



INTERNATIONAL
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Breaking Into The Trade Game

International Market Selection

April 28, 2009

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U.S. Commercial Service



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How to Expand Your Sales to Foreign Markets

- Making the Decision
- Develop an Export Plan/Strategy
- Develop a Marketing Plan





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International Markets – The Business Decision



- Growing need for new markets and new customers
- Increase sales volume
- Smooth out your business cycle
- Diversify customer base
- Increase visibility



Common Mistakes Made By Exporters

1. Lacked total commitment of top management in the initial stages of exporting.
2. Failed to develop an international marketing plan before beginning to export.
3. Chased orders around the world instead of using a systematic marketing plan.
4. Selected overseas representatives too quickly without thorough investigation.
5. Did not perform proper due diligence on customers.
6. Failed to treat international and domestic representatives on an equal basis.
7. Neglected new export customers when their domestic market was booming.
8. Refused to modify products to meet foreign regulations and local preferences.
9. Did not print sales, service and warranty messages in local languages.
10. Provided improper documentation leading to shipment and payment delays.



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Developing An Export Plan/Strategy

- Determine your products' export potential
- Assess your company's export readiness
- Create a written export plan





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Determining Your Product's Export Potential

- Examine the success of your products/services domestically
- Examine the important unique features of your products/services
- Product Life Cycle



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Assessing Your Company's Export Readiness

Ask yourself....

1. What does my company want to gain from exporting?
2. Is exporting consistent with other company goals?
3. What demands will exporting place on the company's key resources and how will these demands be met?
4. Are the expected benefits worth the cost, or would the company resources be better used for developing new domestic business?



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In Detail: Management and Company Review

- Management Objectives
- Experience
- Management and Personnel
- Production Capacity
- Financial Capacity





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Management Objectives

- What are the company's reasons for pursuing export markets?
- How committed is top management?
- What are management's expectations for the export effort ?
 - Time frame
 - Return on Investment



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Experience

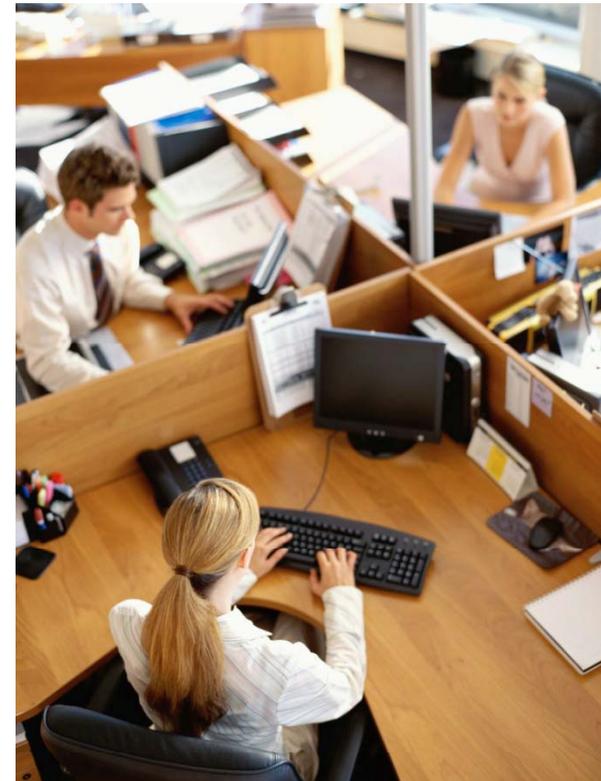
- Where have you exported to and from where are you receiving leads?
- Are domestic customers shipping your products overseas? If so, where?
- Who are your main competitors – domestic and foreign?
- Past lessons from export attempts?



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Management and Personnel

- Existing in-house expertise?
- Who is responsible for the export department's organization and staff?
- Available time to devote to international?
- Who will follow through after the planning is done?





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Production Capacity



- How is present capacity being used?
- Will export orders hurt domestic sales?
- Are there fluctuations in the annual work load?
- What minimum order quantity is required?



