



# PROFIT

promoting regional opportunities  
for investment and trade

## **Market entry options**

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# Market entry options<sup>1</sup>

## 1. Introduction

Many first-time exporters<sup>2</sup> express concern over how they are going to manage the distribution and marketing process in an overseas market. Many are also concerned that the process might be taken out of their hands and that they might have to surrender some control. These concerns are reasonable and valid, but there are options available to address such concerns. Whether you want to concentrate on producing the goods in your home market, are keen to be involved at every level, or just feel unsure about how best to approach the export market, you should be able to develop an appropriate strategy to meet your own particular aims.

Gaining a foothold in a market requires, inter alia, an awareness of how it operates. For example, buyers may place all their orders for your type of product at one particular annual trade fair or exhibition. Attending will be the only way to make sales; there's no point in hiring an agent for that market, however efficient they are. Other markets, however, might be entered far more easily by going through an established distributor. Choosing a sensible market entry method, therefore, can save you time, effort and money, and ensure that news of your product reaches the right buyers in the marketplace. Making a good choice can also shape how your international trade will develop long term.

It is important to consider all the elements of your project before selecting your entry method. You will be thinking about the nature of your product, the markets to which to sell to and the availability of your resources. There is no reason why you should limit yourself to just one market entry method. Indeed, the best method in one market may not work in another. As a first-time exporter, however, you are probably focusing on one key market so limit your market entry method to just one as well.

By this stage you have decided what it is you are planning to sell. If not, then read the PROFIT factsheet on *Internationalisation* which will help you to clarify the opportunity.

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<sup>1</sup> This factsheet is based on material originally published in *Exporting for the First Time* by Graham Smith & Paul Sampson and edited by Colin Weatherspoon & David Irwin, copyright Project North East, 1996, and used with permission.

<sup>2</sup> This factsheet tends to talk about 'exporters' as shorthand for businesses that intend to engage in international trade or investment, on the basis that the business intends to sell something in an international market.

## 2. Direct versus indirect

Think first about the advantages and disadvantages of each of two basic categories into which all entry approaches can be grouped. Each strategy has different requirements, in terms of level of commitment, involvement and flexibility of approach. Some may be particularly appropriate to your market, your product, your circumstances and others less so. The first consideration is whether you would prefer to use a 'direct' method or an 'indirect' method.

### Direct exporting

Direct exporting means on-the-spot selling, developing your venture into foreign markets. This will require a great deal of initial preparation and will inevitably place considerable demands on your time. You should be prepared to make repeated trips abroad, often at short notice. You will probably employ someone else to take charge of some part of the process such as sales or distribution, and to act as your representative in that market. Alternatively you may choose to manage the whole process yourself.

Advantages	Disadvantages
<ul style="list-style-type: none"><li>▪ Gives you direct contact with, and up-to-date information on your market needs and trends.</li><li>▪ Offers you maximum flexibility to adapt your venture, product and services.</li><li>▪ Gives you control over marketing arrangements, enables you to control how your 'name' is established, represented and promoted.</li><li>▪ Enables you to develop and maintain after-sales care and customer goodwill.</li></ul>	<ul style="list-style-type: none"><li>▪ Involves heavy investment of both time and resources.</li><li>▪ Increases your vulnerability to the risks involved.</li><li>▪ You may lack the necessary expertise to handle the export drive.</li></ul>

Examples of the common direct approaches to exporting are:

- Establishing own branches abroad
- Through trade fairs
- Joint ventures
- Selling direct
- Through agents or distributors
- Franchising/ licensing

### Indirect exporting

This usually means exporting via specialist organisations based in your target country, eliminating the need for travelling abroad, arranging transport for goods, dealing in foreign languages and coping with complex documentation. It may seem like exporting from a

position that is 'once-removed', but it can be a very useful way into exporting for small firms and provides a means of testing the viability of your products in new markets. Indirect exporting will still require a considerable commitment.

