

Developing a Marketing Plan



As you can imagine, many foreign markets differ greatly from the United States. Some differences include climatic and environmental factors, social and cultural factors, local availability of raw materials or product alternatives, lower wage costs, varying amounts of purchasing power, the availability of foreign exchange, and government import controls. Once you have decided that your company is able and committed to exporting, the next step is to develop a marketing plan.

A clearly written marketing strategy offers six immediate benefits:

1. Because written plans display strengths and weaknesses more readily, they are a great help in formulating and polishing an export strategy.
2. Written plans are not easily forgotten, overlooked, or ignored by those charged with executing them. If deviation from the original plan occurs, it is likely to be due to a deliberate and thoughtful choice.
3. Written plans are easier to communicate to others and are less likely to be misunderstood.
4. Written plans allocate responsibilities and provide for an evaluation of results.
5. Written plans are helpful when seeking financial assistance. They indicate to lenders that you have a serious approach to the export venture.
6. Written plans give management a clear understanding of what will be required of them and thus help to ensure a commitment to exporting. Actually, a written plan signals that the decision to export has already been made.

This last advantage is especially noteworthy. Building an international business takes time. It usually takes months, sometimes even several years, before an exporting company begins to see a return on its investment of time and money. By committing to the specifics of a written plan, top management can make sure that the firm will finish what it begins and that the hopes that prompted its export efforts will be fulfilled.

Market Research

To successfully export your product, you should examine foreign markets through research. The purpose is to identify marketing opportunities and constraints abroad, as well as to identify prospective buyers and customers.

Market research encompasses all methods that a company can use to determine which

foreign markets have the best potential for its products. Results of this research inform the firm of: the largest markets for its product, the fastest growing markets, market trends and outlook, market conditions and practices, and competitive firms and products.

Your firm may begin to export without conducting any market research if it receives unsolicited orders from abroad. Although this type of selling is valuable, the company may discover even more promising markets by conducting a systematic search. If your firm opts to export indirectly (see [Chapter 4](#)) by using an intermediary such as an Export Management Company (EMC) or Export Trading Company (ETC), you may wish to select markets to enter before selecting the intermediary. Because many intermediaries such as EMCs and ETCs have strengths in certain markets, it is valuable to select the intermediary after deciding on markets to enter. You may also want to do market research if you export indirectly.

A firm may research a market by using either primary or secondary data resources. In conducting primary market research, a company collects data directly from the foreign marketplace through interviews, surveys, and other direct contact with representatives and potential buyers. Primary market research has the advantage of being tailored to the company's needs and provides answers to specific questions, but the collection of such data is time-consuming and expensive.

When conducting secondary market research, a company collects data from various sources, such as trade statistics for a country or a product. Working with secondary sources is less expensive and helps the company focus its marketing efforts. Although secondary data sources are critical to market research, they do have limitations. The most recent statistics for some countries may be more than two years old. Moreover, the data may be too broad to be of much value to a company. Statistics may also be distorted by incomplete data-gathering techniques. Finally, statistics for services are often unavailable. Yet, even with these limitations, secondary research is a valuable and relatively easy first step for a company to take. It may be the only step needed if the company decides to export indirectly, since the intermediary firm may have advanced research capabilities.

Methods of Market Research

Because of the expense of primary market research, most firms rely on secondary data sources. The three following recommendations will help you obtain useful secondary information:

1. Keep abreast of world events that influence the international marketplace, watch for announcements of specific projects, or simply visiting likely markets. For example, a thawing of political hostilities often leads to the opening of economic channels between countries.
2. Analyze trade and economic statistics. Trade statistics are generally compiled by product category and by country. These statistics provide the U.S. firm with

information concerning shipments of products over specified periods of time. Demographic and general economic statistics, such as population size and makeup, per capita income, and production levels by industry can be important indicators of the market potential for a company's products.

3. Obtain advice from experts. There are several ways of obtaining this advice:

- Contact experts at the U.S. Department of Commerce and other government agencies.
- Attend seminars, workshops, and international trade shows.
- Hire an international trade and marketing consultant.
- Talk with successful exporters of similar products.
- Contact trade and industry association staff.

Gathering and evaluating secondary market research can be complex and tedious. However, several publications are available that can help simplify the process. The following approach to market research refers to these publications and resources that are described later in this chapter.

