

The first step is to

-CLICK-1- eliminate from consideration those markets which -- based on the numbers you've generated -- are obviously not preferred markets.

For example, you may wish to remove:

-CLICK-2- Markets which are very small

-CLICK-3- Markets which are trending down, flat, or show only moderate growth, and/or

-CLICK-4- Markets which possess a very poor credit rating.

If you have been saving the data in an excel spreadsheet, then you can readily rearrange the data to

-CLICK-5- sort based on whichever factors you choose.

When finished with this first step, you will have eliminated a large number of countries from consideration.

But-- in all likelihood, you will still have too many, so now is the time to do a bit of subjective sorting.

You've probably been thinking about where you would like to do business and where you definitely don't want to do business.

Now is the time to go through the remaining list to discard those markets -- even if the numbers indicate they are "ok."

In our experience most clients have a reasonably accurate feel for where their products might move, which markets would be difficult to operate in, and which markets have political, economic or other stresses that might create problems.



MANIPULATING THE DATA

- Geography
 - World region
 - Trading blocs
- Largest markets
- Fastest growing markets



Image: Microsoft Clip Art

Now – if you haven't already done so – take the time to rearrange the markets you've identified to get a better perspective. Some possible ways to sort them are by Geography, by Largest Markets, and by Fastest Growing Markets.

-CLICK-1- By Geography:

Group the remaining markets into regions or trading blocs. This is a useful consideration. When you actually begin trading, you may find that by entering a bloc through one country, subsequent entry into other countries in that bloc will require less effort on your part.

-CLICK-2- By Largest Markets

Arrange countries in your regional groups or trading blocs from largest to smallest. Compare size of market on the basis of individual countries and on the basis of regional groups and trading blocs.

Even as you look at the markets, ask yourself a few key questions:

Who will be your competition in those markets?

Does your product and company have a well-defined niche in which you can compete effectively?

Does a mature market offer the best growth potential for your firm?

-CLICK-3- By Fastest Growing Markets

Smaller companies frequently look to enter exporting in the fast growing markets. These markets may be attractive since

... the rapid expansion in imports may allow more "room" for new market entries, and

.. The competition may be less well established within the marketplace.

Once you've done that.... Its first decision time!



First Decision TIME

- ▶ Criteria
 - Trends
 - Transportation Cost
 - Size/Competition
 - Trading Blocs
- ▶ Select 5 to 10 countries
- ▶ Rank them



Image: Microsoft Clip-art

Review the numeric data you've assembled and begin prioritizing markets. At this point, don't be too concerned about whether you have chosen exactly the right markets.



CONSIDER MARKET-SPECIFIC DATA

(just top 5-10 markets)

- Non-tariff barriers
- Regulations
- Industry standards
- ◆ Packaging requirements
- ◆ Legal issues
- ◆ Payment issues
- ◆ Product's market potential

A graphic for Export.gov Market Research. It features a 3D pie chart with three segments: a large red segment labeled 'COUNTRY COMMERCIAL GUIDES', a yellow segment labeled 'MARKET UPDATES', and a blue segment labeled 'BEST MARKETS'. The background is a night sky with a full moon and silhouettes of trees. In the top left corner, there is a small inset photo of a man and the text 'SESSION 3: MORE INTELLIGENCE'. In the top right corner, there is a URL: 'http://www.export-u2.com/RESOURCES/Library/library.html'. At the bottom right, the text 'Export.gov Market Research' is displayed in a large, yellow, sans-serif font. A small photo credit is visible at the very bottom right: 'Photo: Night Sky, NASA Earth Observatory, http://earthobservatory.nasa.gov/OTDView.php?nid=48892'.

Export.gov brings together reports from the U.S. Department of Commerce's field network of offices around the globe. The library includes a number of different publications. The three of most interest to you are:

- CLICK-1- Best Markets
- CLICK-2- Market Updates, and
- CLICK-3- Country Commercial Guides

~~You will need to register to access most of the reports, but there is no cost to register.~~

One other word, before looking at a few samples of the reports: The categories offered are fairly broad and you may not find one that is an exact fit. In which case, select the one closest to your product and research it. In our example, brake parts are what we chose to research. However, the reports only cover parts – including accessories.

Remember that the numeric data was based on a more specific product.



Export.gov: Reference Library



To begin your search, click on "Market Research Library." That will take you to the following screen, where you can set the parameters for your search and select which publications you want to view.....

