

SESSION 2A:

GLOBAL MARKET INTELLIGENCE

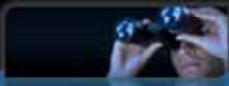
FINDING PROFITABLE EXPORT MARKETS



Hello, my name is Bob Erwin, and welcome to session 2A of Export-U

This series of online trade mini-courses is sponsored by the US Commercial Service,

and has been prepared through a collaboration of the US Export Assistance Center in Atlantaand the University of Georgia's Small Business Development Centers.



WHERE IN THE WORLD?

(Can I sell my stuff?)



One of the very first questions we hear from potential exporters is where in the world can I sell my stuff.

In this session, we will talk about how to gather global market intelligence to point you in the right direction.

The methodology presented here is just one way to get the job done.

There are also scores of other market factors, beyond those shown in the following simplified examples.

The main thing to remember, is that performing this type of research in advance will greatly improve your odds for success.

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THE QUESTION:
IS THERE ENOUGH
DATA?
FOR SOUND BUSINESS
DECISIONS?




Photo: Eraserhead 1977. no.copyright

We are also commonly asked "Is there enough data available to make sound business decisions about going global."



In point of fact, there is generally more than enough data, in fact the truth is it's easy to find yourself in

-CLICK-

data overload.

The Internet is both curse and benefit; it puts all sorts of information at your fingertips, but it doesn't filter this data for relevance to your situation.

Your challenge is to zero-in on the stuff that really matters.



Another truism is that global market research is by its very nature actually a
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non-linear, organic process.

There is no one-size-fits-all method to take-in and process information that is relevant to all products or companies.



So,given that global market research is inherently non-linear, and you must deal with an over abundance of data, ...

How can you manage things.... to get a clear vision of your best overseas opportunities?



One way, is to impose a somewhat artificial structure to our work. ..Let's start by
-CLICK-1-

finding our product's Harmonized Tariff Code, and then using it to find data on...
-CLICK-2-

trade patterns and trends. Then we'll look at
-CLICK-3-

market demographics, and some...
-CLICK-4-

special factors that can impact your chances for success. ...We'll also consider
the
-CLICK-5-

risks associated with various countries, ...And finally, we will
-CLICK-6-

Analyze all of this information, and narrow down the field of countries to a
manageable number,....perhaps just 4 or 5 .



The first step in this process is to identify your product's Harmonized Code.

This may also be called an HS Code or a Schedule-B number..... But regardless of the name, it is a global product classification system...

For example, the HS code for balloons
-CLICK-
is 950300.

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A global code system for everything