A Step-by-Step Approach to Market Research

Your company may find the following approach useful. It involves screening potential markets, assessing the targeted markets, and drawing conclusions.

A. Screen Potential Markets

- **Step 1.** Obtain export statistics that indicate product exports to various countries. Published export statistics provide a reliable indicator of where U.S. exports are currently being shipped. The U.S. Census Bureau provides these statistics in a published format. Trade statistics also can be obtained using the National Trade Data Bank (NTDB).
- **Step 2.** Identify five to ten large and fast-growing markets for the firm's product. Look at them over the past three to five years. Has market growth been consistent year to year? Did import growth occur even during periods of economic recession? If not, did growth resume with economic recovery?

- **Step 3.** Identify some smaller but fast-emerging markets that may provide ground-floor opportunities. If the market is just beginning to open up, there may be fewer competitors than in established markets. Growth rates should be substantially higher in these countries to qualify as up-and-coming markets, given the lower starting point.
- **Step 4.** Target three to five of the most statistically promising markets for further assessment. Consult with a Department of Commerce Export Assistance Center (see <http://www.doc.gov>), business associates, freight forwarders, and others to further evaluate targeted markets.

B. Assess Targeted Markets

- **Step 1.** Examine trends for company products as well as related products, that could influence demand. Calculate overall consumption of the product and the amount accounted for by imports. The National Trade Data Bank (NTDB) and the National Technical Information Service (NTIS) offer Industry Sector Analyses (ISAs), Country Commercial Guides (CCGs), and other reports that give economic backgrounds and market trends for each country. Demographic information (such as population and age) can be obtained from World Population (Census) and Statistical Yearbook (United Nations).
- **Step 2.** Ascertain the sources of competition, including the extent of domestic industry production and the major foreign countries the firm is competing against in each targeted market by using ISAs and competitive assessments. This information is available from the NTDB and the NTIS. Look at each competitor's U.S. market share.
- **Step 3.** Analyze factors affecting marketing and use of the product in each market, such as end-user sectors, channels of distribution, cultural idiosyncrasies, and business practices. Again, the ISAs and Customized Market Analyses (CMAs) offered by the Department of Commerce are useful.
- **Step 4.** Identify any foreign barriers (tariff or nontariff) for the product being imported into the country (see [Chapter 8](#) for an analysis of tariff and nontariff barriers). Identify any U.S. barriers (such as export controls) that affect exports to the country.
- **Step 5.** Identify any U.S. or foreign government incentives that promote exporting of your particular product or service(see [Chapter 8](#)).

C. Draw Conclusions

After analyzing the data, the company may conclude that its marketing resources would be applied more effectively to a few countries. In general, if the company is new to exporting, then efforts should be directed to fewer than ten markets. Exporting to one or two countries will allow the company to focus its resources without jeopardizing its

domestic sales efforts. The company's internal resources should determine its level of effort.

The next section describes the publications that have been mentioned as well as additional sources. Because there are many research sources, the firm may wish to seek advice from their local Export Assistance Center (see [Chapter 3](#) and <http://www.doc.gov>).

Sources of Market Research

There are many domestic, foreign, and international sources of information concerning foreign markets. Several of these sources are given here and others may be found in the bibliography to this publication. This information ranges from simple trade statistics to in-depth market surveys.

Trade statistics indicate total exports or imports by country and by product. They allow an exporter to compare the size of the market for a product in various countries. Some statistics also reflect the U.S. share of the total country market in order to gauge the overall competitiveness of U.S. producers. By looking at statistics over several years, an exporter can determine which markets are growing and those that are shrinking.

Market surveys provide a narrative description and assessment of particular markets along with relevant statistics. The reports are often based on original research conducted in the countries studied and may include specific information on both buyers and competitors.

The following sources fall into two broad categories: 1) general information resources, and 2) industry and country specific resources. Each category is also divided into several subgroups.

One of the best sources of information is personal interviews with private and government officials and experts. A surprisingly large number of people in both the public and private sectors are available to assist exporters in any aspect of international market research. Either in face-to-face interviews or by telephone, these individuals can provide a wealth of market research information.

In the private sector, sources of market research expertise include local chambers of commerce, world trade centers or clubs, and trade associations. Most state governments maintain active export promotion offices. In the federal government, industry and commodity experts are available through the Departments of Commerce, State and Agriculture, and the Small Business Administration (SBA).

