

# Export 101: International Marketing

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TOVE RASMUSSEN

PARTNERS CREATING GROWTH

*REALIZE YOUR PROFITABLE OPPORTUNITIES*

# Bio

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## Ellehammer Packaging

- \$25 million international packaging firm
- VP, Marketing



Director, Global Marketing  
New Packaging Services business



Global General Manager,  
Dairy



PowderFlo® start up

Director, Global Marketing  
& Supply Chain



Partners Creating Growth

Business Growth Coach & Consultant

- *Work with small and mid-size companies to realize their profitable opportunities*

# What we'll cover

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Exporting

Identifying the best markets

Developing a Market Entry Strategy

# Is Exporting Right for you?

So, you are new to exporting -

- Can you ship your product internationally?
  - How heavy or bulky is it?
  - Is there a shelf-life?
  - Are there shipping requirements? Eg. Refrigeration, etc.
  - Are there rules and regulations for importing the product?  
eg. Beer, lobster, alcohol
- How much will it cost to ship internationally
  - Will the price be competitive after shipping, duties, etc.?
- How much international expertise do you have?
- Is your company committed to making it work?
  - Learn the cultures, markets, etc.

## Eg. Exporting to Brazil –

There are three taxes that account for the bulk of import costs:

- the Import Duty (II),
- the Industrialized Product tax (IPI) and
- the Merchandise and Service Circulation tax (ICMS).

In addition to these taxes, several smaller taxes and fees apply to imports

**Usually between 10 and 35%**

**- And this does not include shipping.**

# Exporting – the Good News

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- The language of business is English
- Internet has made it easier to research international markets
- Internet, social media, email and video conferencing has made it easier to reach international markets
- Have easier options for entering the market
- There is lots of help with MITC, US Dep't of Commerce, consultants like myself and more

# Exporting Pitfalls

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- Poor market analysis
- Poor understanding of competitive conditions
- Lack of customization for local markets
- Poor distribution choices
- Bad promotional campaigns
- Underestimate the differences & expertise needed for foreign market penetration
- Difficulty dealing with the often significant paperwork and formalities



# Identifying the Best Markets

What to consider -

Overall global strategy

Assessing the potential markets

- Is there a Market need?
- Market Attractiveness
- Country attractiveness

What will be your value to the target market?

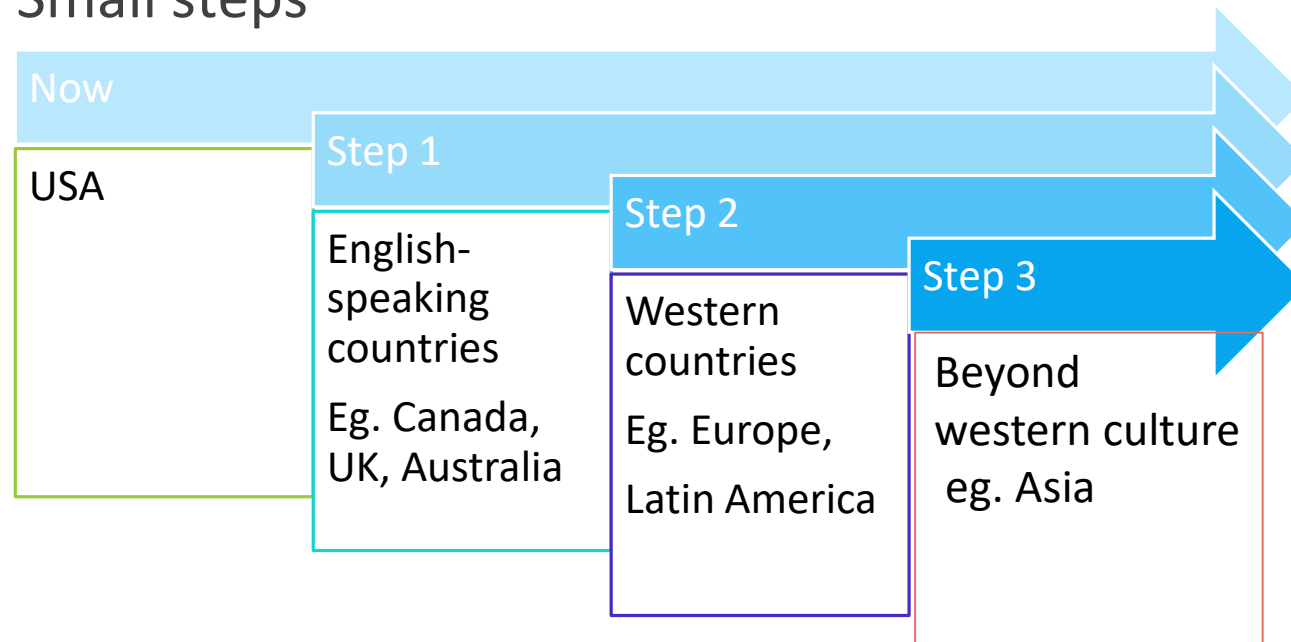
- What do you bring that competitors don't – that customers care about?



