Penetrating International Markets

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Regional Wood Products Consortium – Specialized Innovation Workshops
May 2010
Topics for Discussion

- Introduce the concepts
- Why consider exporting?
- How to decide?
- Tools, skills and resources
- Q & A and One-on-One
Background

- Export markets increasing
- Types of exporting
  - Direct
  - Indirect
Why are export markets increasing?

- Buy less tropical hardwoods
- Switch to North American species
- Value of US Dollar
- US Industry groups aggressive
- Excess supply in US market
- Prices decline - mills sell overseas
- Competitors’ prices higher
- Large markets emerged
Why not enter international markets?

- More risky
- Takes more time
- More expensive
- New marketing focus
Why enter international markets?

- 90% of global marketplace outside U.S.
- Diversification of markets
- Balance downturns in domestic sales
- Sales growth greater in overseas markets
- Technology – worldwide information access
- Exports counter international competitors
How to Get Started in Exporting?

1. Establish management commitment
2. Analyze firm's objectives, strengths, and weaknesses
3. Develop overseas contacts
4. Collect and analyze current overseas market information
5. Analyze and select appropriate country markets
6. Focus marketing effort on one or two countries.
7. Service your markets
1. Establish management commitment

Develop a plan (written)

Include:
- goals
- objectives
- capabilities
- constraints

Answer questions:
- Who?
- What?
- Where?
- Why?

Be ready for the long haul!
2. Analyze Firm's Objectives, Strategies, and Weaknesses

- Establish short- and long-term goals
- Realize type and number of personnel required
- Plan for:
  - Resources needed
  - Production capability
  - Adequate financing
  - Develop knowledge of export marketing
3. Develop Overseas Contacts

- Establish contact with potential customers
- Identify/contact resource persons in each target market
- Join appropriate industry associations
- Contact overseas trade associations
- Locate concerned government agencies
4. Collect market information

- Collect and organize overseas market information
- Sign up for trade lead dissemination programs
- Agencies collect/disseminate market information
  - banks with international departments
  - freight forwarders
  - marine insurance agents
  - Agencies that manage ports
4. Collect Market Information

- Review U.S. export and foreign import statistics
- Learn from other exporters
- Identify and monitor current market trends
5. Select country market(s)

- Identify current demand and potential trends
- Know own production capacity and that of competitors
- Identify standards and specifications required
- Learn about individual country markets (e.g.):
  - language requirements
  - appropriate marketing channels
  - business practices
5. Selecting Markets (cont.)

- Identify tariff and non-tariff barriers:
  - licensing
  - phytosanitary requirements
  - legal considerations
- Calculate shipping costs
- Select one or two target markets
6. Focus on One or Two Countries

- Organize firm giving emphasis to overseas markets
- Determine firm’s production requirements
- Direct contact of potential customers
- Schedule overseas marketing trip(s)
7. Service and Maintain Markets

- Respond to customers' needs
- Ongoing product modification
- Monitor markets, look for demand trends
- Schedule periodic visits
- Maintain relations with existing customers
- Develop new contacts
- Refine marketing approach as needed
Ten Questions Before Exporting

1. What products are selected for export?
2. What countries are targeted?
3. What are the customer profiles country?
4. What are the special challenges?
   (competition, culture, import controls, etc.)
5. How will export prices be determined?
Ten Questions

6. Operational steps? When?
7. Time frame for implementing export plan?
8. Personnel and company resources dedicated?
9. Costs in time and dollars?
10. Results evaluated and used to modify the plan
Keys to Export Success

- Versatility
- Adaptability
- Aggressiveness
- Patience
- Attention to detail
- Willingness to travel

- Willingness to meet customers face-to-face
- Good supply of logs
- Be able to cut lumber accurately
- Do what you say you will do
Where to Get Export Information?

- Publications
- Government agencies
- Industry associations
- Universities
- Internet
Summary

- Exporting is profitable
- Direct or indirect
- Problems are not insurmountable!
- Lots of support available
- Exporting can be fun!
Any questions? Before you start or increase your export marketing?

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One-on-One session