Export Market Research: Creating and Providing Efficient & Good Direction

Presented by: Nate Ward
ITAC Director
Cleveland State University

Copyright © 2013 Ohio International Trade Assistance Center at Cleveland State University
The Need for Market Research

**Scenario 1**
Company needs to capitalize on a sales opportunity in hand

**Scenario 2**
Company needs to find a new opportunity

**Scenario 1:** Sales Opportunity in Hand

- Sales partner in a foreign country has been identified
- Company needs to know more about how to make sense and best decisions on that market
**Scenario 2: Need to Find a New Opportunity**

Company needs growth, and may know where to start, but do they know why?

---

**What good is good market research?**

- Turns your client from opportunist to proactive exporter
- Gives confidence, help move client to higher-level services
- Illuminates previously unknown countries to client
- Will bring best chance for success to the forefront
Objectives of Good Market Research for SMEs

• Good Direction
• Affordable but valuable!
• Make use of your resources (esp. schools)
• Provide the one dimension your client cannot get anywhere else
• Give them a tool they can use themselves!
• Saves time and money

Who Doesn’t Need Market Research?

Is your client:
• Coattail exporter

• Already needs “high-level” market research
• Self-limiting (product or leadership decision)
Types of Market Research

• Descriptive
• Comparative
• Theoretical

• In-depth attitudes and behaviors
• Examines two or more markets
• Makes a theory about a market and tests it

Types of Data Collection

Primary
Surveys, interviews, focus groups, RBWA

Secondary
Draw data from other sources (NGOs, past surveys, trade magazines, etc.)
The Challenge:

List all the countries in the world in order of their relative importance to your client... in 30 days

First Step – Assessing Client

Company Major variables

Variable Indicators
Economic Cash-flow
Political Support of leadership
Legal Risk aversion
Socio-Cultural Cultural competency
Infrastructural Ability to serve capacity
Product How well do they understand domestic market?

Transferability – Modifications needed for foreign markets
### Second Step - Assessing Markets

**Country** Major environmental variables

<table>
<thead>
<tr>
<th>Variable</th>
<th>Indicators</th>
</tr>
</thead>
<tbody>
<tr>
<td>Economic</td>
<td>GNP, GNP per Capita, Population, Inflation, Unemployment, Interest Rates, etc.</td>
</tr>
<tr>
<td>Political</td>
<td>Type of Government, Political Stability,</td>
</tr>
<tr>
<td>Legal</td>
<td>Import-Export Laws, Tariffs, Taxes, IP protection</td>
</tr>
<tr>
<td>Socio-Cultural</td>
<td>Religion, Language, Literacy, Values, Work ethic, Gender roles</td>
</tr>
<tr>
<td>Infrastructural</td>
<td>Energy costs, telecommunication, mass media</td>
</tr>
</tbody>
</table>

---

### What are we looking for?

- Growth trends, clues for fertile ground
- Preconditions for sales activity
- Even shrinking or stagnant economies might be great markets

*You may be amazed where you find growth!*
Investigative Areas

- Definition of country attributes
- Key industry indicators
- Ease of doing business
- Presence of competitors
- How goods are found or sold in market

Resources

<table>
<thead>
<tr>
<th>Free</th>
<th>Fee</th>
</tr>
</thead>
<tbody>
<tr>
<td>U.S. Census</td>
<td>Bloomberg</td>
</tr>
<tr>
<td>The World Bank</td>
<td>Datamyne</td>
</tr>
<tr>
<td>Export Country Guides</td>
<td>Euromonitor</td>
</tr>
<tr>
<td>Web-based articles*</td>
<td>Mintel</td>
</tr>
<tr>
<td>Trademap</td>
<td>PIERS</td>
</tr>
<tr>
<td>globalEdge</td>
<td>USA Trade Online</td>
</tr>
<tr>
<td>Blogs</td>
<td>WiserTrade</td>
</tr>
<tr>
<td>Competitors!</td>
<td></td>
</tr>
</tbody>
</table>

*Be careful to verify sources*
Best resource: “Brain Tools”

• Prime Indicators
  – Presence of competitors
  – Presence of “analogous” products or services

• Creativity, creativity, creativity
  – Odds are small what your client needs to know is not available, or is not free

Analogous Product
Defining the context

• Finding out what it isn’t!
• You probably will not have the answers, but you can say a lot

So, How is it done?

• 23 Question Survey

Instructions: Please complete this questionnaire to the best of your abilities. Try to answer questions in relation to your export sales if possible. If not, answer in reference to your domestic sales. No answer is incorrect. The more honestly you can answer, the better our research will make sense for your company. We will use these answers to formulate your customized worldwide market priority scale.