General Information

- **Business America.** This monthly publication of the Department of Commerce contains country-by-country marketing reports, incisive economic analyses, worldwide trade leads, advance notice of planned exhibitions of U.S. products worldwide, and success stories of export marketing. (GPO:703-011-00000-4). Contact Superintendent of Documents, U.S. Government Printing Office, Washington, DC 20402; telephone 202-512-1800.
- **Commerce Business Daily (CBD).** CBD is published daily, Monday through Friday (except holidays), by the Department of Commerce. It lists government procurement invitations over \$25,000, contract awards, subcontracting leads, sales of surplus property, and foreign business opportunities, as well as certain foreign government procurements. It is available by subscription and on-line (electronically). Contact the U.S. Government Printing Office, Washington, DC 20402; telephone 202-512-1800. For on-line subscriptions contact STAT-USA at 1-800-STAT-USA (1-800-782-8872). This information center was established as a comprehensive source for U.S. companies seeking information on federal programs and activities that support U.S. exports, including information on overseas markets and industry trends. The center maintains a computerized calendar of U.S. government-sponsored domestic and overseas trade events. Telephone 1-800-USA-TRADE; e-mail: tic@ita.doc.gov; Internet home page: <http://www.ita.doc.gov/td/tic>.
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- **Economic Bulletin Board (EBB).** EBB is a great resource for business, economic, and trade information on a daily basis in a traditional dial-up platform. You can connect to this vast collection of information and download trade leads, market research reports, and the Commerce Business Daily via your computer. Subscription costs are low and vary, depending on which information you choose to access. For more information, call 1-800-STAT-USA (800-782-8872).
- **The National Trade Data Bank (NTDB).** The NTDB is one of the primary sources of export information from the federal government. The NTDB is a must-have resource, gathering trade information from over 20 different government agencies into one place. The NTDB is a low-cost business service run by the Department of Commerce, which provides market research reports, Country Commercial Guides, contacts overseas, trade statistics, policy and trade practices, legal ramifications of exporting, an export promotion calendar, and publications (for example, A Basic Guide to Exporting and SBA's Breaking into the Trade Game). The NTDB is updated daily on the Internet (

usa.gov) and updated monthly on CD-ROM. The CD-ROM version is available to use for at over 1,000 federal depository libraries throughout the country. To find the library closest to you, purchase access for your desktop, or learn more, call 1-800-STAT-USA.

- **STATUSA/Internet** (<http://www.stat-usa.gov>). A comprehensive collection of business, economic and trade information available on the Web. Through this address you can access the NTDB, daily trade leads and economic news, the Commerce Business Daily and the latest economic press releases and statistical series from the federal government. For more information on this low cost service, call 1-800-STAT-USA (800-782-8872).
- **STAT-USA/Fax**. This fax on demand service providing instant hard copy of business and economic information from the federal government. All releases are available 24 hours a day, seven days a week. The most popular fax documents include the daily trade leads and numerous U.S. government economic press releases. For more information, call 1-800-STAT-USA (800-782-8872).
- **TRADESTATS**. A comprehensive source for U.S. export and import data, both current and historical. Maintained by the Commerce Department's Office of Trade and Economic Analysis, this web site contains total and disaggregated U.S. trade statistics by country and commodity classifications, state and metropolitan area export data, and trade and industry statistics. Much of this data is downloadable. The Web site address is <http://www.ita.doc.gov/td/industry/otea>.
- **Selected SBA market research-related general resources**. The Small Business Administration publishes many helpful guides to assist small and medium-sized companies, including: Marketing for Small Business: An Overview, Researching Your Market, Breaking into the Trade Game, or the videos Marketing: Winning Customers with a Workable Plan, The Basics of Exporting. Contact the Small Business Answer Desk, 1-800-U-ASK-SBA (1-800-827-5722).

International Information

- **UN Statistical Yearbook**. Published by the United Nations (UN), this yearbook is one of the most complete statistical reference books available. It provides international trade information on products, including information on importing countries useful in assessing import competition. The yearbook contains data for 220 countries and territories on economic and social subjects, including population, agriculture, manufacturing, commodity, export-import trade, and many other areas. The most current addition is from 1993; it is available in hard copy and CD-ROM. Contact United Nations Publications, Room DC2-0853, New York, NY 10017; telephone 212-963-8302.
- **World Bank Atlas**. The World Bank Atlas provides demographics, gross domestic product, and average growth rates for every country. The latest edition, 1997, covers data through 1996. Contact World Bank Publications, P.O. Box 7247-8169, Philadelphia, PA 19170-8169; telephone 202-473-1155, fax 703-661-

1501.

