

Export Market Research

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Market research will inform the firm of:

- The largest market for its product
- The fastest growing markets
- Market trends and outlook
- Market conditions and practices
- Competitive firms and products

- A firm may research a market by using either primary or secondary sources
 - In primary research a company collects data through interviews, surveys and other direct contact
 - Primary research is tailored to the company's needs and provides answers to specific questions
 - Collection of data is time-consuming and expensive

Secondary sources

- Company collects data from compiled sources such as trade statistics for a country or product
- Secondary market research is less expensive and focuses marketing efforts
- It does have limitations but it is valuable and relatively easy as a first step

Secondary sources

- Most firms rely on secondary data sources
 - It can be conducted in three basic ways
 - Keeping abreast of world events that influence international markets
 - By analysing trade and economic statistics
 - By obtaining the advice of experts

Gathering and evaluating secondary data can be complex and tedious

Secondary sources

- Keeping abreast of world events that influence the international market place:
 - announcements of specific projects
 - visiting likely markets
 - looking for new markets opening up

Secondary sources

- Analysing trade and economic statistics
 - generally compiled by category and by country
 - demographic and general economic statistics
 - industry production statistics
 - Market research reports

General approach

- Screen potential markets
 - Obtain export statistics to various countries
 - Identify 5-10 large and fast growing markets for the company's products
 - Look at them over last 3-5 years to identify trends
 - Is growth consistent?
 - Is it affected by economic recession?

General approach

- Screen potential markets
 - Identify some smaller but fast emerging markets that may provide ground-floor opportunities
 - Target three to five of the statistically most promising markets for further assessment
 - Consult government services, business associates, freight forwarders etc. to help refine target markets

General approach

- Assess target markets
 - Examine trends for company products and related products
 - Ascertain sources of competition including domestic production and imports
 - Analyse factors affecting marketing and use of the product in each market
 - end user sectors
 - channels of distribution
 - cultural and business practices

General approach

- Assess target markets
 - Identify any foreign barriers (tariff and non-tariff) for the product
 - Identify any export controls
 - Identify any government incentives to promote the export of the product or service
- Draw conclusions

Sources of market research

- There are many domestic, foreign and international sources of information from simple trade statistics to in-depth market surveys
- Government officials and experts
- Chambers of Commerce
- Trade associations
- Industry experts

Sources of market information

- International Financial Statistics (IFS)
published by International Monetary Fund
- UN Statistical Yearbook
- World Bank Atlas
- World Fact Book (CIA)
- World Population (US Census Bureau)

Sources of market information

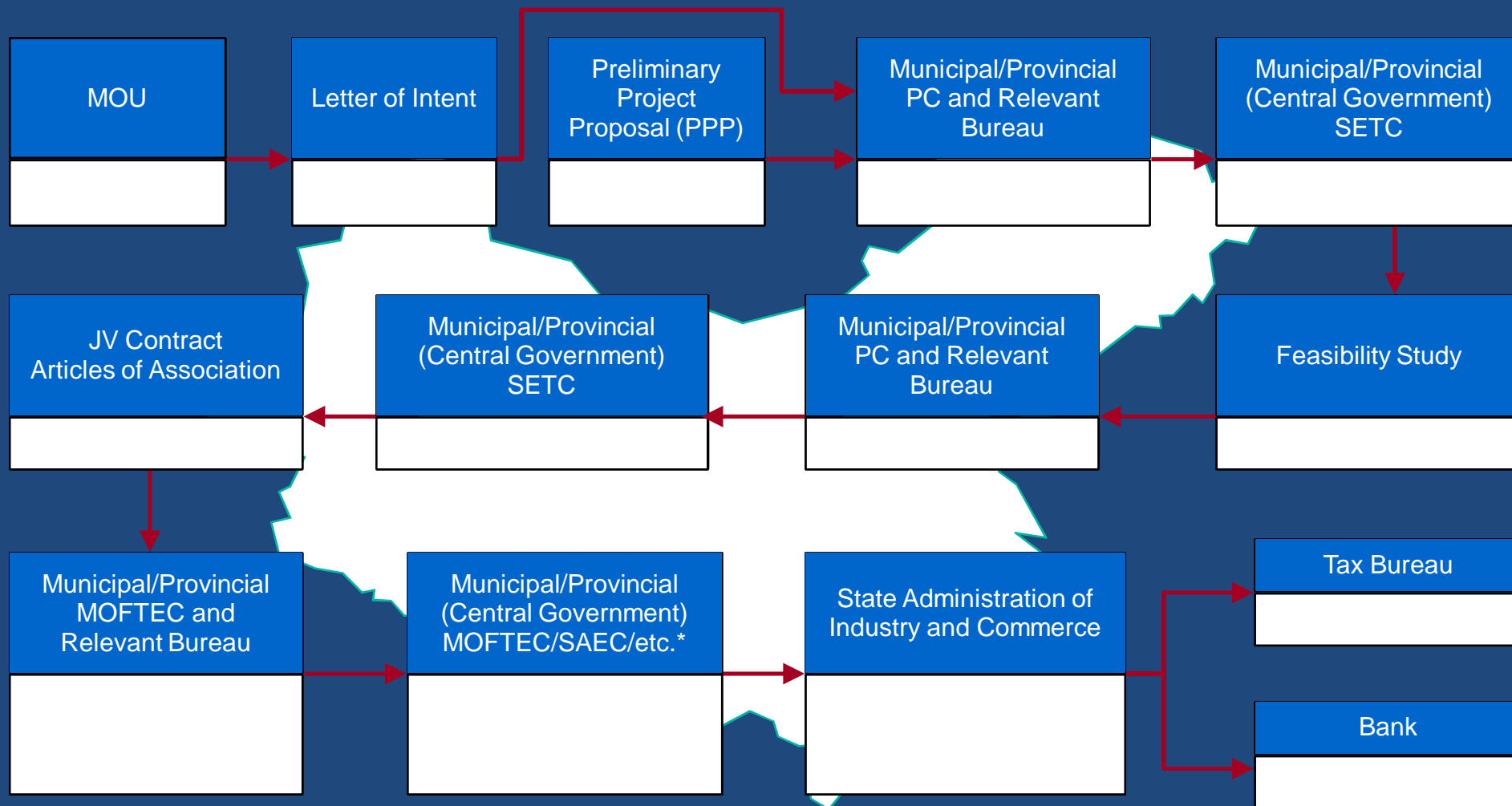
- US Bureau of Commerce -
(www.tradeport.org)
- Tradepartners UK (www.tradepartners.gov.uk)
- Mintel reports
- Financial Times
- McKinsey Quarterly