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Financial Capacity

- How much capital can be committed to export production and marketing?
- What level of export department operating costs can be supported?
- Competition from other new developments or efforts?
- By what date must the export department pay for itself?





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Developing an Export Plan

- **Create a written plan**
- **Clearly defined goals, benchmarks, and deadlines**
- **Build in your learning curve**
- **Remember that an export plan is a living document**
- **Keep it as simple as it needs to be**

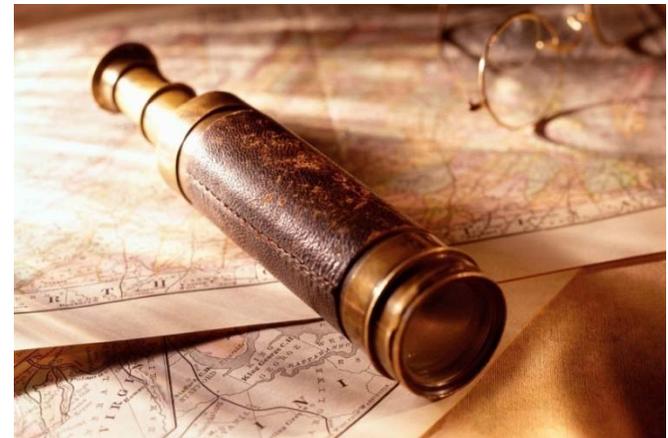


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Market Research and Evaluation

Why?

- Determine the best possible markets for your products or services
- Help you to develop a thoughtful and targeted approach exploring new markets
- Maximize the return on your efforts and resources
- Reduces headaches and surprises.





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The Benefits of Market Research?

- Which countries are currently buying similar products to yours.
- Size of potential markets
- Who your competitors are
- Required product modifications
- Pricing strategies
- Optimal distribution channels
- Duties, taxes and other costs
- Additional testing and certifications required





The Elements of Market Research

SCREEN POTENTIAL MARKETS

- Step 1: Obtain export statistics
- Step 2: Identify potential markets
- Step 3: Target the most promising markets

EVALUATE THE TARGETED MARKETS

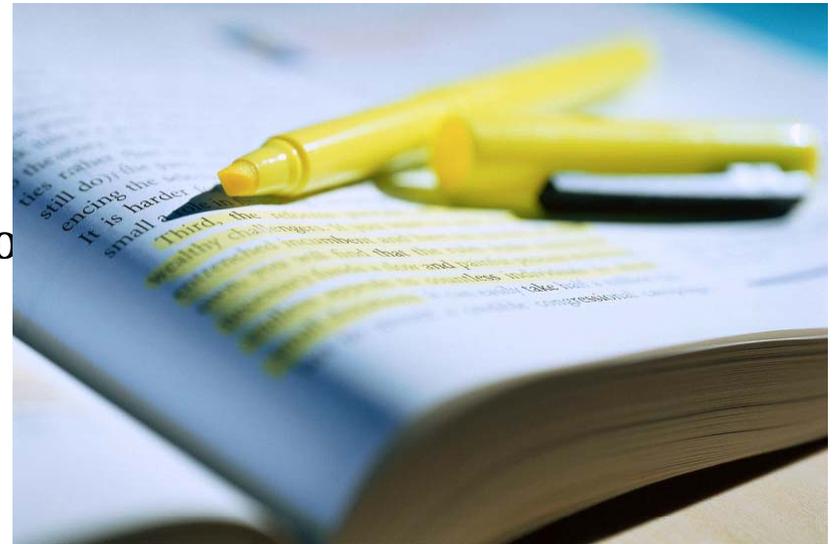
- Step 1: Examine product trends
- Step 2: Research the competition
- Step 3: Analyze marketing factors
- Step 4: Identify barriers
- Step 5: Identify any incentives

DRAW CONCLUSIONS



Where To Start Your Research

- What does your company already know?
 - Past sales
 - Past and present leads
 - Website visits
 - Industry/Trade publications
- Trade Statistics
 - U.S. export statistics
 - Foreign import statistics