EXPORT.GOV
SEARCH
ENGINE

TOP MARKETS SERIES

TopMarkets
A Market Assessment Tool for U.S. Exporters

The International Trade Administration's Top Markets Series is meant to help exporters determine their next export market by comparing opportunities across borders. Each report ranks future export opportunities within a particular industry based on a sector-specific methodology. The reports provide a detailed assessment of the competitiveness landscape within a sector, as well as the opportunities and challenges facing U.S. exporters in key markets. Each report is available for download. Interested exporters can also download or view individual case studies within larger reports.

- Agricultural Equipment (2017)
- Aircraft Parts (2016)
- Automotive Parts (2016)**
- Building Products and Sustainable Construction (2016)
- Industrial Automation (New for 2016)
- Manufacturing Technology (New for 2016)
- Media and Entertainment (2017 Update)
- Medical Devices (New for 2016)

You enter the parameters for your search from a series of drop-downs for each item.

In this example we have chosen “Automotive & Ground Transportation”, “Automotive parts”, “All Regions”, “All Countries”, “Best Market Report.”

Not all industries and products will have a Best Market report, but key sectors such as the automotive sector will.

When completed, click on the “GO” button,

-CLICK- and you will get a listing of the “Best Market” reports available for your product.....

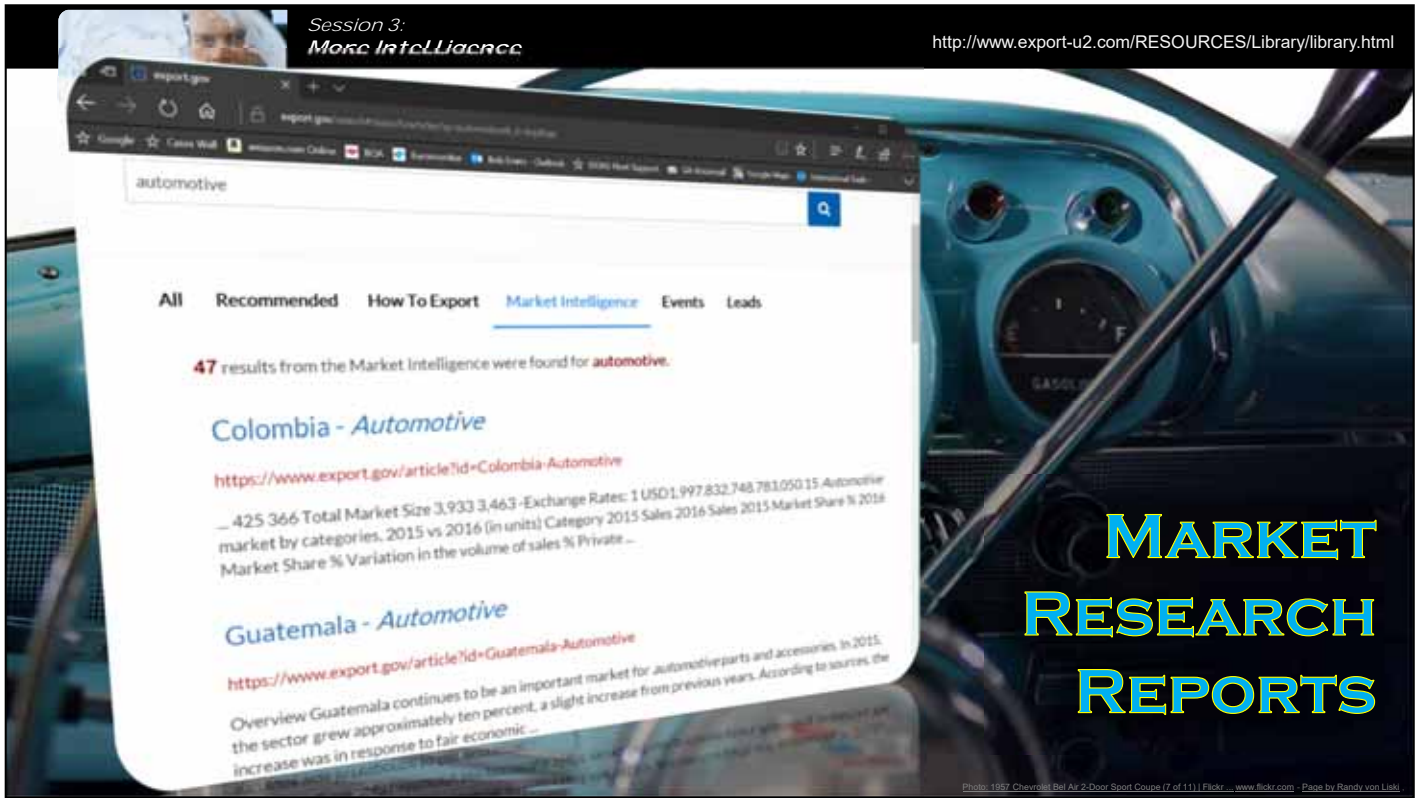
Top Market Reports

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This slide shows part of the index page of the Best Markets Report for Automotive Parts and Accessories. ~~The report was published in 2005, but~~ much of the information will be useful as the report compares market outlooks etc. for a large number of countries, as well as provides some links to other sites for more information.