Personnel
1. Is your executive team (CEO, CFO, COO, President, etc.) in favor of developing international sales and committing to the related investment in time and staff?
2. Do you have any employees, sales rep, or distributor permanently residing in a foreign country and servicing that foreign market?
3. Has any employee from your company traveled outside of the country for any business reason
So, How is it done?

Highest Level Information (all countries)

Elimination and Add Next Layer

Eliminate and Add Final layer

<table>
<thead>
<tr>
<th>Country Name</th>
<th>Country Code</th>
<th>GDP per capita 2011</th>
<th>Population in urban agglomerations of more than one million 2010</th>
<th>Ease of doing business</th>
<th>Noise pollution concern level</th>
<th>Noise Control Enforce</th>
<th>Weighted score</th>
</tr>
</thead>
<tbody>
<tr>
<td>Netherlands</td>
<td>NLD</td>
<td>2</td>
<td>1</td>
<td>1</td>
<td>3</td>
<td>3</td>
<td>27.5</td>
</tr>
<tr>
<td>Singapore</td>
<td>SGP</td>
<td>2</td>
<td>3</td>
<td>2</td>
<td>3</td>
<td>3</td>
<td>27.5</td>
</tr>
<tr>
<td>Denmark</td>
<td>DNK</td>
<td>3</td>
<td>2</td>
<td>3</td>
<td>3</td>
<td>2</td>
<td>26.5</td>
</tr>
<tr>
<td>Australia</td>
<td>AUS</td>
<td>3</td>
<td>2</td>
<td>3</td>
<td>3</td>
<td>2</td>
<td>25.5</td>
</tr>
<tr>
<td>Italy</td>
<td>ITA</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>3</td>
<td>3</td>
<td>24</td>
</tr>
<tr>
<td>Austria</td>
<td>AUT</td>
<td>2</td>
<td>2</td>
<td>3</td>
<td>3</td>
<td>3</td>
<td>23</td>
</tr>
<tr>
<td>Japan</td>
<td>JPN</td>
<td>2</td>
<td>2</td>
<td>3</td>
<td>3</td>
<td>3</td>
<td>23</td>
</tr>
<tr>
<td>Switzerland</td>
<td>CHE</td>
<td>3</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>3</td>
<td>22</td>
</tr>
<tr>
<td>Finland</td>
<td>FIN</td>
<td>2</td>
<td>2</td>
<td>3</td>
<td>3</td>
<td>2</td>
<td>21.5</td>
</tr>
<tr>
<td>Spain</td>
<td>ESP</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>3</td>
<td>3</td>
<td>19.5</td>
</tr>
<tr>
<td>Belgium</td>
<td>BEL</td>
<td>2</td>
<td>1</td>
<td>3</td>
<td>3</td>
<td>3</td>
<td>18.5</td>
</tr>
<tr>
<td>Sweden</td>
<td>SWE</td>
<td>2</td>
<td>1</td>
<td>3</td>
<td>3</td>
<td>3</td>
<td>17</td>
</tr>
<tr>
<td>Ireland</td>
<td>IRL</td>
<td>2</td>
<td>2</td>
<td>3</td>
<td>3</td>
<td>3</td>
<td>11</td>
</tr>
<tr>
<td>United Arab Emirates</td>
<td>UAE</td>
<td>2</td>
<td>2</td>
<td>3</td>
<td>3</td>
<td>3</td>
<td>11</td>
</tr>
<tr>
<td>Israel</td>
<td>ISR</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>3</td>
<td>3</td>
<td>9.5</td>
</tr>
<tr>
<td>Kuwait</td>
<td>KWT</td>
<td>3</td>
<td>3</td>
<td>3</td>
<td>3</td>
<td>3</td>
<td>9</td>
</tr>
<tr>
<td>Weight</td>
<td></td>
<td>1</td>
<td>2</td>
<td>2.5</td>
<td>3</td>
<td>4</td>
<td></td>
</tr>
</tbody>
</table>
The Result

All countries

High Priority Countries

Deep Dive Markets

Country Selection Results

<table>
<thead>
<tr>
<th>Priority</th>
<th>Country</th>
<th>Weighted Score</th>
</tr>
</thead>
<tbody>
<tr>
<td>Deep Dive</td>
<td>United Kingdom</td>
<td>34</td>
</tr>
<tr>
<td></td>
<td>Canada</td>
<td>32</td>
</tr>
<tr>
<td>High Priority</td>
<td>Hong Kong</td>
<td>30</td>
</tr>
<tr>
<td></td>
<td>Netherlands</td>
<td>28</td>
</tr>
<tr>
<td></td>
<td>Singapore</td>
<td>28</td>
</tr>
<tr>
<td></td>
<td>Denmark</td>
<td>27</td>
</tr>
<tr>
<td>Countries of Interest</td>
<td>Germany†</td>
<td>30</td>
</tr>
<tr>
<td></td>
<td>France†</td>
<td>30</td>
</tr>
<tr>
<td></td>
<td>Australia</td>
<td>26</td>
</tr>
</tbody>
</table>

Scores weighed based on GDP per capita, urban population density, ease of doing business, noise pollution concern level, noise control enforce.

