

Session 5:

Approaching The Market

Finding the right foreign business partners



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Hi, I'm George Tracy, and welcome to this 5th session of Export-U on approaching overseas markets.

In this session, we will discuss the different market entry strategies available to you, and describe how the U.S. Commercial Service can help you safely develop distribution and sales channels overseas.



Now, we're ready to actually approach markets that you've identified to see if you can actually sell into them. Even after doing all of this preliminary research, approaching a foreign market, for real, is a really big step...one that's hard to take alone.

Before you get on the plane, and start spending serious money.....

You need to know if the market really holds promise.....

You need someone there on-the-ground to help you check-out real-world conditions, and see whether it's worth the trip.



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What **YOU NEED IS**
some **EXPERT HELP**

NO...Not Him!

You need to
work with us....



What you need is expert help.....

-CLICK- Well, maybe not him...What you really need is us, the US Commercial Service



We'll Help Make the World Your Market!

- Are your products exportable, and where
- Strategies to approach foreign markets
- Promoting your goods overseas
- Finding/ engaging trade partners

Expand Your Export Sales!



Image: historical Uncle Sam print, multiple web sources including: maxresdefault.jpg, on www.youtube.com

In this session, we'll introduce the US Commercial Service, which is part of the US Department of Commerce, and discuss how we can help you. Our organization exists for the sole purpose of helping U.S. companies export, and we really can help make the world your market. Whether your company is brand new to exporting, or an experienced exporter looking for new markets and opportunities, we can help!

Among the services we provide to our clients is.....

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figuring out if their products are exportable, and which markets are their best prospects. We also help them formulate the best strategies to.....

-CLICK-

approach foreign markets and.....

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promote their products overseas. And, certainly an incredibly valuable service -

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finding and engaging with international trading partners, with the ultimate goal of...

-CLICK-

expanding your export sales as quickly and profitably as possible.



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U.S. COMMERCIAL SERVICE

US EXPORT ASSISTANCE CENTERS
IN 100+ US CITIES

160 OVERSEAS OFFICES
IN 89 COUNTRIES
LOCAL EXPERTISE

PRODUCT SPECIALIZATION

HELP FOR
US BUSINESS VISITORS


The U.S. Commercial Service has offices in over 100 different cities throughout the United States, so no matter where you are, we have a local Export Assistance Center that can help...As importantly, we have....

-CLICK-1- 160 offices overseas in 89 countries worldwide...just about any place where you'd want to do business, we have an office. And our offices, both domestic and overseas, provide a vast array of services complemented by...

-CLICK-2- expertise in local market conditions, product and industry specializations, and.... all sorts of assistance for US business visitors.

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CLIENT CRITERIA



- 51% US Content
- Established manufacturer or service provider
- Documented agent/distributor

Photo: <https://pxabay.com/en/earth-lights-environment-globe-1149733/>

Since we are a federally funded organization tasked with expanding export sales for U.S. companies, there are some criteria we use to determine if we are able to engage with your company.

First, your company's products need to be at least

-CLICK-

51% U.S. content. Now, this can be from both a direct and indirect cost perspective, so as long as the overall input costs of your products equates to 51% U.S. content, our organization is able to work with you.

We also require that your company be.....

-CLICK-

an established manufacturer or service provider, or.....

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a documented agent and/or distributor of a U.S. manufacturer or service provider, typically with at least 1 full year of business activity.



TRADE PROMOTION SERVICES



Background photo: NASA, <http://visibleearth.nasa.gov/useterms.php>

The services our organization provides generally fall into these six categories:

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Market entry and....

-CLICK-

expansion, the main topic of this presentation, will be discussed in more details in the following slides, but the Commercial Service also provides clients with many other services including....

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counseling on just about any export oriented topic you can imagine, ranging from export licensing and other regulatory concerns to optimizing your international supply chain, and ensuring competitiveness in your target markets.

We also provide an enormous amount of

-CLICK-

market research focused on both specific country issues and opportunities, as well as targeted reports for specific industries.

Another important service of ours is....

-CLICK-

advertising and promotion via all sorts of channels including the web, printed materials, seminars, trade shows and trade missions just to name a few.

And finally,.....

-CLICK-

advocacy and dispute resolution, a group of services we sincerely hope our clients never need...but unfortunately are necessary from time to time.



MARKET ENTRY STRATEGY

(things to consider)

- **Resources** - financial & personnel
- **Product** type
- **Experience & expertise**
- **Business conditions overseas**

Photo: Pawn by All Glass Photo on Flickr. <http://www.fotopedia.com/terms/f/flickr-2203549363>

So lets talk a little about market entry strategies. When thinking about entry into a foreign market, there are many.....

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things to consider, a few of which are included on this slide. The.....

-CLICK-2-

financial and personnel resources that are available will have a direct impact on your companies ability to enter international markets, and the strategy your company will employ to do so.

Of course, the.....

-CLICK-3-

types of products your company is attempting to export will have a profound impact on your chosen entry strategy.

If your company has had.....