# Overall Global Strategy

## Small Steps or Big Opportunities

Small steps



Big Opportunity

What if the big opportunity is in Asia?

The company will need to:

- Research the opportunity,
- Cover off the lack of country knowledge

Start where you have the most likelihood of success and consider developing a global growth strategy

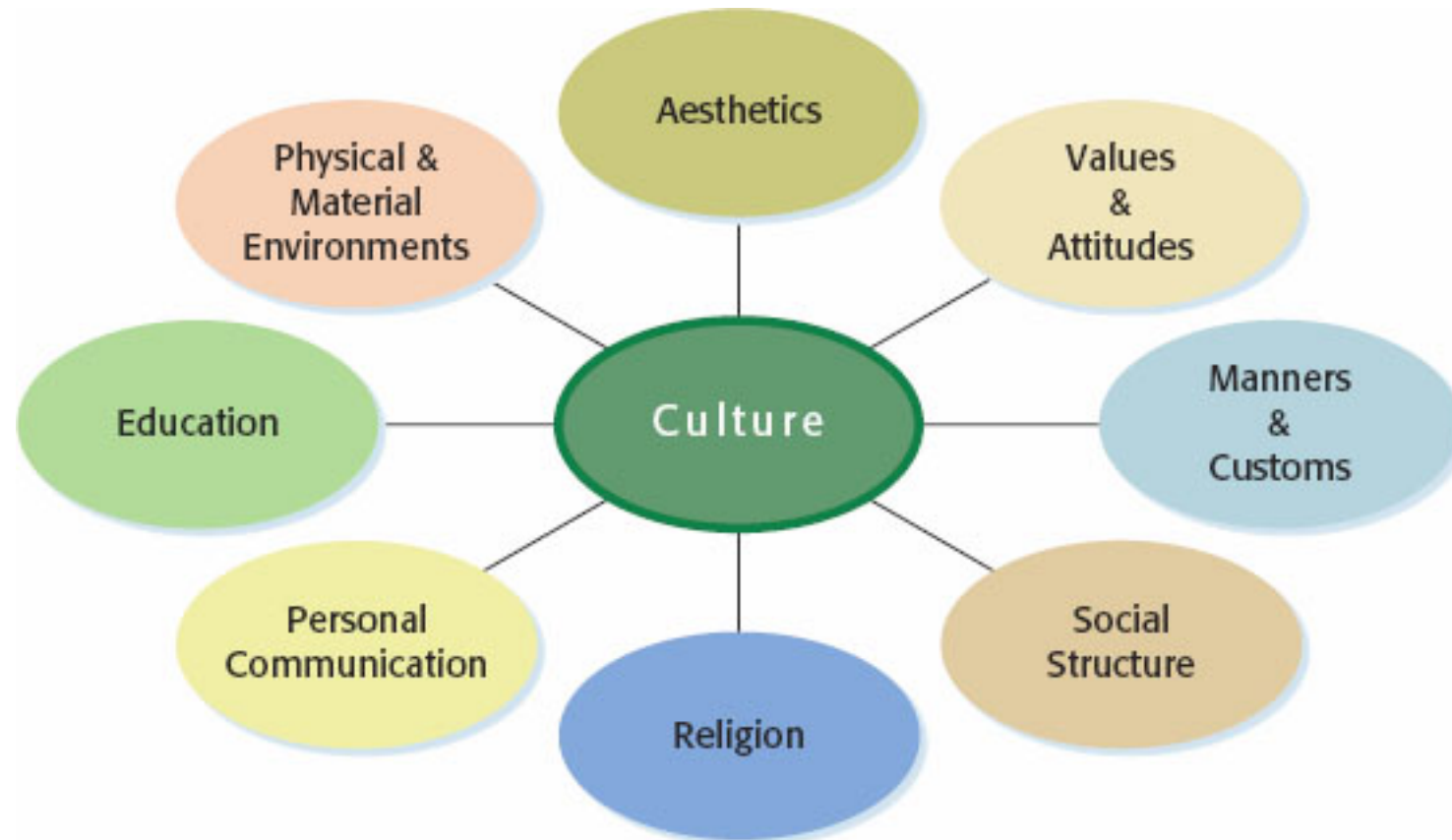


# Impact of Culture:

## Is there a market need?

Warning: Similar is not the same

- Confirm the Market Need for your Product or Service in the country



# Is there an opportunity?

## Market Attractiveness

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### Is there a viable market?

- **Will customers spend their money on your product/service?**
- How many competitors are there – why will customers buy from you? What value do you offer over the competition?
- Is the target market big enough to yield enough sales and profit to make it all worthwhile – even with all the competitors? (How do you know?)
- Is it a growing market?
- Will your sales grow?
- Will you make money?



# Get information to Identify the Best Market

## Step 1: Existing information – lowest cost option

- Look at country attractiveness (next slide) and product's value to market, competition, market size, market growth, market needs, buyer behavior,
- Check out internet, market research, magazines, associations, books, etc.
- Talk to people who know the country and product
- If needed, call 5-10 trusted experts to determine defined information and more.

