Researching your export markets

Who & where are your customers

Expanding your business into an overseas market can be an expensive and time consuming exercise so it is important to focus your efforts on the export markets that are likely to give you the best returns and not those where your product or services might not do well.

The only way of doing this without actually starting to sell is to research your options and, through analysis, narrow your choices down to the markets where you are most likely to succeed. Doing your research in a systematic way will save you time and a lot of costs in the long run.

Aims and objectives of your research

The aim of your research is to identify the international markets that you think will give your business the best opportunity for profitable growth. This may be the UK, Guernsey and the Isle of Man as well as worldwide.

Even if you start selling overseas because of customers approaching you first, it is worth exploring the opportunity for expansion into those markets to see if it's worthwhile making more of an effort to exploit them. Undertaking market research will give you a better indication of the characteristics and size of the markets that you are looking at.

How do you do market research?

There are several ways to undertake research on new markets and the route you choose often depends on the amount of knowledge you already have. You can start by doing desk research, you might commission some specific research and then you will need to actually visit the

market.

It's helpful if you select a set of criteria by identifying the market characteristics that are most relevant for your business and focus your research on investigating these for each market. Once you have all the information on all the markets you can evaluate each one by scoring them against your ideal criteria. You might also rank the characteristics in order of importance or give a weighting to different characteristics to increase the impact of those that you feel are more essential for your business.

Download the
Country Analysis Template
(24KB)

Desk Research

Desk research involves gathering and analysing all sorts of information which is already available and quite often can be started simply by searching the internet. Typically desk research gives you a quick and cheap way of learning about the broad aspects of doing business in a particular country, but remember it won't be written with your specific products or services in mind so use it as a guide only.

Your aim with desk research should be to give you an overview of a market to ensure it meets the key criteria you have identified before you spend a lot of time and money investigating it further.

One thing you must understand at this stage is whether you need specific certification or local licenses for your product or service in the various countries you are investigating. Typically, if you need a licence or to adhere to specific regulations to do business in Jersey then it likely you will need similar certification overseas but in any case, you should research the rules relating to your product or service. It is important to make sure as early as possible that there are no local regulations that will make selling your product or service difficult or impossible.

A variety of resources are available to you when undertaking desk research and links to some of these can be found on the following pages:

- UK Department for International Trade
- UK Foreign Office
- Chambers of Commerce
- Export consultants
- Freight forwarders
- International research organisations
- Specific industry organisations or associations
- Government of Jersey's External Relations Team

Depending on the market you are researching there may be some limitations on the information you can collect, so be aware:

- That in some countries, quality data may be unavailable.
- When the information was published to make sure you are using current data.
- To check who is publishing the data and how it has been collected to make sure it is reliable.
- That different countries use different definitions so make sure you are comparing like with like.

Commissioning research on international markets

You might think about commissioning research into specific markets especially once you have identified those you are interested in. This can be particularly useful if it is difficult to get information on a market or if you want to undertake field research to understand a market in relation to your specific business.

There are several organisations that can help with market specific research reports from the UK's Department for International Trade to global research companies or local agents or distributors.

Focus groups can be a useful way of getting direct feedback from potential customers in your new market. This type of research is particularly helpful for consumer products where local culture will influence elements such

as language, taste, price, packaging and branding. Getting this right from the start will give your product a better chance of success and save time and money in the future.

Remember that whichever you choose, you must make sure you are clear about your objectives and the methodology that will be used in conducting the research.

Don't think that commissioning market research is a pure cost because getting a good understanding of your potential markets at the start will enable you to exclude those that are unlikely markets and focus your time and efforts on those that will produce a return for your business.

Visits to overseas markets

In most cases it is important to visit the market you are selling to because no two markets are the same. You'll find out much more about the culture, local business practices and your customers when you are actually in a market rather than staying at home.

When visiting a market for the first time think about the objectives for your visit and what you'd like to know by the time you return, and whenever possible, try and combine it with a trade show or conference. This will give you valuable competitor information and an insight into future exhibiting and promoting opportunities for your product or service.

The following hints and tips will help you prepare:

- Know exactly what you need to find out and who might have a reliable answer.
- Go with a clear intention to research the market and don't get sidetracked by trying to sell to or appoint a partner.
- If you make interesting contacts remember to follow them up when you have a complete picture.
- Set up an itinerary before your visit and include different people with different roles in the market

place.