Goal

Reduce all possible markets to a manageable number for
in-depth evaluation



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Finding Your HS Number

- 10 digit product classification
 - First six digits are harmonized across 179 countries
- Allow you to
 - Determine tariff rates
 - Obtain export and import statistics
 - Determine country of origin requirements with FTA

www.census.gov/foreign-trade/schedules/b/#search



Sample HS Numbers

8431	Parts suitable for use solely or principally with the machinery of headings 8425 to 8430:
843110	Of machinery of heading 8425:
8431100010	Of machinery of subheading 8425.11 or 8425.19 X
8431100090	Other X
8431200000	Of machinery of heading 8427 X
	Of machinery of heading 8428:
843131	Of passenger or freight elevators other than continuous action, skip hoists or escalators:
8431310020	Of skip hoists X
8431310040	Of escalators X
8431310060	Other X
843139	Other:
8431390010	Of elevators and conveyors X
	Other:
8431390050	Of oil and gas field machinery . . . X
8431390090	Other X
	Of machinery of heading 8426, 8429 or 8430:
843141	Buckets, shovels, grabs and grips:
8431410020	Shovel attachmentsNo.
8431410040	Clamshell (grapple) attachmentsNo.
8431410060	Dragline bucketsNo.
8431410080	OtherNo.
8431420000	Bulldozer or angledozer bladesNo.
843143	Parts for boring or sinking machinery of subheading 8430.41 or 8430.49:



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Trade Statistics

- U.S Exports by Commodity
 - Your product
 - Complementary or related products
- Foreign Country Imports
- Foreign Country Exports

Virtual Trade Advisor

<http://patradeadvisor.newpa.com/>

Trade State Express

<http://tse.export.gov/>

US ITC's Dataweb

<http://dataweb.usitc.gov/>

Screening Potential Markets

- Obtain export statistics that indicate product exports to various countries.
- Identify 5 to 10 large & fast growing markets for your company's product or service
- Identify some smaller but faster-emerging markets that may provide some ground-floor opportunities
- Target 3 to 5 of the most statistically promising markets for further assessment.