for import tariffs

MARKET INTELLIGENCE

200870

880220

220421

960321

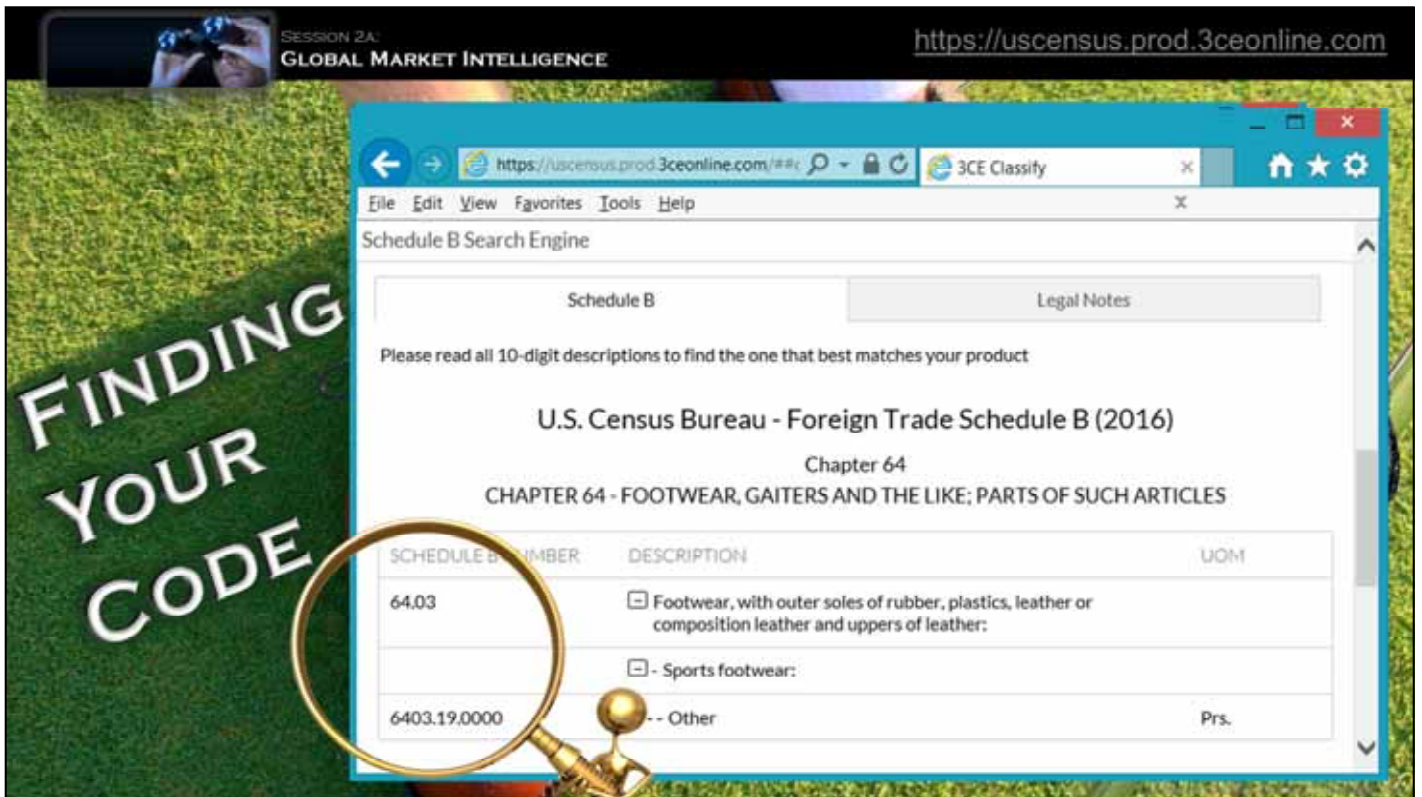
010190

847160
(The Keyboard)

In theory, this coding system has a unique number sequence for just about everything. It was devised to simplify the process of determining
-CLICK-

import tariff rates charged when goods enter a country. But more important to this discussion, it is also a key to
-CLICK-

export market intelligence.



One of the best places to search for it is on
-CLICK-1-

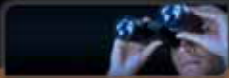
this Census Bureau website. Here, you simply enter the key word, in this case
-CLICK-2-

“golf shoes”, and click the SEARCH button..... Then on the
-CLICK-3-

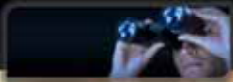
following screens you chose the options that best describe your product. The
number in the lower-left is your Code, 640319.

Just above it, you'll note that the first four digits 6403, define the broader category of
"shoes."

Harmonized codes precisely fit perhaps 80% of all products. But, there are a lot of
gray areas..... So don't assume that the code you find here is rock solid.



Once you have the harmonized code, it's fairly easy to establish trade patterns and trends for your product.



As we see here, cars can break down anywhere on the planet,... and when they do they need replacement parts.

These parts are broadly defined by the four digit harmonized code 8708.



Because we are using a four-digit code, it includes all sorts of car parts your mechanic might need.

This code can also give us a general idea of where US companies exports auto parts.



TRADE STATS EXPRESS

2015 Exports of NAICS Total All Merchandise

MapXtreme © SDK Developer License © 2015 Pitney Bowes Software



There are a lot of car parts, and you can quickly see where we ship them on a website called

-CLICK-1-

TradeStats Express ...

-CLICK-2-

On the data entry page, you press the

-CLICK-3-

“change” button, and enter the HS code. Then, click the

-CLICK-4-

“go” button.

-CLICK-5-

for a chart showing US auto part exports to other countries...along with

-CLICK-6-

a color-coded map of these markets. But, this site only considers broad 4-digit product categories. And,

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bi-lateral trade with the US So, you can't see the competition.