- Be consistent in your questioning and be prepared to talk to more than one person or business active in the industry you are focused on.
- Be sure to make notes!
- Include a conference or exhibition in your visit if you can, but don't rely on these as your only source of information.
- Visit potential retailers, wholesalers and distributors.
- Set out to cross check as much information as you can and set aside some time after your visit to review your notes and reach conclusions.
- Think about what marketing material you will need to take with you. Always have a business card!
- If you can, take product samples, photographs, prices and brochures.
- Make sure you have a clear and concise 'Pitch' for your business that articulates what you do or sell. Practice your pitch to make sure you are comfortable presenting it face-to-face.

Nothing gives you a better idea of the local culture than being there, experiencing it and seeing the competition in action. All this will give you a really good understanding of the ways of doing business in that market.

Research criteria

When deciding on the research criteria that are most relevant for your business, it is worth considering the following:

- Market characteristics
- Competitive conditions
- Economic conditions
- Political environment
- Legal implications
- Cultural and social environment

Market characteristics

- What is the population size? What areas/ regions do people predominately live in? What is the average disposable income? Are any demographic trends emerging?
- How big is the market for your products?

- What is the ideal growth rate?
- What proportion of the market is met from within the country?
- What are the demographics of the market?
- Which market segments or niches should be targeted?
- What is the consumption capacity of each segment?
- What is the total expenditure on similar products?
- Are your products/services likely to be popular and competitive in sophisticated markets? Or will they have greater appeal in developing countries?
- What do customers want? Do your products/ services need to be modified to suit local conditions?
- What is the general future outlook for the market? Are there other potential opportunities?
- How receptive is the market likely to be to your product/service?
- What level of customer after-sales service may be required?
- What was the growth trend in the market 10 years ago, 5 years ago, last year?

Competitive conditions

- Who are the competitors in the overseas markets? How many are there? Which are the biggest? Which are local or international?
- What is the market share and level of sales of each of the competitors?
- Which competitor dominates in which product segment/distribution channel?
- What proportion of the competitor product comes from the UK?
- What is the volume of import and export for your product or service?
- Assess each competitor in terms of quality, price, packaging/presentation, advertising and
- promotion, delivery, performance, level of customer loyalty, credit terms and customer service.
- What are the competitors doing that you need to emulate in order to penetrate the market?
- Are there any potential threats from substitute products?

- Are there any potential threats from new competitors?
- Who controls key inputs?

Economic /business conditions

- Gain an appreciation of the broader macro-economic environment.
- What are growth, inflation and interest rates? Is the economy in a stable or turbulent condition?
- What distribution channels are available and what is the relative cost of each system?
- Do you need to work with 3rd parties or agencies?
- If you plan to export products that need refrigeration, determine whether the cold chain freight and distribution system is sufficiently sophisticated to have your products delivered to customers in perfect condition.
- Consider the general level of pricing and payment terms in relation to your product.
- What currency and banking regulations apply to your business?
- Are trade credit levels acceptable?
- Are there tariffs or taxes to be paid?
- Are there reliable transport and sophisticated communications systems?
- Are there any barriers to entering the market? If so, how can you overcome them?

Political environment

- What political issues may affect your export operations in each market?
- What is the role of government?
- What is the degree of political stability?
- What is the trade policy?

Legal implications

- Are there any laws, regulations or prohibitions that make access to the market expensive or uneconomic?
- What legal issues may affect your export operations in each market?
- Are there laws that protect local industries against your product?

- Are there restrictions on capital flows and foreign ownership?
- What are the pricing and competition regulations?
- Are there particular standards, specifications or labelling/packaging requirements in each of your target markets?

Cultural and social environment

- What cultural issues such as language, religion, ethical standards and negotiation styles should you be aware of? Try to avoid seeing the other culture only from the perspective of your own.
- What is the cultural attitude towards foreign products, customs and values? Will these influence the acceptance of your product or service?
- Do your staff have any relevant cultural skills, knowledge or language capabilities that you can leverage?
- Will social behaviour in your target market affect your product?
- Will social attitudes embrace a high quality, high-priced product?
- Does your colour, brand wording and style suit the market?
- What technological changes are taking place in the markets that may affect the lifecycle of your product/service or even make it obsolete?
- What are the implications of these changes for each product/service in each market?
- Are there the skills available in market to support your product or service delivery?

Download our guide to exporting from Jersey

Relevant Links

Institute of Export selecting a market

- Exporting country guides
- Export Savvy
- China Britain Business Council
- Enterprise Europe Network
- UK Asean Business Council

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