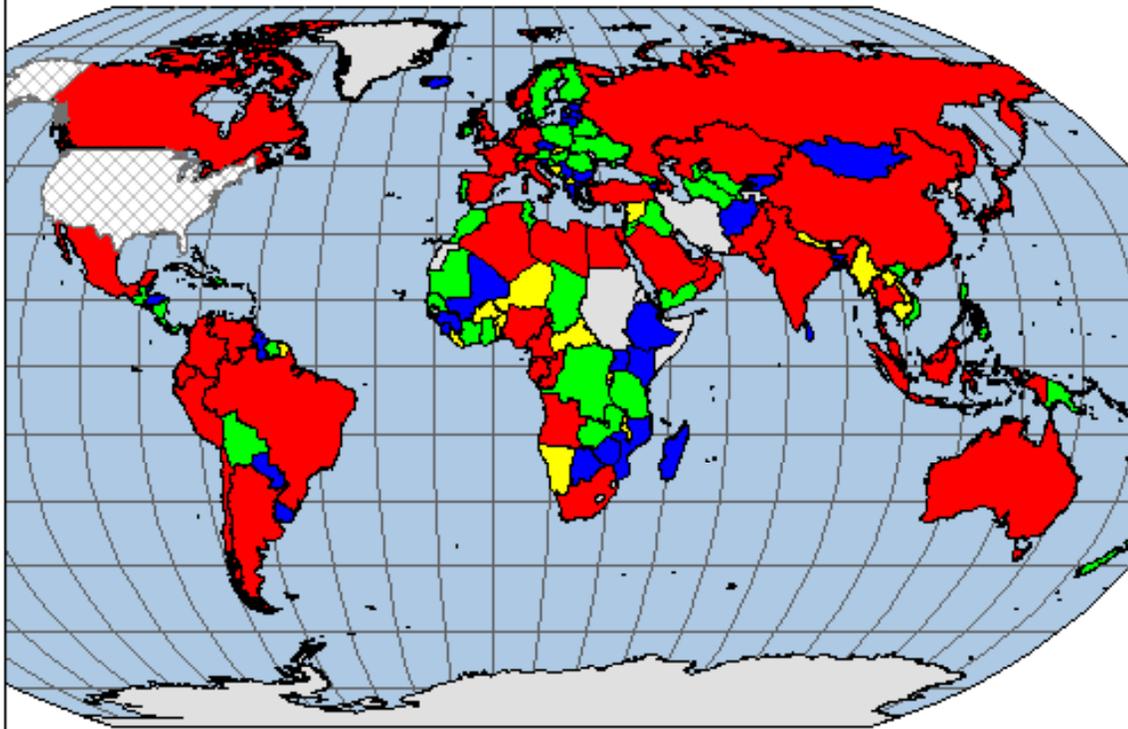


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Visual Representation of HS 8430 Exports

2007 Exports of HS 8431 02/04 15:45 HOME-PC Steven ScreenHunter
PARTS FOR MACHINERY OF HEADINGS 8425 TO 8430

MapXtreme 2005 © SDK Developer License, © 2006 MapInfo Corp.

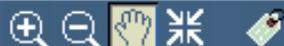


Change Data

- View HS-8431 IMPORTS
- View HS-8431 BALANCE
- New Query

2007 Exports of HS 8431

	\$49,704	: \$1,593,821
	\$5,895	: \$49,704
	\$573	: \$5,895
	\$5	: \$573
	Zero	



zoom map to: Entire world

in thousands (\$ USD)