†Germany and France have greater consumer advocacy barriers not apparent in World Bank tables. They require greater efforts to meet local testing and language requirements than other countries listed above.
A Sample
Worldwide Market Prioritization Research Report

International Market Research Report

*Worldwide Export Potential for Acoustic Panels: Phase 1 Summary and Findings*

Produced by: [Ohio International Trade Assistance Center]

Produced for: [Audimute Acoustic Panels]
Market Research’s Objectives

• Examine worldwide conditions that predict success by country
• Give recommendation of market priority worldwide
• Provide supporting details of top country’s industry profile, trends and ultimate consumers

Soundwave Acoustic Panels
Background

• Products: acoustic sheets, peacemaker, eco-c-tex panels, acoustic panels
• Healthy growing domestic distribution
  – Some resources to manage export, but limited expertise and focus
  – Already conducting export on opportunistic basis
  – Sales are based on education-heavy messaging

Conclusion: Need robust country intelligence and strong importing partner to ease entry into a foreign market
Methodology

• Layering of diverse but relevant information from multiple global sources

• Start at highest level information and work to reduce number of countries – targeting most relevant data set available

• All resource is secondary, and therefore is less reliable than primary data

Marketing Resources Analyzed

• World Bank Group’s International Finance Corporation (IFC) *Ease of Doing Business Index*
  – Overall rating
  – Getting Credit
  – Trade Across Borders
  – Enforcing Contracts
  – Insolvency Resolution

• European Environment Agency databases
• The Noise Pollution Clearinghouse publications
• International Institute of Noise Control Engineering
Country Selection Process

- All Countries (100%)
- Countries of Interest (15%)
- Priority Markets (5%)
- Deep Dive Markets (1%)

Country Selection Results

**Deep Dive Markets**
- United Kingdom
- Canada

**Priority Markets**
- Hong Kong
- Singapore
- Netherlands
- Denmark

**Countries of Interest**
- Germany
- Italy
- Austria
- Japan
- Switzerland
- France
- Australia

Countries to defer: Finland, Spain, Belgium, Sweden, Ireland, United Arab Emirates, Israel, Kuwait
Country Selection Results

<table>
<thead>
<tr>
<th>Priority</th>
<th>Country</th>
<th>Weighted Score</th>
</tr>
</thead>
<tbody>
<tr>
<td>Deep Dive</td>
<td>United Kingdom</td>
<td>34</td>
</tr>
<tr>
<td></td>
<td>Canada</td>
<td>32</td>
</tr>
<tr>
<td>High Priority</td>
<td>Hong Kong</td>
<td>30</td>
</tr>
<tr>
<td></td>
<td>Netherlands</td>
<td>28</td>
</tr>
<tr>
<td></td>
<td>Singapore</td>
<td>28</td>
</tr>
<tr>
<td></td>
<td>Denmark</td>
<td>27</td>
</tr>
<tr>
<td>Countries of Interest</td>
<td>Germany†</td>
<td>30</td>
</tr>
<tr>
<td></td>
<td>France†</td>
<td>30</td>
</tr>
<tr>
<td></td>
<td>Australia</td>
<td>26</td>
</tr>
</tbody>
</table>

Scores weighed based on GDP per capita, urban population density, ease of doing business, noise pollution concern level, noise control enforcement.

*† Germany and France have greater consumer advocacy barriers not apparent in World Bank tables. They require greater efforts to meet local testing and language requirements than other countries listed above.

UK Profile

- A variety of Acts of Parliament, regulations, standards, and codes of practice control noise
- Population in urban agglomerations of more than 1 million ranked #17 in the world.
- Ease of doing business ranked #7.
- High income. GDP per capita $38,817, ranked #23 in the world.

Sources: The World Bank; I-INCE Technical Study Group On Noise Policies And Regulations
UK Profile (cont’d)

Noise Pollution Impact
• 2008 – 2009 UK councils received 315,838 complaints about noise pollution from private residences.
• Environmental health officers across the UK serving 8,069 noise abatement notices.
• 42% of people feel noise affects their private home life in some way.