- **World Factbook.** Produced annually by the CIA, this publication provides country-by-country data on demographics, economy, communications, and defense. The data is available through a subscription to the NTDB (to subscribe call 1-800-STAT-USA). To order a hard copy, contact the U.S. Government Printing Office, Washington, DC 20402; telephone 202-512-1800.
- **International Financial Statistics (IFS).** Published by the International Monetary Fund, IFS presents statistics on exchange rates, money and banking, production, government finance, interest rates, and other subjects. It is available in hard copy as a monthly subscription or on CD-ROM. Contact the International Monetary Fund, Publication Services, 700 19th Street, N.W., Washington, DC 20431; telephone 202-623-7430.
- **World Population Profile.** This valuable resource is produced by the Bureau of the Census of the U.S. Department of Commerce. Census collects and analyzes worldwide demographic data that can help exporters identify potential markets for their products. Information on each country - total population, fertility, mortality, urban population, growth rate, and life expectancy - is updated every two years. The document also contains detailed demographic profiles of individual countries, including analysis of labor force structure, and infant mortality. For the latest edition, contact the U.S. Government Printing Office, Washington, DC 20402; telephone 202-512-1800.

General Industry and Agriculture Information

Industry Information

- **U.S. Industry and Trade Outlook '98.** Successor to the U.S. Industrial Outlook, published from 1957 to 1994, this expanded-coverage 600-page edition includes economic forecasts for 350 manufacturing and service sectors, including telecommunications, financial services, aerospace, and utilities. Issued by the International Trade Commission in conjunction with the McGraw-Hill Companies. Available at bookstores (\$69.95) or through the National Technical Information Service, 5835 Port Royal Road, Springfield, VA 22161; telephone 1-800-553-8847.
- **Export Information System Data Reports (XIS).** Produced by the Small Business Administration (SBA), each data report covers approximately 2,700 product categories. XIS helps small businesses determine which export markets to pursue. Upon request, SBA provides a small business with a list of the 25 largest importing markets for its product, the ten best markets for U.S. exporters of that product, the trends in those markets, and the major sources of foreign and UN data. This service is available free to small businesses. Telephone the Small Business Answer Desk at 1-800-U-ASK-SBA, or access the SBA home page at: <http://www.sbaonline.sba.gov>.

- **U.S. Department of Agriculture: U.S. Trade Assistance and Promotion Office (TAPO).** The Trade Assistance and Promotion office of the Foreign Agriculture Service serves as the first point of contact for persons who need information on foreign markets for agricultural products. The TAPO staff can provide basic export counseling and direct you to appropriate Department of Agriculture offices to answer specific questions on exporting. In addition, the staff can provide country and commodity specific Foreign Market Information Reports, which focus on best market prospects and contain contact information on distributors and importers. Extensive information on the Foreign Agricultural Service is also available through the Foreign Agricultural Service home page on Internet. Contact: Trade Assistance and Promotion Office, (202) 720-7420, fax (202) 690-4374; Internet: <http://www.fas.usda.gov/>.

