Straight Talk for Exporters: *Picking the Right Export Markets*

Choosing the best export markets for your products is a tall order, and to be successful at it, you must make your decision on the basis of accurate, up-to-date information. Many will say, "That's a no-brainer," but you will be surprised at how many companies have chosen markets simply because they share a few common characteristics with their own home market. Here are three common mistakes companies make in choosing their export markets.

Mistake #1: An English-speaking market will definitely be the right choice

In a previous article I discussed how to thread the cultural needle. I touched on language ability as being important but not critical to successful selling. Just because your selected market has potential buyers that speak English is no guarantee they will be receptive to your product. Truth is that many businesspeople speak English today, but many of the world's people eat rice, too. A smart marketer wouldn't pattern his export strategy on one common denominator.

While being able to speak English with your distributors and agents is helpful (and definitely a plus), it's the customers that count. If they aren't moved by your language to buy your products, then you need to make a move to theirs. Check with the local American Chamber of Commerce in your target market about language (or anything else for that matter).

Talk with the Trade Specialist that covers your industry at the Commercial Section in the American Embassy, or better yet, work with your export consultant on a plan for contacting all of them before you make any big decisions.

Mistake #2: I'll go where my competition goes

Sometimes your competition can point the way to a successful market, but sometimes it can't. There are usually many reasons a company is successful in a foreign market. These can range from market longevity (many years in-country) to government or major company specification of the product, excellent local representation or local manufacture.

To determine which of those are relevant to choosing that particular market or crossing it off your list, get the hard data with a competitor assessment. Locate domestic consumption information and export figures of the product in question. If you know of a particular component that is critical to that product's functioning, check out the local manufacturing data and import figures for that component. That will tell you how many units are being produced and sold and give you an idea of market size. If you don't have the in-house capability to research the data, hire someone who knows how and is experienced in analyzing it.

Mistake #3: The market is close by. Therefore it's bound to be cheaper doing business there

If proximity were the primary consideration for choosing an export market, we'd all be exporting to Mexico and Canada. The export facts of life just don't support that decision, however. Trade agreements like NAFTA were developed to move more companies' investments to our neighbors to the north and south, thinking that a 'rising tide will lift all boats,' but businesspeople don't make key investment decisions based on patriotic duty. They base them, instead, on realistic projections for reasonable profits.

Mexico is a great export market for some U.S. companies, but it may be a better deal for manufacturers with products that can be sold in Mexico, made in U.S./Mexican border factories. Exporters must consider the specific costs of doing business in Mexico and factor it into their decision to use it as an export market.

For more information, companies should contact the U.S. Department of Commerce special office for NAFTA as well as the Trade Specialists at the Embassy in Mexico City and in Ottawa. The bottom line is that mistakes can be costly to make in *any* market, and just because a market is close by is definitely no assurance that those mistakes will be less costly or easier to fix when they occur.

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