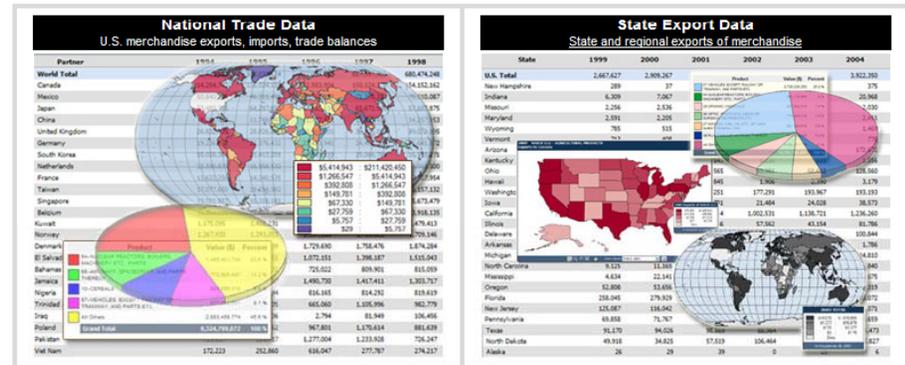
Export Statistics for 84301

	2002	2003	2004	2005	2006	2007
World Total	\$ 7,922,386,523.00	\$ 7,466,087,184.00	\$ 8,704,992,382.00	\$ 11,095,877,903.00	\$ 12,432,130,220.00	\$ 15,874,525,141.00
Canada	\$ 690,068,608.00	\$ 769,855,745.00	\$ 908,834,580.00	\$ 1,162,716,788.00	\$ 1,470,896,066.00	\$ 1,593,821,331.00
Singapore	\$ 486,453,498.00	\$ 477,164,126.00	\$ 481,367,887.00	\$ 759,140,432.00	\$ 796,066,593.00	\$ 1,227,323,620.00
Brazil	\$ 390,965,113.00	\$ 402,619,980.00	\$ 415,632,782.00	\$ 679,183,268.00	\$ 1,079,314,087.00	\$ 1,147,770,936.00
United Kingdom	\$ 487,123,279.00	\$ 409,939,751.00	\$ 443,353,605.00	\$ 507,818,113.00	\$ 588,741,917.00	\$ 758,547,229.00
Australia	\$ 252,043,604.00	\$ 213,941,420.00	\$ 303,637,999.00	\$ 553,770,233.00	\$ 525,086,083.00	\$ 705,847,012.00
Mexico	\$ 289,105,361.00	\$ 298,403,941.00	\$ 320,215,601.00	\$ 390,440,375.00	\$ 399,598,970.00	\$ 657,756,773.00
China	\$ 237,513,245.00	\$ 268,586,052.00	\$ 391,118,180.00	\$ 336,889,231.00	\$ 436,788,378.00	\$ 653,833,223.00
United Arab Emirates	\$ 340,872,445.00	\$ 266,532,358.00	\$ 307,398,757.00	\$ 386,014,696.00	\$ 466,334,797.00	\$ 620,794,867.00
Saudi Arabia	\$ 161,563,442.00	\$ 149,560,662.00	\$ 202,586,511.00	\$ 320,893,779.00	\$ 426,503,265.00	\$ 481,099,325.00
Russian Federation	\$ 328,100,727.00	\$ 260,090,116.00	\$ 246,704,623.00	\$ 380,727,915.00	\$ 372,912,325.00	\$ 476,496,363.00
Colombia	\$ 109,859,183.00	\$ 159,928,175.00	\$ 159,995,631.00	\$ 240,572,892.00	\$ 293,814,560.00	\$ 453,450,183.00



TradeStats Express

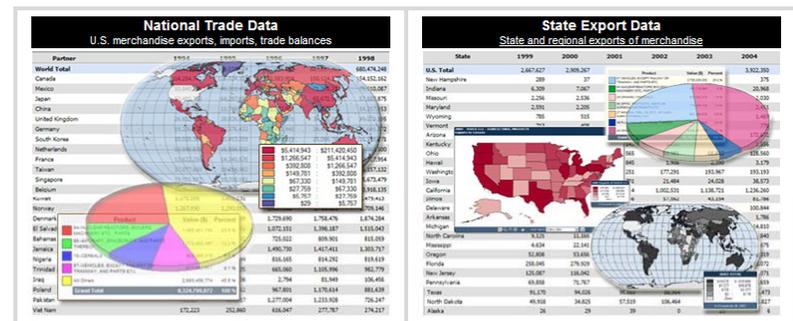
- TradeStats Express displays the latest annual U.S. merchandise trade statistics:
 - At national and state levels.
 - In maps, graphs, and tables.
 - As exports, imports, and trade balances.
 - Custom-tailored to your year and dollar ranges and display preferences.
 - Searches based on HS 4, NAICS, SIC





TradeStats Express

- National Level
 - Global patterns of merchandise trade
 - Product profiles of U.S. merchandise trade with a selected market.
- State Level
 - Global patterns of a state's exports
 - State-by-state exports to a selected market
 - Export product profile to a selected market