CHINA

Joint Ventures

How Can BDI Help?

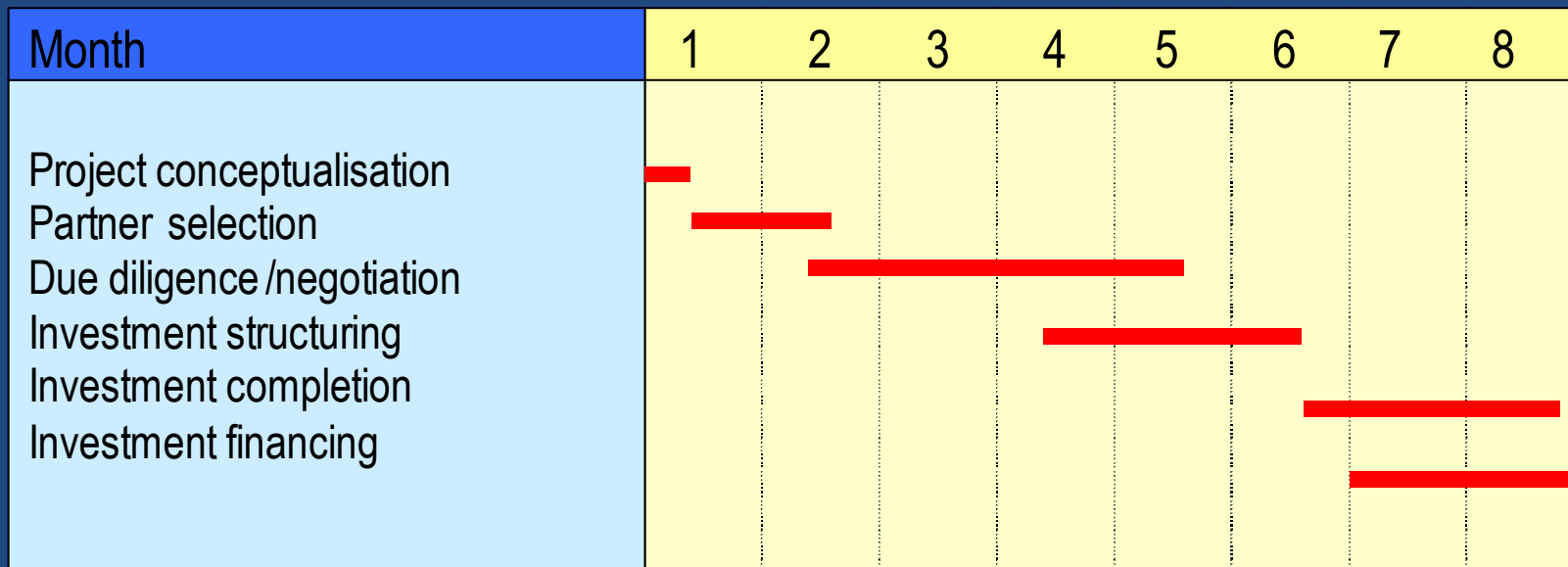
Typical JV Approval Process



* If total investment is more than US\$30 m, central government approval is needed

How Can BDI Help?

PROJECT TIMETABLE



How Can BDI Help?

The project timetable is based on a typical investment case and will vary according to:

- Level of sophistication of Chinese partner
- Complexity of transaction
- Support from government authorities
- Financing arrangement required

How Can BDI Help?

BDI has developed a "Best Practices" approach to the negotiation of joint venture projects in China to enable clients to avoid the many pitfalls they will encounter.

The "Best Practices" approach includes:

- Comprehensive checklists for each stage of the negotiation process;
- Model documentation
- Workshops for both client and partner staff with particular emphasis on managing the Chinese partner and his expectations

How Can BDI Help?

Where we add value:

- Building trust in the negotiation and approval process
- Understanding of Chinese business culture and practices
- Accelerating the approvals process
- Advising on RMB and foreign currency financing
- Advising on financial structures
- Formulation and implementation of market entry strategy
- Formulation and implementation of negotiation strategy

How Can BDI Help?

Where we add value:

- Co-ordination of the negotiation and approvals process with partners, regulators and other third parties
- Advice on agreement contents and negotiation of favourable terms
- Conduct and co-ordinate due diligence
- Document preparation
- Continuous feedback to client

How Can BDI Help?

NEXT
STEPS?