## Step 2: Visit country to see demand first-hand

- Get as close to your product as possible - see your product in action
- Don't visit top prospects, unless you are ready (visit less critical customers to practice and learn)
- Trade show
- MITC Trade Mission
- Gold Key Service - <https://www.export.gov/Gold-Key-Service>

## Step 3: Acquire missing information

- More research, phone calls, discussions with experts, visits, as needed.
- Custom research, if needed:
  - Surveys,
  - Observation,
  - Focus groups

**Tailor process to your opportunity**

# Country Attractiveness

## Country Commercial Guides at Export.gov

- ✓ **Doing Business in ...**

Recommends strategies for entering the market and summarizes challenges.

- ✓ **Political and Economic Environment**

- ✓ **Selling U.S. Products and Services**

- ✓ **Leading Sectors for U.S. Exports and Investment**

Identifies top industry sectors

Provides trade data, challenges, sub-sector best prospects, and a list of relevant websites and trade shows

- ✓ **Trade Regulations, Customs and Standards**

- ✓ **Investment Climate Statement**

- ✓ **Trade and Project Financing.**

Describes country's financial system, how U.S. firms typically get paid, banking system, foreign exchange controls and sources of funding for project financing.

- ✓ **Business Travel**

Includes business customs, special visa or entry requirements, potential health risks, travel advisories, information on travelling in the country.