TradeStats Express Home View

TradeStats Express™ Home

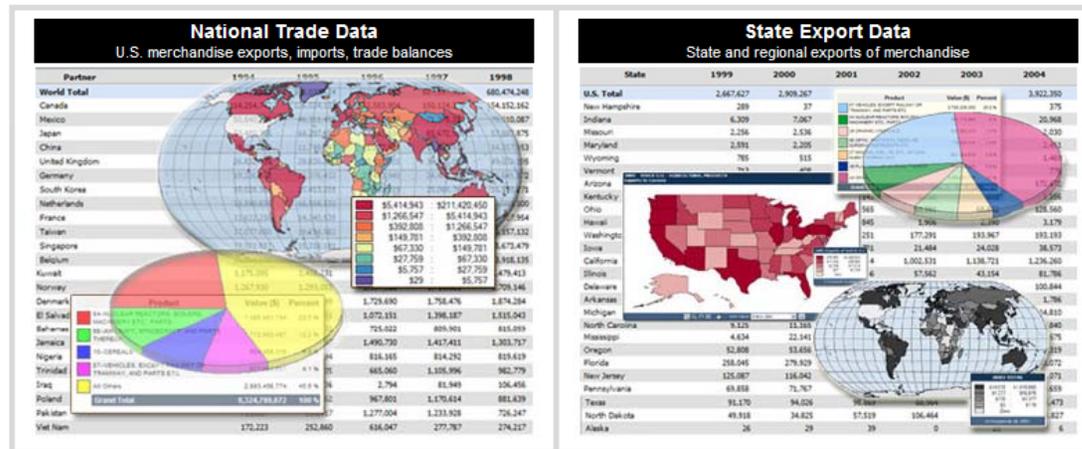
National Trade Data

State Export Data

Help

Get the latest annual and quarterly trade data with TradeStats Express.™
Retrieve, visualize, analyze, print and download your customized output.

2008 Annual Data Now Available. Now with Historical Revised Annual Data. [\[more\]](#)



Presented by the Office of Trade and Industry Information (OTII), Manufacturing and Services, International Trade Administration, U.S. Department of Commerce. Source: Foreign Trade Division, U.S. Census Bureau.



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U.S. Department of Commerce | International Trade Administration





National Trade Data Search Page

TradeStats Express™ Home **TradeStats Express™ - National Trade Data** State Export Data

• Global Patterns of U.S. Merchandise Trade | Product Profiles of U.S. Merchandise Trade with a Selected Market | Help

Product

flow: Exports Imports Balance

item: HS - .TOTAL ?

Total All Merchandise

Map Display

show: Dollar Amount for: 2008

display style: colors: normal contrast

map & legend will have: 5 ranges

ranges to be computed: Automatically Custom...

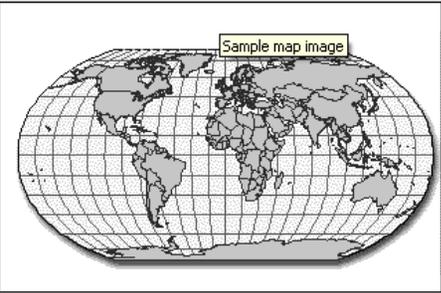
Table Display

display years: 2004 to: 2008

sort by: 2008 descending

display: all records

Sample map image



**Select options
and click
"Go" button**

Presented by the Office of Trade and Industry Information (OTII), Manufacturing and Services, International Trade Administration, U.S. Department of Commerce. Source: Foreign Trade Division, U.S. Census Bureau.

MapInfo Contact OTII | Submit Comments on this Site | More Data Resources | Privacy Statement | Endorsement Disclaimer
U.S. Department of Commerce | International Trade Administration

508 Bobby APPROVED

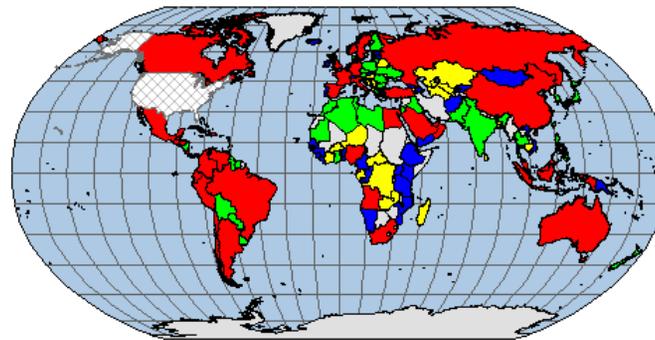
This site is best viewed with a high-speed Internet connection and screen resolution of 1024 x 768 or higher.



National Trade Data Results

2008 Exports of HS 8429
SELF-PROPELLED BULLDOZERS, GRADERS, SCRAPERS ETC

MapXtreme 2005 © SDK Developer License. © 2006 MapInfo Corp.