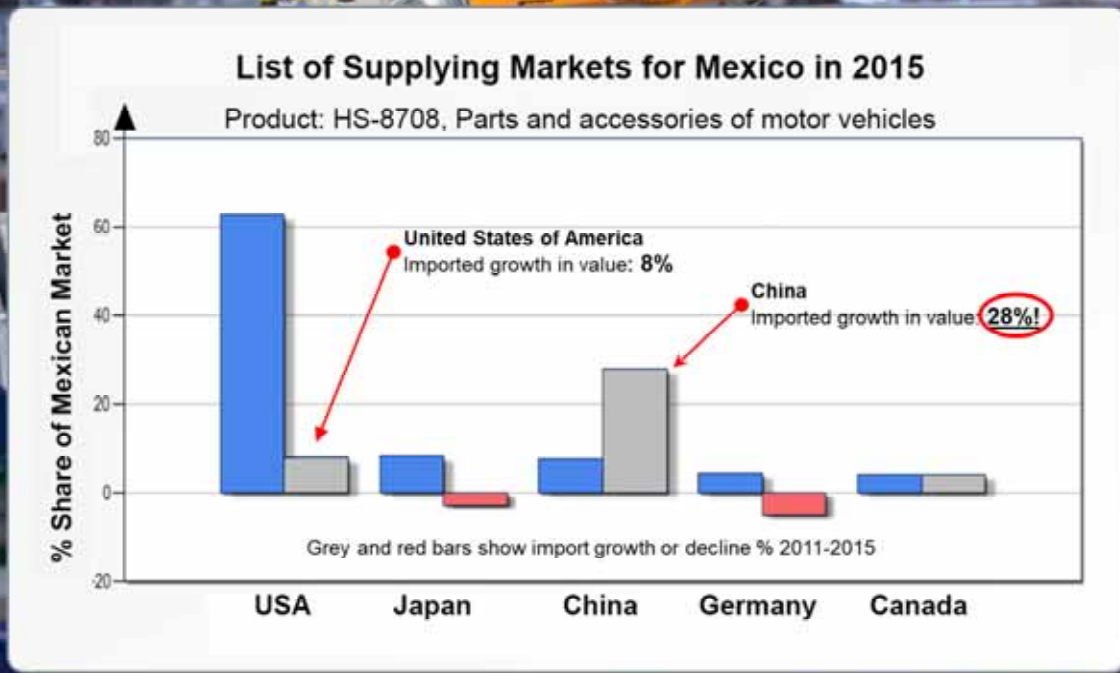
So far, we have only looked at bi-lateral trade between the US and other countries.
...

But it's also important to consider a target country's imports from everywhere....

Fortunately, there is..
-CLICK-

an organization within the United Nations, called the International Trade Center, that collects trade data from almost 200 countries, organizes it, and then makes it available online through its.....
-CLICK-

TradeMap website.



Continuing our look at auto parts trade, lets consider Mexico, our second largest export market,... including sales to vehicle assembly plants.

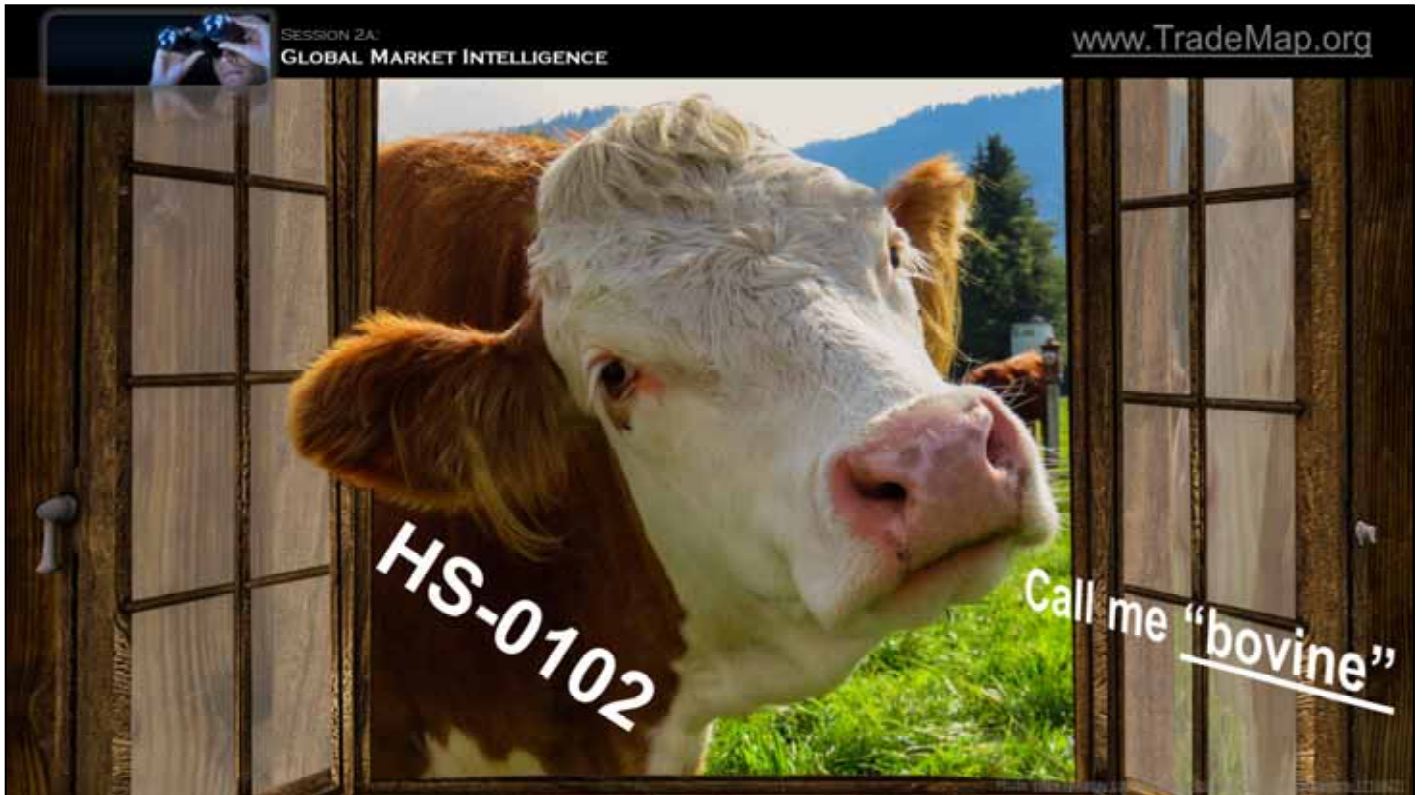
Trademap shows us EVERYWHERE that Mexico gets its parts from.
-CLICK-1-