Whereas the Best Markets Reports usually give a global view, the "Market Research Reports" are always country or region specific. The Market Research Report provides more detailed information on market size, trends, market access issues, etc. which will assist you in comparing your potential target markets.

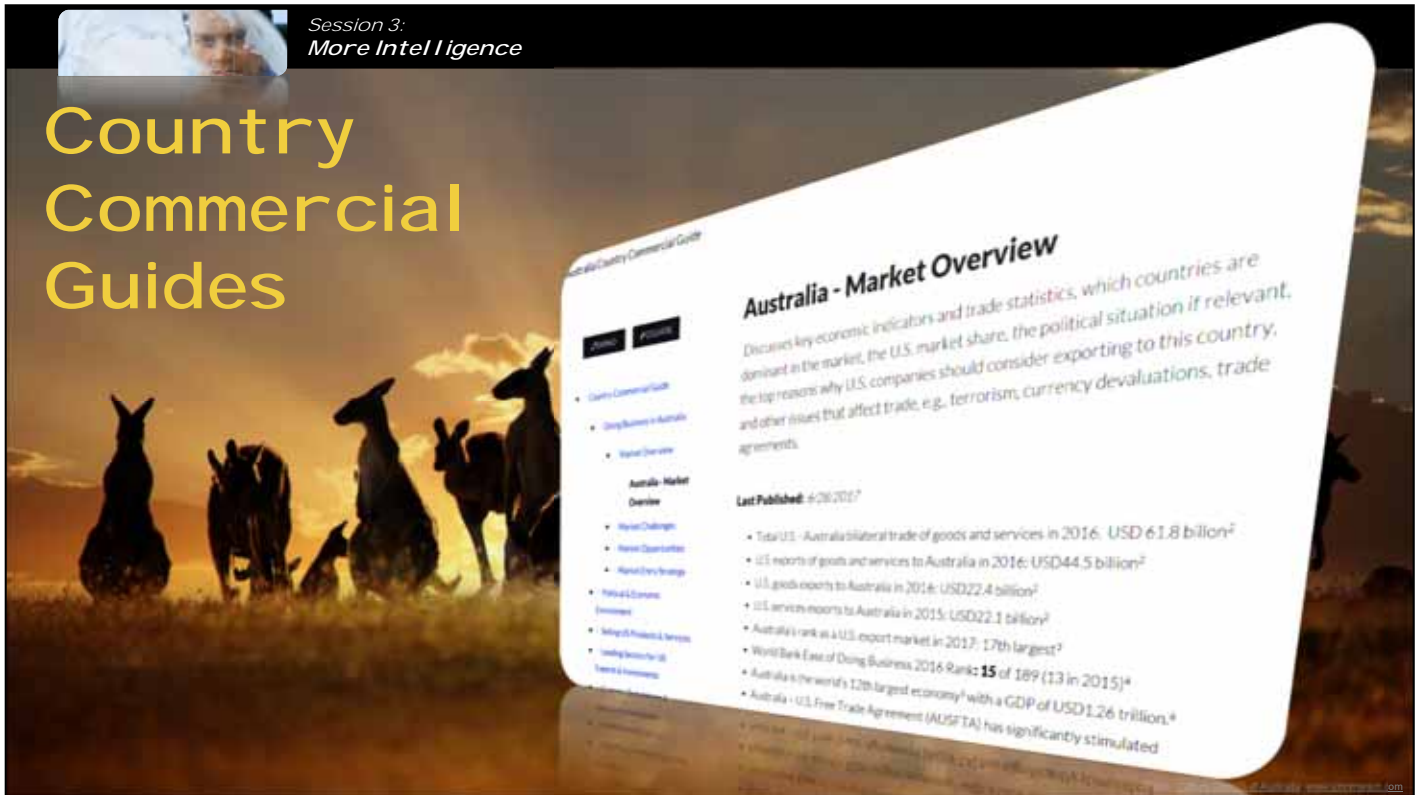
~~To access this, return to the "Search" screen, enter the same parameters but request the Market Research reports for your country.~~



We selected “world” as the area criterion, and found 47 records. Most were recently published, so the information will be relatively current.