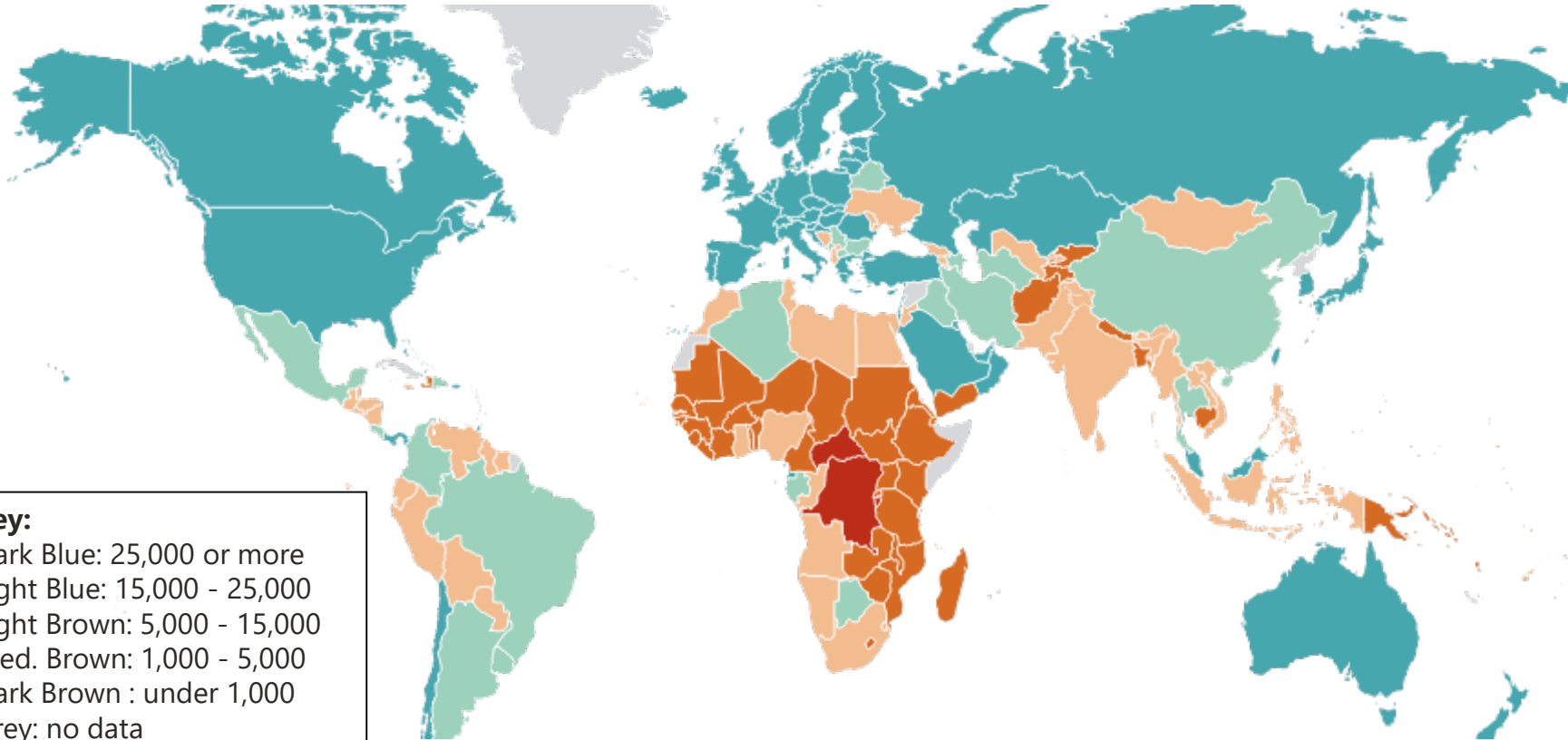
Are US-based businesses allowed to do business with the country?

<https://www.treasury.gov/resource-center/sanctions/Programs/Pages/Programs.aspx>

*Risk Assessment Guides by Country*

Eg. <https://www.clements.com/resources/risk-guide>

# IMF: GDP per Capita, April 2018



## By Region

North America	\$50,570
Australia, New Zealand	\$50,210
Western Europe	\$46,890
Middle East (Region)	\$28,190
Eastern Europe	\$25,670
East Asia	\$21,600
Central Asia, Caucasus	\$17,200
South America	\$15,990
Southeast Asia	\$13,100
North Africa	\$12,940
Caribbean	\$11,380
Central America	\$10,370
South Asia	\$ 7,230
Sub-Saharan Africa	\$ 4,100

