



Export marketing: where to begin

You've visited your potential foreign market and looked for possible sales leads. Now you're ready to build your export marketing plan. Start by assessing your competitive landscape and arming yourself with as much information as possible.

Applying the 4Ps in export marketing

Along with the 4Ps of marketing you'll also have to consider issues such as longer sales cycles and payment terms, cultural differences, intellectual property and strategic alliances. It may help to first understand that export markets are usually categorized into these types:

- Competitive environments (e.g., North America and European Union) where product and service delivery and excellent quality assurance are a priority.
- Relationship-based environments (e.g., Mediterranean countries) where strong interpersonal communication skills, cultural sensitivity and linguistic fluency are important.
- Third-world economies (e.g., Africa) where market development is slower.

Product

In order to sell a product to a foreign market, you need to understand the unique characteristics of the market and the potential demand for your product. You may have to adapt your product to satisfy buyer tastes or needs. Here are some examples:

Language laws in many countries, such as Canada, may require you to use specific languages on your product. You want your consumer to understand exactly what they are buying, so be sure that you use a good local translator who takes into account cultural sensitivities.

Buyer preferences can be affected by foreign customs such as religious practices or the use of leisure time. Ask yourself these questions:

- Are the colors and packaging attractive to the foreign buyer? White, for example, can mean death in Japan. In North America, it may send a message of purity, i.e., weddings.
- Are there cultural sensitivities that may affect the success of your product? In some countries, for example, consumers may interpret what you feature on the product as the actual content.

A country's **standard of living or infrastructure** can determine whether or not you need to modify a product. If a country is less developed, then the market may be more inclined toward lower prices.

Engineering standards in many countries differ from Canadian standards. Be aware of electrical/voltage systems and metric measurement.

Foreign government product regulations are common in international trade. These regulations and product specifications are often used to protect domestic industries from foreign competition. For example, you can expect to deal with red tape if you're selling products that may affect health, such as pharmaceuticals or foods. Similarly, products that are the subject of trade disputes (softwood lumber), or quotas are more likely to be subject to regulatory constraints.

Geographic and climactic conditions such as topography, humidity and energy costs can affect the performance of a product.

Price

Your pricing is subject to various conditions, such as market demand, competition and costs.

Here are some common pricing strategies:

- The most popular pricing approach is the cost-plus method. Your export price is based on your cost of goods plus such costs as tariffs, custom fees, currency fluctuations, value-added taxes,

shipping and insurance. The disadvantage here is that you may be setting prices that are not competitive.

- If you're attempting to penetrate a competitive foreign market and gain a certain edge, you could sell or price your product at a lower rate in order to gain market share.
- If your products are high-end luxury goods, targeted to specific groups and market competition is low, you may want to sell your product at a higher rate than your domestic market.
- If you're entering a third-world market, you could use a flexible pricing strategy where your sales price varies globally and is subject to market demand; you may also get funded for a percentage of the cost through a development organization such as the [Canadian International Development Agency](#), which helps businesses set up in underdeveloped countries. They can help you deal with economic and political instability.

Promotion

Do you understand the culture of the new market and its expectations? Do you know what promotional mediums work? Be sure you understand the promotional practices, here are a few rules of thumb:

- Promotional materials: redesign your marketing materials, if need be, to make your product or service attractive to your target market. For example, British consumers tend to like humour in advertising.
- Make personal visits to promote your product: many cultures value this contact in their business relationships.
- Attend international trade shows to promote your products or services.
- You can use the Web to provide information on your products and distributor locations. Be sure that your product is visible on your distributor's website. Use your customer's language, show prices in local currency and include foreign market taxes.

Place

Decide where your target market could most easily and effectively access your product or service, and check whether or not your competition is in the same location.

As with many marketing initiatives, you will often need to deal with third parties that represent your interests. In a foreign country, in particular, you will have to decide how you're going to distribute your product or service. Since your foreign partners will represent you, they can often make or break the success of your venture. These [market entry channels](#) can include sales representatives, agents, distributors, retailers and end users.

Staying focused on customer service

As with domestic markets, customer service is also crucial to success in exporting. Your success is based on building your reputation, company credibility, acceptance of your product and how you handle customer service in a specific country. Keep in mind that certain countries, such as the U.S. may expect 24-hour service, whereas other markets may be less demanding.