-CLICK-4-

experience already in other international markets, or perhaps you have certain expertise available to you for selected markets, you would certainly take that into consideration when determining your strategy.

And, something that is often not thoroughly evaluated, but is critically important to understand, is the.....

-CLICK-5-

business conditions of the target market. Business conditions include many things that in certain situations dictate the type of entry strategy that must be employed. For example, some countries require foreign entities to establish local agents in order to do business, a situation that eliminates other entry strategies as a possibility. Other countries require joint-venture partnerships in order to engage in certain types of activities and transactions. Understanding the various demographic, economic, political, environmental and industry-specific business conditions in target markets is crucial to developing a successful entry strategy.

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INDIRECT OR DIRECT EXPORTING?

Indirect exporting

- Passive through US distributors
- Piggy-back
- Through an intermediary

Direct exporting (pro-active)

So, once you've considered the various factors related to your market entry strategy, you will be in a better position to decide whether you would like to pursue either direct or indirect exports.

-CLICK-1-

An indirect market entry strategy essentially involves turning your export activities over to a third party. Some examples might be...

-CLICK-2-

passive exporting through domestic distributors, who purchase your products, and then sell and export them on their own behalf. Or, a company that sells some sort of complementary product might export your products as well as their own,

-CLICK-

often referred to as piggyback exporting. Yet another example are.....

-CLICK-4-

export intermediaries such as export management companies, that are hired by your organization, and essentially act as an external exporting division for your company, although they typically fulfill this role for many different companies, so their focus on your companies specific products can be limited.

A typically much more lucrative approach to exporting, and one in which the U.S. Commercial Service can help immensely, is.....

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pro-active, direct exporting, which involves your company selling directly to a foreign buyer.

The decision to choose direct or indirect exporting can be influenced by many factors, culminating really in your companies short and medium term international strategy. If your short/medium term goals emphasize export sales, a company would typically favor direct exporting, whereas a company whose short/medium term goals do not emphasize their international potential might favor indirect exporting to avoid the additional cost and effort associated with exporting directly to other countries.



DIRECT EXPORTING: OPTIONAL SALES CHANNELS

- Distributors
- Sales agents
- Overseas office
- Foreign retailers
- Direct sale to end users



Photo: Microsoft clip-art... and Kostas Kanakis <http://www.fotopedia.com/wiki/Sunset#/items/Cm4oYZMPM3w-FMeKCuoqM24>

Assuming your company's strategic plan includes maximizing your international potential, and consequently executing a direct exporting approach, there are numerous ways that you can approach foreign markets. As mentioned previously in this presentation, understanding the business conditions in the target market are critical, because they can occasionally influence and/or dictate the type of sales channel required. But, assuming that is not the case, direct exporters typically operate through one of these six channels.

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Distributors will actually order directly from the U.S. company, take title to the goods, and typically hold some level of inventory in their warehouses. They have extensive knowledge of their country's importing practices, are adept at moving products around to various customers throughout their region, and often provide at least some level of customer service, making them an excellent choice for many U.S. companies.

-CLICK-

Sales Agents in a foreign country fulfill a role very similar to sales agents here in the United States. They represent your products in the foreign market, but never take title of the goods. Contrary to distributors, the exporter using sales agents to make sales invoices the customers directly, thus assuming the accounts receivable risk of the transaction. But, using agents does enable the exporter to maintain greater control over transactions, making them an excellent choice for many companies.

In some situations, companies may wish to actually....

-CLICK-

open their own office in a foreign country, and hire their own sales representatives. This affords the greatest control over international sales, but obviously entails a greater amount of investment from the exporting company.

In other cases, usually depending on the specific products your company offers, you may elect to.....

-CLICK-

sell directly to foreign retailers. This is not a 'common' approach to export sales, but it can make sense in certain situations. For example, some countries have their equivalent of Wal-Mart, which may buy directly from your company, and sell your products directly to end users.

Finally,

-CLICK-

direct sale to end users may be a viable approach in some circumstances. For example, many consulting companies might export their services directly to an end user that contracts them for some period of time to fulfill a specific task.



USCS Market Entry Support

- Intl. Company Profile
- Intl. Partner Search
- Gold Key
- Platinum Key
- Trade events
- Trade leads

Regardless of the approach your company chooses to take, the U.S. Commercial Service can help!

As I've mentioned, our organization can help you with almost all of your needs related to exporting your products overseas.

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Specific to market entry support, some of our most popular services are those designed to help you find partners and customers in foreign markets, each of which I will discuss in more detail on the following slides.



International Company Profile

- Evaluates potential trading partners
- Detailed report includes:
 - Company History
 - Financials
 - Key Contacts
 - Reputation
 - Anything else we can find out!

Photo: Star Ferry, by keepwaddling on <https://www.iStock.com/temerapoc/140000215>, <http://people.oxeter.ac.uk/nkiddata/photos/mirror/behind/mbox3.html>

The international company profile is intended to help you gather the details of partners that you are considering in a foreign market. With the explosion of the internet worldwide, many of our clients are often ..

-CLICK-

approached by companies overseas, of which they know little or nothing about. The international company profile is the perfect solution. Specialists based in our

offices in the target country will do a....