# Richest countries in the world

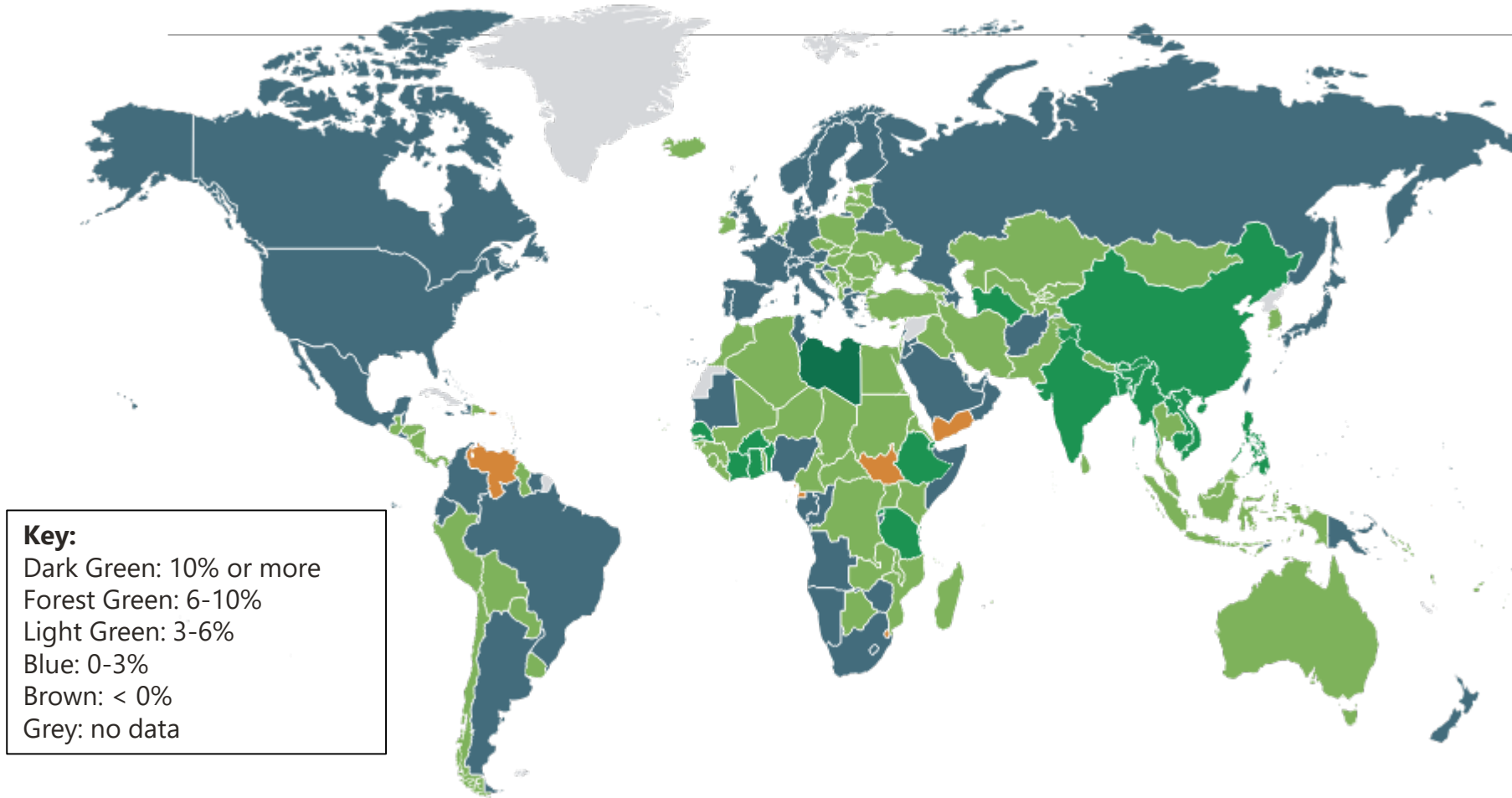
## GDP per Capita by Country

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1. Qatar	128,700	11. Switzerland	63,380
2. Macao	122,490	12. USA	62,150
3. Luxembourg	110,870	13. San Marino	61,170
4. Singapore	98,010	14. Netherlands	56,440
5. Ireland	79,920	15. Saudi Arabia	55,860
6. Brunei D.	79,730	16. Iceland	54,120
7. Norway	74,070	17. Sweden	53,080
8. United Arab Emirates	68,660	18. Germany	52,800
9. Kuwait	66,670	19. Taiwan	52,300
10. Hong Kong	64,530	20. Australia	52,190