Sources: European Environment Agency: EU Noise Exposure and Perception

UK (cont’d)

• 47% people in London strongly agree noise is a big problem.
• In Newcastle, city officials promote tourism and nightlife but residents say no.
• The cost of noise pollution in England from environmental noise alone is estimated to be between £7 billion and £10 billion per year.

Sources: Department for Environment, Food, and Rural Affairs
Other countries to note

Noise Pollution in Hong Kong:
- Hong Kong is renowned for its city skyline => very active construction industry => construction noise
- Aircraft noise, neighborhood noise, noise from commercial and industrial Premises
- Government manages noise under the Noise Control Ordinance

Noise Pollution in EU:
- The public perceives it as one of the major environmental problems.
- At least 100 million European citizens are exposed to damaging levels of noise from major roads alone.
- The European Environment Agency developed NoiseWatch to help the many millions of people across the EU exposed to damaging levels of noise.
- UK is a great entry country to the EU. Its high score bolstered by attractiveness of surrounding countries which can buy from UK such as Denmark, Netherlands, and France.

Other countries to note

Canada
- Already exporting to Canada on opportunistic basis
- Easiest country to expand exports to in focused manner
- Consider making website bilingual or hiring bilingual staff to serve entire Canadian market
Useful Links

• Noise Watch
• Noise Pollution Clearing House
  http://www.nonoise.org/
• European Environmental Agency
  http://www.eea.europa.eu/
• Environmental Protection UK
• Department for Environment, Food, and Rural Affairs
  http://www.defra.gov.uk/environment/quality/noise/

Outcomes of the World Wide Market Prioritization Report

• Five studies completed over 10 months
  – One trade mission
  – One in-market research
• Five studies in process
• High level of “Wow” Factor
• Build rapport
• Makes approaching international manageable
For more information

Nate Ward
Director and Trade Advisor
International Trade Assistance Center
Monte Ahuja College of Business at
Cleveland State University

Tel: 216-523-7347
Email: n.t.ward54@csuohio.edu

Copyright © 2013 Ohio International Trade Assistance Center at Cleveland State University
ITAC Worldwide Market Prioritization Questionnaire

Instructions: Please complete this questionnaire to the best of your abilities. Try to answer questions in relation to your export sales if possible. If not, answer in reference to your domestic sales. No answer is incorrect. The more honestly you can answer, the better our research will make sense for your company. We will use these answers to formulate your customized worldwide market priority scale.

Personnel

1. Is your executive team (CEO, CFO, COO, President, etc.) in favor of developing international sales and committing to the related investment in time and staff?
2. Has your company budgeted funds to develop international sales this year?
3. Do you have any employee, sales rep, or distributor permanently residing in a foreign country and serving that foreign market? If so, where?
4. Has any employee from your company traveled outside of the country for any business reason in the last year? If so, where?
5. Do you have a lawyer trained in international affairs on staff or on retainer?
6. Has anyone in your organization lived in a foreign country three months or more that you’re aware?
7. Do you know if anyone in your company speaks a foreign language? (if so, how many and what language(s) spoken)
8. What is your time frame expectation to break even on your export program? (i.e., months, years, or export investment should pay for itself immediately)

Organization and Product

Some questions pertain to products only. Please disregard if you sell services.

1. Do you sell products/services B to B or B to C?
2. Do you have a channel strategy in place for your domestic sales?
3. Do you offer to broker shipments domestically or internationally?
4. Is your product IP safeguarded in the U.S. or anywhere else through patents, trademarks or licensing rights?
5. Does your product come with an owner’s manual?
6. Name any certifications your product(s) is/are subject to, in the U.S. (or overseas if you know).
7. How would you rate the end price of your products/services in the domestic market? (high-end, mid, low-end/commodity)

Exterior Variables, Market factors, and Competitors

1. Do you have sales or distribution to any foreign countries presently? If so, where?
2. Does your company already have an idea of the foreign markets you should focus on? What are they? Why do you think they are important to focus on?
3. Do your products naturally fit with any certain demographics in the U.S. (lifestyle, literacy, religion, gender roles, etc.)? If so, which?
4. Do your products depend on basic infrastructure to operate such as electricity, clean water, or smooth roadways?
5. Do your products depend on the existence of a subset of products to enhance, fix or otherwise piggy-back on? (e.g., smart-remotes for televisions)
6. Name your primary competitors, both product(s) and the companies that produce them (domestic and foreign, if known).
7. What are important trade shows for your business, domestic or foreign (regardless if you participate in them or not)?
8. Is there any reason to exclude a foreign geographical area (continent, country, etc.) that is off-limits to you due to an agreement with a partner/parent company or for any other reasons you can think of?

Return your completed questionnaire to Nate Ward at n.t.ward54@csuohio.edu.