CLICK- deep dive into the company for you, providing you with a very.....

- -CLICK- detailed report on the company's ...

-CLICK- history, finances, key contacts, reputation ...and anything else they turn up. Its an outstanding service providing you and your organization the information you need to make an informed decision about your potential partners.



INTERNATIONAL PARTNER SEARCH

- Pre-screened list of potential partners
- Detailed company info
- High-quality market Intel
- All in about 30 business days!



So, you've targeted certain markets for export, and figured out how you want to enter the market...but now you need to connect with the right partners in that market. Well, the international partner search service can help.

This service provides you a.....

-CLICK-1- pre-screened list of agents, distributors and/or other partners that have expressed interest in representing and selling your products in the target market.

-CLICK-2- Detailed information about the company is provided, along with complete contact information, and.....

-CLICK-3- high quality, country specific market information.

-CLICK-4- All of this is provided to you in approximately 30 days.



GOLD KEY PROGRAM

- International partner search + market visit
- Market briefings
- Escort to meetings
- Help with interpreters, clerical support
- Post-meeting debriefing and follow-up



Photo: Blue-Marble-by-Nasa-Public-Domain.com

Although our International Partner Search service is extremely valuable and appropriate in many situations, our most popular service is our Gold Key Program.

The Gold Key Program provides you with.....

-CLICK-

everything included in the International Partner Search, but with the addition of actually getting on an airplane, and traveling to meet with your prospective partners.

Once in country, our trade specialists will provide you with.....

-CLICK-

market briefings customized to your specific needs,

-CLICK-

escort you around to meet with the potential partners and other logistical support during your visit. Our specialists will also help with.....

-CLICK-

interpreters, clerical support...anything necessary to make your trip both enjoyable and lucrative.

Finally, trade specialists both in country and from your local Export Assistance Center will provide.....

-CLICK-

post-meeting debriefings along with on-going follow-up and other support to ensure your success.

The value of face-to-face meetings can not be over emphasized, especially when it comes to international business, and the Gold Key Program is the ideal service to both identify and engage with international partners worldwide.



PLATINUM KEY SERVICE

- Sustained intensive support
(6+ months)
- Varied range of services
- Agreed scope of work:
 - International business plan
 - Strategies for target market
 - Long-term project opportunities
 - Export compliant processes

Photo: http://www.rentoncoinshop.com/8_platinum, and many other online coin dealers

For company's looking for sustained, intensive support in their efforts to expand internationally, the Platinum Key Service is the ideal solution. The platinum key service is structured as a longer term, consulting type of engagement, specifically designed to provide your company with exactly what you need to succeed in exporting.

-CLICK-1- The services are many, and varied depending on your company's specific needs, and often incorporates other services discussed during this presentation.

-CLICK-2- A mutually agreed upon.....scope of work is developed, which include assistance developing an international business plan, formulating a strategy to penetrate target markets, developing major, long term project opportunities, and/or establishing compliant export procedures and processes. It's a comprehensive service designed to provide your company with everything you need to succeed in your export endeavors, and brings the full force of the U.S. Commercial Service to bear on your organizations success.



Trade Events

- Trade missions
- Trade fair certification and USA Pavilions
- International Buyers Program



Our organization is also extensively involved in all sorts of trade events around the world every year. We are constantly taking companies on.....

-CLICK-1- trade missions to various countries, we have pavilions in most major trade shows around the globe, and often conduct international buyer program activities, bringing foreign buyers here to find U.S. suppliers of products in demand around the world. Detailed information about all of the services we provide in this area is outside of the scope of this presentation, but please contact your local export assistance center for more information.



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TRADE LEADS DATABASE

(see links section of this website)



Photo: http://upload.wikimedia.org/wikipedia/commons/e/ef/2008_AEGold_Proof_Rev.png

As you can imagine, there are many, many opportunities coming up everyday worldwide, but tracking them down can be complicated and time consuming. Well, to make this a little easier, our trade specialists scour the world to find the best trade leads in both the public and private sectors. These pre-screened leads are posted in the....

-CLICK-

Trade Leads Database . You can search the database by country and/or industry to find hundreds of leads for your company. The leads include all of the actionable information you need to pursue the opportunity, and of course, our trade specialists are available to assist you in responding if necessary.



- **USCS services**
- **Market entry strategy**
- **Support services to enter overseas markets**

So, to recap, we wanted to:

-CLICK-1- introduce you to the U.S. Commercial Service and provide you a high level overview of some of the services we provide. We also hope that we have provided some clarity regarding

-CLICK-2- market entry strategies and the many.....

-CLICK-3- support services specific to entering foreign markets that are available to your company. To take full advantage of these and other services provided by our organization, please contact your local Export Assistance Center.



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for export assistance call:

1-800-USA TRADE

or consult your nearest

US Export Assistance Center

www.export.gov

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

Photo: The Ziggurat Palace, photo by George Luo, <http://www.fotopedia.com/items/VhJVMQx8ocE-rtiG8HlxuM>

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The End

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