Country Commercial Guides



This is the index to the Country Commercial Guide for Australia. Most of the guides are lengthy. This one is 117 pages long. The guides go into considerable detail about the general business climate, the economic environment, and general trade regulations and standards. Most will also contain a section on the Leading Sectors for U.S. export.

The Country Commercial Guide – in combination with the Market Research Reports and Best Markets Report -- will provide you with much of the information you will need to further differentiate between markets.



OTHER INFO SOURCES

USEAC

<http://www.buyusa.gov>

SBDC

<http://www.asbdc-us.org>

State Economic Development Agencies

<http://www.sidoamerica.org/directory/directory.htm>

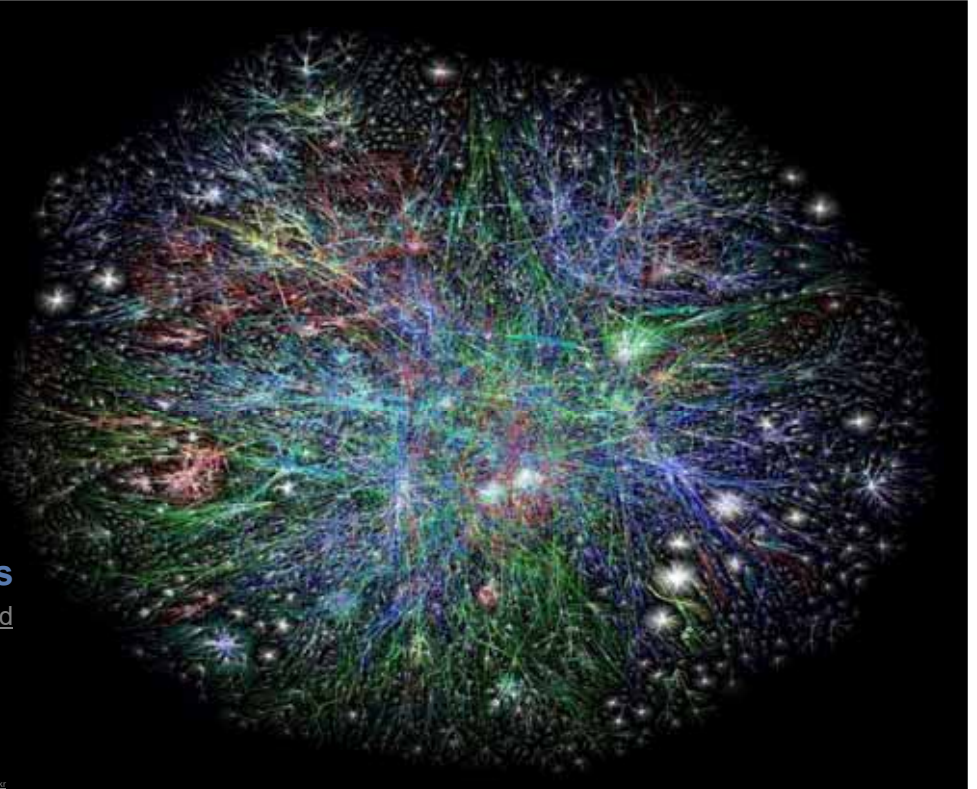


Photo: World Wide Web Concept Map, Classic, OPTE, Project Map, of the Internet 2005, by [cayoullie](#) on Flickr

Finally, in making your market selections, it is a good idea to speak with those resources that have actively worked with prospective exporters. If you've done the preparatory work outlined in this and previous sessions, they will be able to provide you guidance based on their experience plus introduce you to other resources within their organizations to help you take the next step.

Most states will have federal, state and university based organizations that work one-on-one with exporters. Chief among these are:

CLICK

- The US Export Assistance Centers which you can locate through the "buyusa.gov" website

CLICK

- The Small Business Development Center Network in your state. A listing by state can be found at the Association of Small Business Development Centers' website; and

CLICK

- The international divisions of your state's Commerce Department or Economic Development Agency. The State International Development Organization's website can provide you the contact information for each state.