We have about 62% of the market, followed distantly by Japan, China, Germany, and Canada. ..But, there is more to the story...
-CLICK-2-

Here, we see both import volume AND growth. Our sales to Mexico have
-CLICK-3-

Increased by 8% over the past five years,... not bad..... But...
-CLICK-4-

WOW! Chinese sales jumped an impressive 28%!!



Now for something completely different...

Let's use TradeMap to look at export data for cows,..... Or as they are called in harmonized code nomenclature...

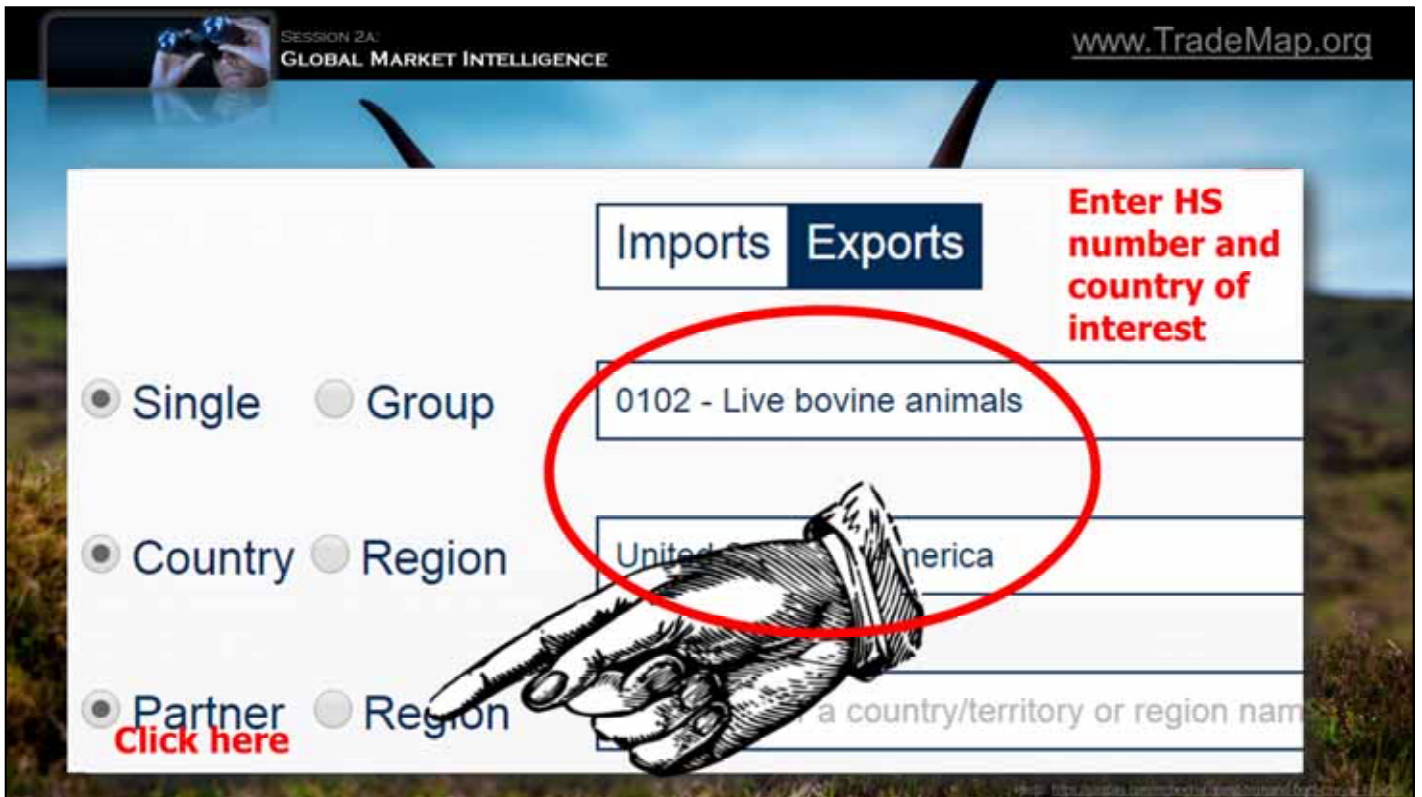
-CLICK-

"Live bovine animals."Go figure..)

Anyway, cows have their own 4-digit harmonized code.....