Change Data

- View HS-8429 IMPORTS
- View HS-8429 BALANCE
- New Query

2008 Exports of HS 8429

- \$16,757 : \$2,576,120
- \$3,406 : \$16,757
- \$1,097 : \$3,406
- \$8 : \$1,097
- Zero



zoom map to:

in thousands (\$ USD)

Exports of HS 8429 in thousands (\$ USD)

Partner	2004	2005	2006	2007	2008 ▾
World Total	2,832,913	3,694,505	4,699,842	5,946,865	7,484,930
Canada	1,352,709	1,761,688	2,213,221	2,396,385	2,576,120
Mexico	252,952	310,322	454,630	545,263	632,660
Australia	163,742	171,377	267,995	396,932	485,382



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SBA International Marketing Plan Workbook

- A step-by-step guide for a company interested in developing an international marketing plan.
- Market Factor Assessment
 - Demographic/Physical Environment
 - Political Environment
 - Competitive Environment
 - Economic Environment
 - Social/Cultural Environment
 - Market Access
 - Product Potential
 - Local Distribution and Production



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Demographic/Physical Environment

- Population size, growth, density
- Urban and rural distribution
- Climate and weather variations
- Shipping distance
- Product-significant demographics
- Natural Resources

CIA World Factbook

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

Foreign Embassy Websites

Example: www.brasilemb.org/



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Competitive Environment

- Uniqueness of your product/service
- Pricing of competitive products (non-tariff barriers, bilateral trade agreements)
- National economic and development priorities
- Regulatory or quality standards for imports

Country Commercial Guides & Market Research Reports

Chapter 3: Selling U.S. Products & Services

Chapter 5: Trade Regulations and Standards

Market Research Reports

www.export.gov/mrktresearch/index.asp

International Trade and Tariff Data (WTO)

www.wto.org/english/res_e/statis_e/Statist_e.htm#database

stat.wto.org/Home/WSDBHome.aspx?Language=E



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Economic Environment

- Overall level of development
- Economic growth, GNP, industrial sector
- Role of foreign trade in the economy
- Currency: inflation rate, availability, controls, stability of exchange rate
- Balance of payments
- Per capita income and distribution
- Disposable income and expenditure patterns

Country Commercial Guides

Chapter 2: Political and Economic Conditions

www.export.gov/mrktresearch/index.asp

CIA World Factbook

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

World Bank Country and Regional Profiles

web.worldbank.org



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Social/Cultural Environment

- Literacy rate, educational level
- Existence of middle class
- Similarities and differences in relation to home market
- Language and other cultural considerations

CIA World Factbook

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

World Bank Country and Regional Profiles

web.worldbank.org

Country Commercial Guides

Chapter 8: Business Travel

www.export.gov/mrktresearch/index.asp



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Market Access

- Limitations on trade: high levels, quotas
- Documentation and import regulations
- Local standards, practices, and other non-tariff barriers
- Patents and trademark protection
- Preferential treaties
- Legal considerations for investment, taxation, repatriation, employment, code of laws

Country Commercial Guides

Chapter 5: Trade Regulations and Standards

www.export.gov/mrktresearch/index.asp

ITA - Market Access and Compliance

www.trade.gov/mac/index.asp

Office of the U.S. Trade Representative

www.ustr.gov/Trade_Agreements/Bilateral/Section_Index.html



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Product Potential

- Customer needs and desires
- Local production, imports, consumption
- Exposure to and acceptance of product
- Availability of linking products
- Industry-specific key indicators of demand
- Attitudes toward products of foreign demand
- Competitiveness offerings

Trade Show Websites (Exhibitor Listings)

Industry and Trade Journals

Country Commercial Guides & Market Research Reports

Chapter 3: Selling U.S. Products & Services

Chapter 5: Trade Regulations and Standards

Market Research Reports

www.export.gov/mrktresearch/index.asp

Pennsylvania Virtual Trade Advisor

<http://patradeadvisor.newpa.com/>



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Local Distribution and Production

- Availability of intermediaries
- Regional and local transportation facilities
- Availability of manpower
- Conditions for local manufacture

Country Commercial Guides & Market Research Reports

Chapter 3: Selling U.S. Products & Services

Chapter 5: Trade Regulations and Standards

Market Research Reports

www.export.gov/mrktresearch/index.asp



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U.S. Commercial Service Market Research Library