Country and Area Information

- **Trade Information Center (TIC).** TIC trade specialists can answer questions on (1) import tariffs/taxes and customs procedures; (2) standards, intellectual property rights, government procurement, and other commercial laws, regulations, and practices; (3) distribution channels, business travel, and other market information; and (4) opportunities and best prospects for U.S. companies in individual markets. In addition, callers can access the TIC's 24-hour automated fax retrieval system to access regional- and country-specific market information. Both services are available by calling 1-800-USA-TRADE; e-mail: tic@ita.doc.gov; Internet homepage: <http://www.ita.doc.gov/td/tic>.
- **Country Commercial Guides (CCG).** CCGs are prepared annually by U.S. embassies covering 115 countries. Each CCG is a planning tool that analyzes an individual country's business and economic climate emphasizing marketing and trade statistics, development, and other issues. CCGs are available through the NTDB or through the NTIS. The National Technical Information Service may be contacted at 1-800-553-NTIS or 703-487-40530 for TDD (hearing impaired).
- **U.S. Department of State, Bureau of Consular Affairs Automated Fax System.** The Consular Affairs automated fax system is available to anyone with a fax machine equipped with a telephone jack. This system offers all of the bureau's Consular Information Sheets, Travel Warnings, Public Announcements, Tips for Travelers brochures, and Visa Bulletins. The telephone number is: (202) 647-3000. Callers must use the receiver on their fax machines to dial into the automated fax service.
- **Congressional Presentations of the U.S. Agency for International Development (AID).** Published by AID's Office of Small and Disadvantaged Business Utilization, this document provides country-by-country data on nations to which AID will provide funds in the coming year, as well as detailed information on past funding activities in each country. They also list projects the agency desires to fund in the upcoming year. Since these projects require U.S. goods and services, these presentations give U.S. exporters an early look at potential projects and therefore are an opportunity to plan ahead. (See [Chapter 7](#) for more

details on AID's programs). They are available through the National Technical Information Service (NTIS) by the set or as separate volumes. Contact National Technical Information Service, 5285 Port Royal Road, Springfield, VA 22161; telephone 1-800-553-NTIS. The information is also available through USAID's home page @ <http://www.usaid.gov>.

- **Organization for Economic Cooperation and Development (OECD) Surveys.** These economic development surveys cover each of the 29-member OECD countries individually. Each survey presents a detailed analysis of recent developments in market demand, production, employment, and prices and wages. Short-term forecasts and analyses of medium-term problems relevant to economic policies are provided. The surveys are shipped from France. Contact the Organization for Economic Cooperation and Development, Publications and Information Center, 2001 L Street, Suite 700, Washington, DC 20036; telephone 202-785-6323. The OECD home page address is <http://www.oecd.org>.
- **OECD Publications.** The chartered mission of OECD is to promote its member countries' policies designed to support high economic growth, employment, and standard of living, and to contribute to sound economic expansion in development and in trade. OECD publications focus on a broad range of social and economic issues, concerns, and developments, including reports on international market information country by country, such as import data useful in assessing import competition. For information on and prices for these publications, contact Organization of Economic Cooperation and Development, Publications and Information Center, 2001 L Street, Suite 700, Washington, DC 20036; telephone 202- 785-6323.

Industry and Country-Specific Information Resources

U.S. Government Product and Industry Resources

- **Industry Sector Analyses (ISAs).** Prepared by the commercial sections of the U.S. embassies, ISAs provide a basis for quickly evaluating a particular commercial or industrial market in a particular country. ISAs present market demand, market size, competitive analysis, end-user analysis, and market access criteria, as well as industry contacts and marketing opportunities. Available through the NTDB or the NTIS, which may be contacted at 1-800-553-NTIS or 703-487-4053 for TDD (hearing impaired).
- **International Market Insights (IMIs).** IMIs are prepared on an ad hoc basis by the economic and commercial sections of U.S. embassies and consulates for the Commercial Service. They help to identify unique market situations and marketing opportunities for U.S. business. Available through the NTDB or the NTIS, which may be contacted at 1-800-553-NTIS or 703-487-4053 for TDD (hearing impaired).
- **Customized Market Analyses (CMAs).** CMAs are produced by the Commercial

Service on request. CMAs provide a U.S. firm with detailed market information on a selected single product in a selected market. They answer basic questions about the marketability of the product, key competitors, comparative prices, customary distribution and promotion practices, trade barriers, and other factors. Contact your local Export Assistance Center (see [Chapter 3](#) and <http://www.doc.gov>) for more information.

- **Textile and Apparel Database.** Prepared by the Department of Commerce's Office of Textiles and Apparel (OTEXA), this database provides information on overseas markets and rules and regulations affecting U.S. exports. The database includes specific "country profiles" which include information on marketing and distribution, market entry requirements, shipment and entry procedures, and trade policy. More general information, such as how to export, potential buyers and suppliers, current trade issues, and background on textile and apparel trade policy agreements, is also available. The Web site is located at <http://otexa.ita.doc.gov>.
- **Private Sector Product and Industry Resources.** The U.S. and foreign private sectors publish numerous guides and directories that can provide invaluable help to the exporter. For specific references, consult your local Commerce Export Assistance Center or the Trade Information Center (1-800-872-8723).