-CLICK-

0102



Let's see what TradeMap can tell us about trade in "Bovines."

The site's home page looks like this...

-CLICK-1-

First time visitors can sign-up for a free trial account.

-CLICK-2-

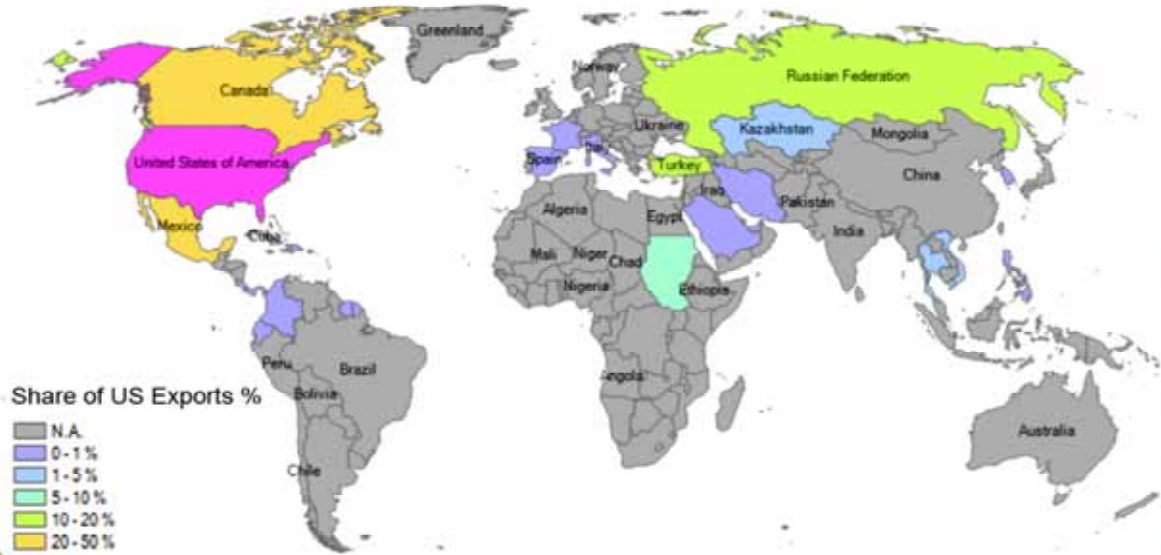
Zooming in, here's where you enter the harmonized code and country of interest.
Then you

-CLICK-3-

click here to see the results.

List of importing markets for product from the US in 2015

Product: 0102 Live bovine animals



Continuing our look at cow exports....TradeMap then generates a table
-CLICK-1-

like this one,... showing where the US has been exporting cows over the past 5 years.....