- Contains more than 100,000 industry and country specific reports authored by Commercial Service specialists working in our overseas offices.
- Searchable by Country and Industry & Sub-industries.
- Two primary types of reports:
 - Country Commercial Guides
 - Specific industry reports by country
- Accessed at www.export.gov



Country Commercial Guides

- Designed for U.S. companies to develop a better understanding of a selected country's business environment and other factors that might impact the market for U.S products.
- 10 Chapters
 - Doing Business in ...
 - Political and Economic Environment
 - Selling U.S. Products and Services
 - Leading Sectors for U.S. Export and Investment
 - Trade Regulations and Standards
 - Investment Climate
 - Trade and Project Financing
 - Business Travel
 - Contacts, Market Research and Trade Events
 - Guide to Our Services



Market Research Reports

- Specific reports on industry sectors within a selected country
 - Chile: Mining Industry – Mining Equipment and Services
 - Finland: ICT Market Overview
 - Kazakhstan: Cardio Equipment
- Normally include...
 - Market Summary
 - Market Demand
 - Best Prospects
 - Key Suppliers
 - Market Entry
 - Trade Events
 - Resources and Key Contacts



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Market Research Library Home



Market Research Library
Search

»» [Click here for search tips](#)

»» [Click here to register for the MRL e-Alerts](#)

International Market Research	
Industry:	All Industries <input type="button" value="v"/>
	<input type="button" value="v"/>
Region:	All Regions <input type="button" value="v"/>
Country:	All Countries <input type="button" value="v"/>
Report Type:	All <input type="button" value="v"/>
Date [Range]:	Month <input type="button" value="v"/> / Year <input type="button" value="v"/> To: Month <input type="button" value="v"/> / Year <input type="button" value="v"/>
Keyword(s):	<input type="text"/> ALL words <input type="button" value="v"/>
	<input type="checkbox"/> Search the document body [slower but more results]
	<input type="checkbox"/> Include Archived records <input type="checkbox"/> Include the ID Number
<input type="button" value="Clear"/> <input type="button" value="GO"/>	



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Other Sources of Market Research

- **www.export.gov**
Market Research Library
Trade Statistics
International Trade Show Directory
- **www.buyusa.gov/countryname**
Provides reports on specific country trade topics

Make it easy on yourself & just ask an export assistance provider for help!



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Statistical and Demographic Information

- STAT-USA/Internet www.stat-usa.gov
- USA Trade Online www.usatradeonline.gov
- EUROTRADE Online www.eurotradeonline.gov
- TradeStats Express <http://tse.export.gov>
- Statistical Yearbook <http://unstats.un.org/unsd/cdb>
- World Bank Atlas and Development Indicators <http://publications.worldbank.org>
- International Financial Statistics www.imf.org
- Global Population Profile www.census.gov/ipc/www/idb



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Regional and Country Information

- China Business Information Center
www.export.gov/china
- Asia Now
www.buyusa.gov/asianow
- Middle East and North Africa Business Info Center
www.buyusa.gov/middleeast
- Showcase Europe
www.export.gov/europe
- Trade Americas
www.buyusa.gov/tradeamericas
- OECD Publications
www.oecdbookshop.org
- Market Research Library
www.export.gov/mrktresearch
- Customized Market Research
www.export.gov/eac



Drawing Conclusions

- How large is the market?
 - Is it growing, expanding, contracting?
- How open is the market?
 - Tariff barriers, non-tariff barriers, U.S. controls?
 - Trade agreements
- Who and where are your end-users and customers?
 - How will you get to them?
- Who are your competitors?
 - Are they local or foreign?
- What are the costs of doing business?
 - Product registration, testing and certifications?
 - Shipping costs
 - Travel costs
- What are the risks and considerations?
 - Political and economic?
 - Financial risk and payment issues
 - Legal issues
 - IPR issues
 - Your willingness to take on risks



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Contact Information

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Em: steven.murray@mail.doc.gov

www.buyusa.gov/pittsburgh