# Fastest Growing Economies

IMF: Real GDP Growth, April 2018  
(Annual percentage change)



By Region (%):	
South Asia	7.1
East Asia	5.3
SE Asia	5.2
North Africa	4.6
Central Asia & Caucasus	4.2
Central America	3.9
Caribbean	3.8
Sub-Saharan Africa	3.4
Africa	3.4
Australia, NZ	3
North America	2.8
Eastern Europe	2.8
Middle East	2.6
Western Europe	2.3
South America	1.7

# Emerging Economies vs Advanced Economies

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	GDP per Capita	GDP Growth (%):
Advanced economies	\$51,420	2.5
Emerging market and developing economies	\$12,510	4.9

*Advanced economies* includes: G7, Euro area, and other advanced economies, including Australia & NZ  
Czech Republic, Hong Kong, S. Korea, Singapore, Taiwan

*Emerging economies* includes: China, India, and about 150 countries total

IMF, April 2018



# Fastest Growing Global Industries

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## 1. Renewable Energy -

- \$777.6B by 2019 excl. biofuels\*

## 2. Cybersecurity

- \$165.2B by 2023

## 3. Biotechnology

- \$727B by 2025

## 4. Virtual Reality

- \$6.1B in 2016 to \$14.1 B in 2017

## 5. Artificial Intelligence

- \$9B by 2025

## 1. Automotive

## 2. Consumer Goods

## 3. Energy

## 4. Telecom

## 5. Healthcare

# Developing a Market Entry Strategy

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## **Positioning** or your *Edge* –

- So far, based on research findings, you believe the market wants your product – your company brings value beyond the competition
- Test ... refine.. Adapt

## **Promotion– Who will sell your product?**

- Internet -
- Direct sales – your sales force
- Distributors
- Agents – sell for you and other exporters
- Export Management Company – exports on your behalf
- Export Trading Company – export, distribution, storage, financing, even mfg

# Promotional Materials

## Why does Language Matter?

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- Braniff International translated a slogan touting its finely upholstered seats "Fly in Leather" into Spanish as "Fly Naked."
- Clairol launched a curling iron called "Mist Stick" in Germany even though "mist" is German slang for manure.
- Coors translated its slogan, "Turn It Loose," into Spanish, where it is a colloquial term for having diarrhea.
- In Iran, where the detergent is manufactured, the name means "snow." In English-speaking countries, it means something else.



Source: <https://www.inc.com/geoffrey-james/the-20-worst-brand-translations-of-all-time.html>

Source: <https://www.adweek.com/creativity/people-wash-their-clothing-barf-every-day-14028/>

# Developing a Market Entry Strategy

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## Product –

- Standard or tailor to market?
- Intellectual property

## Price –

- Price for local market –
- Exchange rate is a key factor
- Be careful of putting prices on internet

## Distribution –

- Shipping, air
- Customs broker



# Resources for Getting Started

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## **Maine International Trade Center (MITC)**

- Trade Missions, research, training, Canada Desk and more
- <https://www.mitc.com/>

## **US Dep't of Commerce, Gold Key service**

Provides U.S. companies with appointments with up to five interested partners in a foreign market. Includes:

- identifying and outreach to potential matching firms,
  - sending client's information to identified matching firms,
  - preparing a profile of interested firms,
  - attending the appointments and
  - providing a report with the profile and contact information for interested firms.
- <https://www.export.gov/Gold-Key-Service>

# Contact Info

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Partners Creating Growth

Tove Rasmussen

207-409-7576

[Tove@PartnersCreatingGrowth.com](mailto:Tove@PartnersCreatingGrowth.com)

[www.PartnersCreatingGrowth.com](http://www.PartnersCreatingGrowth.com)