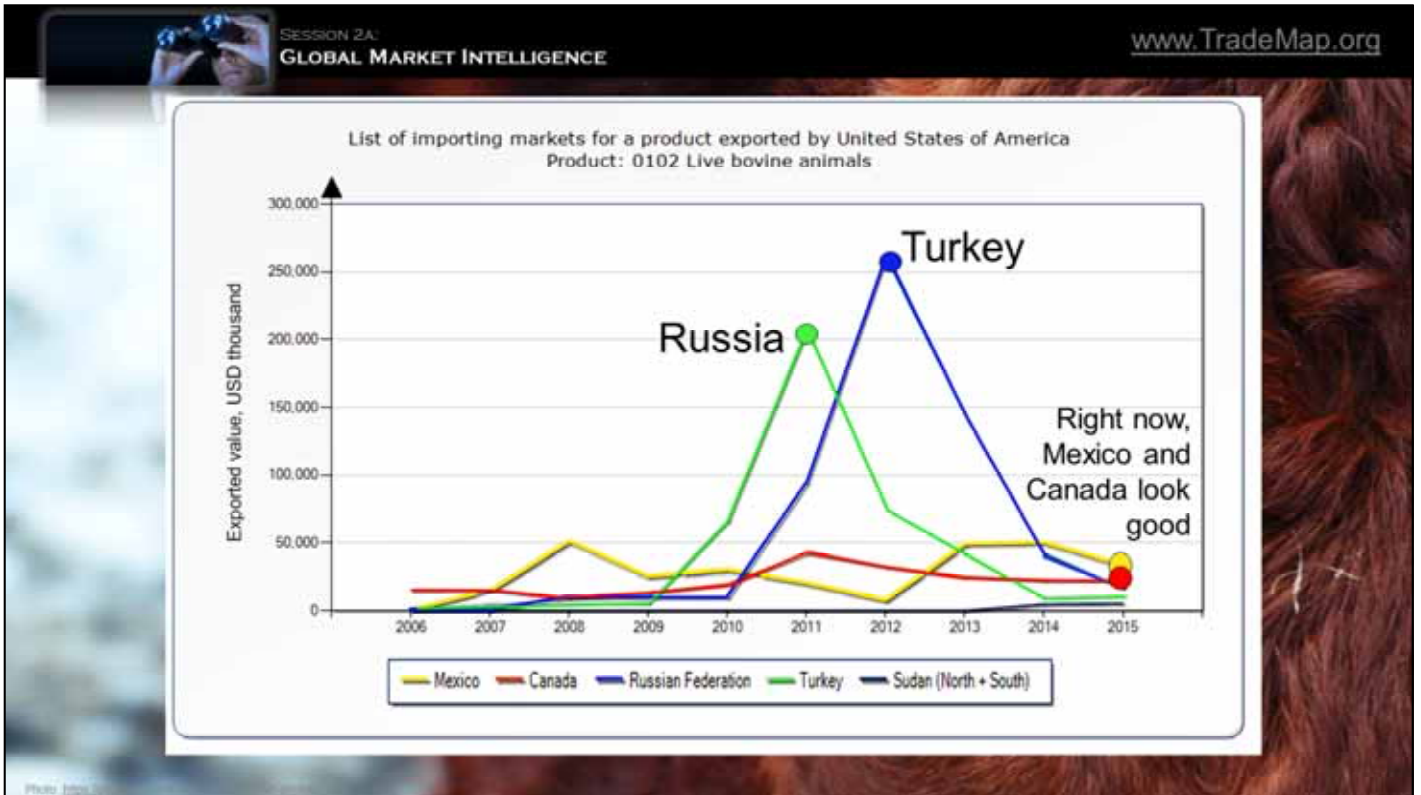
You will note that the top destinations in 2015 were Mexico, Canada, Russia and Turkey.....

As its name implies, TradeMap can also draw maps ...
-CLICK-2-

like this one.....

showing the percentage distribution of our exports to other countries.

Here, Canada and Mexico both take in about 20% of our exports, and are colored yellow. Russia and Turkey are colored green and each consumes between 10 and 20 percent.



(Pause 1,2,3)...TradeMap can also draw graphs.....
-CLICK-1-

...like this one, showing the 10 year trend.

Here, we see
-CLICK-2-

HUGE peaks for Russia and Turkey in 2011 and 2012, but these were followed by precipitous drops.

These peaks may represent large single procurements. Or, in the case of Russia, possibly the imposition of trade sanctions. That leaves...
-CLICK-3-

Mexico and Canada looking comparatively good and stable.

SESSION 2A:

THE END

GLOBAL MARKET INTELLIGENCE



This concludes Session 2A on global market intelligence.

In this session we have seen how to use a product's Harmonized Code to identify potential export markets.

In the next session, we will dig deeper....to see how demographics, risk, and other factors also influence market selection....