

Guide to Trading Internationally

Business opportunities

What's in this section?

This section contains information and guidance for companies seeking to develop new international business. Generating international business involves getting your products and services noticed by potential end users and/or intermediaries. Not only that, but the potential benefits of your products and services must appear to be highly attractive compared to current alternatives if buyers are to be persuaded to switch.

Much of the information in this factsheet relates to following the correct procedures to ensure that the exporter's products reach their destination safely, comply with local requirements and that subsequent payment is effected successfully. However, no business can succeed in exporting until it has identified the most appropriate business opportunities and responded to them accordingly. Understanding and responding to market demands is a challenge for every business, but especially those trading internationally. In recent years, the largest single challenge, that of effectively communicating your message to potential customers has changed drastically with the widespread introduction of new communications technology, in particular the internet. What such facilities do not address however, is how would-be exporters get to grips with the cultural and linguistic distinctions and barriers that either stop their message getting to its intended audience, or else mean that if heard, the message is not understood or gives a totally different message to that intended.

Locating potential customers globally can seem like a needle in a haystack problem, but there are many ways of identifying demand, assessing the value of the potential business, selecting the best opportunities and responding to them.

Promoting your products internationally

In most cases, global promotion of products, services or brands is beyond the capability of all but the largest and most powerful corporations. Small and medium sized organisations that seek to develop international business will usually do so by developing a small number of markets (usually individual countries) at a time, developing strategies and allocating resources for the purpose of developing a suitable market presence.

Since marketing is about supplying the right goods to the right place at the right time, the most effective method of promotion

varies from one market to another. Knowing how to get noticed in a new market requires a level of market knowledge that often comes from undertaking market research.

From this research, the exporter is able to devise a suitable promotional strategy that may involve such activities as advertising, participating in exhibitions, direct mail, internet marketing, or seeking to enlist the help of third parties such as wholesalers or retailers. Effective promotions rely on an understanding of how your products relate to the current market and promoting your Unique Selling Points (USP's). This could be as simple as having a product that is comparable in performance to current leading brands, but sells at a significantly cheaper price, or alternatively may relate to technical features of the product that offer different benefits to the end user.

Before embarking on a promotional campaign in a new market, especially if the company is new to exporting, it is best to seek advice from appropriate sources, such as UK Trade and Investment, Chambers of Commerce, Business Links and independent consultants.

Using the internet as a marketing tool

The internet is, according to many people, still an infant technology which is still being explored. For many small businesses however, the internet is unique in offering some kind of shop window to the whole world. When a business produces a website, that site is accessible to virtually the whole world (subject to any local censorship or blocking). This has led to a phenomenon where increasing numbers of companies that operate on a local business occasionally receive genuine business enquiries from other countries. Whilst very often such enquiries turn out to be 'spam', there are many cases, particularly for companies who have produced innovative products or services to address a specific problem, where potential buyers surf the internet and locate the supplier either through keyword searches on search engines, or through online directories.

Companies seeking international business can act in a number of ways to maximise the prospects of such 'hits'. For example, they can ensure that their business, brand names etc are registered on commonly used search engines in other countries, and that they are recognisable to speakers of other languages, for example by having localised websites.

As an effective marketing tool, the internet has a severe disadvantage for most businesses in that it is just so large, and without spending excessive amounts on securing top spots on search engines, the business is crowded out by larger and wealthier competitors. Furthermore, the internet is limited as a marketing tool in that it is a passive or reactive means of promotion. A company may spend large amounts on developing a beautiful and compelling website, but there is no benefit to the company until a potential customer chooses to visit the site.

Hence, most conventional businesses should not get carried away with the idea that a powerful website can by itself help to achieve market presence. Used in conjunction with press or media advertising, direct mail, retailing etc., the internet does nevertheless provide a very effective means of making information available to potential customers in remote places.

Finding opportunities

There are a number of steps that an aspiring exporter can take to identify opportunities for business in new markets. Some steps are simple to take and inexpensive, if not completely free, and can help a business to derive some specific information about potential demand for their products or services in specific markets.

British companies can easily take advantage of the business opportunities database on the website of UK Trade and Investment, the government body that helps businesses to trade internationally. The business opportunities database is free to use, and enables a business to register details of their products and services. This is viewed directly by buyers around the world who are actively seeking new suppliers, as well as by commercial staff in British Embassies and Consulates worldwide, who are seeking to assist local companies by finding them new suppliers. Registering a business online is possible by visiting the website at www.uktradeinvest.gov.uk

The UK Trade and Investment database is a global and cross-sectoral facility, that acts as a catch-all for all sectors of industry. To get more benefit, aspirant exporters should seek out similar facilities that are more relevant to their products, sector, or to the markets they are most interested in serving. Appropriate trade bodies can offer similar facilities that, as they are specific to a particular sector, are often more likely to get noticed by potential buyers. Many businesses offer commercial facilities that are effectively 'matchmaking' facilities for buyers and sellers, the most well-known of which is probably e-Bay. There are many others that are more focused on business to business products and services, and may have a particular slant on particular regions or sectors.

Using these facilities is easy to do and is certainly valuable as a first step, but frequently proves to be of limited value because it is a passive means of finding opportunities, that is to say it is a way of making it easier for potential customers to find you.

For most businesses, finding or generating business opportunities internationally is a demanding and potentially expensive exercise, involving a mix of promotional activities such as advertising, public relations, direct mail, exhibitions, point of sale promotions and others according to the sector and market. A very large proportion of all such activity brings no benefit whatever to the business, often because little or no attempt has been made to gauge market need. Successful market development begins with a determination to understand the needs of the market, the current suppliers, the expectations and lifestyles of buyers, and the ways in which language, culture and the law impact on how the market behaves. This information is known as market intelligence, and is derived from the process of market research.

Market research

The greatest challenge facing new or less experienced exporters in developing new international business is invariably, knowing where to start. With around 200 countries in the world, it can seem like a nightmare trying to decide which markets offer the best opportunities.

A useful starting point is market selection, where a simple process of information gathering can enable a shortlist of most attractive markets to be drawn up, based on freely available information such as population, levels of disposable income and other relevant statistics. This process can also consider the needs and limitations facing the potential exporter. For example it may be appropriate to leave more physically remote markets out of the process especially for a small business where time may be a very finite resource.

A market selection process can help to identify a small number of markets that seem to be worthy of further consideration. In most cases, it is unlikely that any markets will appear to be clear favourites without further investigation, and at this point the business may have to invest some money into more detailed market research. Whether the exporter decides to do this for himself, or use the services of a market researcher, there is considerable financial assistance available from the Export Market Research Scheme operated on behalf of UK Trade and Investment by the British Chambers of Commerce. Details of the scheme are available from www.chamberonline.co.uk

First steps in market research therefore involves identifying a small number of markets that offer the best prospects for success and for the business to devise and effect a market entry strategy for each. For smaller businesses, it is common that only one market entry strategy would be put into action at a time, and for novice exporters it is a general rule of thumb that no more than three markets should be targeted at first.

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