MARKET S

	Brake Trade (1,2)			
	US Brake Exports	Export Growth \$	Export Growth %	Total Imports (from all countries)
Canada	1,187,748,129	19,689,321	2%	1,369,078,787
Mexico	362,684,441	174,096,340	92%	867,465,657
Germany	41,747,208	18,521,630	80%	1,815,142,000
Japan	36,170,926	10,545,415	41%	398,447,021
France	33,017,710	31,039,664	1569%	1,157,236,878
Australia	32,368,323	27,028,078	506%	97,605,175
Austria	28,610,491	27,843,490	3630%	195,256,248
United Kingdom	27,055,676	19,094,592	240%	611,396,381
Netherlands	17,962,593	10,946,821	156%	116,154,343
China	16,902,314	16,193,826	2286%	780,056,517
Total All Countries	\$1,882,262,913	\$313,141,894	20%	



Now, once you have done the necessary research to make a market selection, what other factors should you keep in mind when making the final selection?

-CLICK-1- Note that the chart illustrated, shows that 6 of the 10 largest markets are in the European Union or EU. Are those the markets you want?

Not necessarily. Remember that you are looking for the best markets for your product, taking into consideration your company's philosophy, strategy, and available resources.

For the brake parts seller used in our example, the Europe Union would seem the obvious choice. However, the seller did its homework as outlined herein, and found that entering EU markets requires compliance with various EU product, manufacturing, safety and disposal directives. Complying with those standards can be quite expensive and time consuming.

IF the company has the resources to meet all the directives, then the EU market is obviously attractive – although highly competitive.

IF the company does not have the resources to be EU compliant, then the company, should be looking at other markets in Asia, Latin America, and North

America that will largely accept U.S. industry standards.

-CLICK-2- When making your market selection, always keep in mind, that the best market for your product is one that fits best with your company's human and financial resources.



CHECK-LIST REVIEW

- ✓ Sort for target markets
- ✓ Use on-line resources to help you decide
- ✓ Consider other company-specific factors

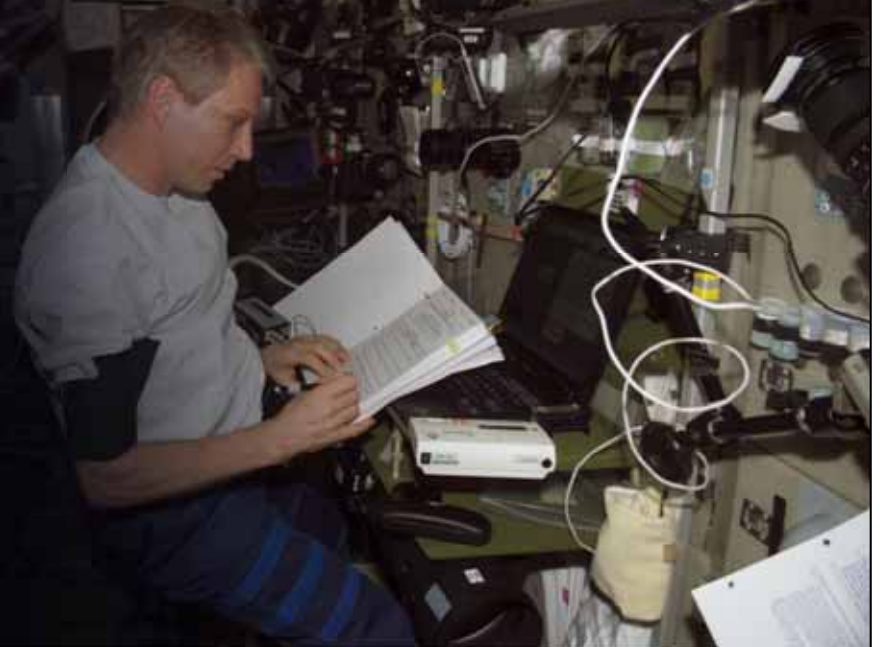


Photo: NASA. Astronauts use iPods in Space Shuttle. NASA Approved Video + ... obamapacman.com

In this session, we've discussed one approach to

-CLICK-1- sorting through potential markets to arrive at a priority listing of "target" markets.

-CLICK-2- Using on-line resources available to help you make your decision, and

-CLICK-3- Considering other company specific factors you will need to consider.



Session 3:
More Intelligence

For assistance call:

1-800-USA TRADE

or consult your nearest

US Export Assistance Center

In Georgia you can also call the SBDC International Trade Center at 678-985-6820



If you have questions regarding this session, please feel free to e-mail me by pressing the e-mail link on the left side of this screen. You can also contact your nearest U.S. Export Assistance Center. If you have very specific questions about trade issues you can get many of the answers by calling the Commerce Department at 1-800-USA-TRADE.

Thank you.