Examples of the common indirect methods approaches to exporting are:

- Through an export management service
- Through an export merchant
- Through buying houses
- Through confirming agents

Advantages	Disadvantages
<ul style="list-style-type: none"><li>▪ Gives you access to the skills and connections of professional exporters and those with local knowledge.</li><li>▪ May reduce initial costs and leave you less vulnerable to direct risk.</li><li>▪ Export groups can share expertise and technology and the costs of market research, distribution and promotion.</li></ul>	<ul style="list-style-type: none"><li>▪ Less direct contact with the export market and customers.</li><li>▪ Lack of independence, less chance to build up a personal reputation and contacts.</li><li>▪ Limits your ability to react rapidly to changes in the market.</li></ul>

### 3. Market entry options

Once you have developed a fairly clear idea about whether you want to adopt a direct, or an indirect approach to your export trade, you need to think about the precise approach that suits your particular needs. We will now take a look at each of the options, both direct and indirect, that are available to you and summarise each in terms of the generally accepted advantages and disadvantages. Bear in mind that you may want to review your approach as you work through the later chapters dealing with the development of your market strategy. Consequently, it will be sensible to think in terms of making an initial short-list of what you feel to be the most attractive options, those which suit your needs, rather than limiting yourself to just one at this stage.

#### Agents

Commission agents seek orders on your behalf and receives an agreed commission on each order. They do not deal with shipping or payment, which you must arrange yourself, and accept no credit risk on stock unless they are *del credere* agents who charge a higher commission. You will inform the agent of the prices and terms on which you are prepared to sell, and they will approach businesses within the designated area. The agent legally binds the company they represent to any contract they sign for product orders. Agents generally seek sole agency rights for a country or region and usually receive commission on all orders

in their territory, even if they did not obtain them. In many countries, especially in the Middle East, companies selling to the government must use the services of an agent.

### Advantages

- You pay no commission unless you are sent orders and this forms an incentive for the agent to seek sales.
- An agent with knowledge of the local language and trade processes will inspire customer confidence.
- Your agent will be on hand for export customers, to deal with any problems, technical difficulties etc. and to develop after-sales care.
- A good agent will keep you up to date with market changes, trends and demand.

### Disadvantages

- Many agents take on too many principals and will be unable to devote sufficient time to your product. Some may also be working for your competitors.
- Your agent may not have the technical knowledge required to sell your product effectively or to provide a satisfactory after-sales service.
- You are still obliged to arrange shipping etc., although the agent may be able to offer advice.
- In many countries legislation makes it extremely difficult to dismiss an agent.

## Distributors

Distributors act as agents who hold stocks of your product, from which local orders are supplied. Unlike agents they take legal title to the goods and will usually buy from you and sell from their own account, at local prices which they fix themselves. They usually also oversee all activities involved in the export process. Some distributors taking on a new product will, however, ask for stocks to be supplied on consignment, i.e. they remain your property until they are sold. This can be very unsatisfactory but in some cases may be the only way to get into the export market. You will normally grant the distributor an agreed area of operation and will not take orders from that area except through them.

### Advantages

- The distributor usually takes charge of all the administrative and practical aspects of the export process, including stockholding, repackaging and promotional support.
- He or she will be available for customer support in the market and will be a source of local information.
- The distributor carries most of the credit risk of export transactions.
- Using a distributor enables you to take advantage of existing channels of trade and potentially gives you access to any major customers the distributor already supplies.

### Disadvantages

- Your product will be in competition with those of the distributor's other principals for his/her attention and sales effort.
- Because they take on the credit risk, many distributors will be reluctant to take on new products, especially where they are not proven in their markets.
- You will have little ultimate control over the pricing or promotion of your product.

## Licence agreements

Under a licence agreement you grant another firm the right to use your product's name, to use technical information or processes, or to manufacture a product using your patents. A

fee (which may or may not include royalties) is charged for the licensed rights. Licensing may depend on you first securing protection for your intellectual property rights in your target country and may require government approval in some territories.

#### Advantages

- Can provide a route into export markets which would otherwise be inaccessible e.g. due to size, prohibitive legislation.
- Gives you the advantage of selling via a local firm, which often inspires customer confidence and loyalty.
- Unlike franchisees, licensees are usually well-established firms with their own market share.

#### Disadvantages

- A limited method of exporting — prevents you from developing your company name and image in target country.
- Unless the terms of the licence agreement are absolutely stringent you are vulnerable to potential misuse of your intellectual property.
- Licensing your product into a particular market may prevent you exporting there at a later date.

## Franchising

Franchising allows an operation to be sold as a ready-made business package to local operators in return for fees and other income, e.g. a percentage of annual profits. It provides a means to expand an operation rapidly without taking on all the responsibilities of ownership and management. Your operation must be unique in some way in terms of product or image to be a viable franchise. The franchisee contributes towards capital and resources as well as paying a franchise fee, whilst you will provide a range of support, including marketing, training and technical services.

#### Advantages

- Franchisees will be motivated to make their business profitable — this should result in a successful introduction of your product into export markets.
- Banks are often keener to support franchise schemes than other forms of business expansion.
- The franchisee is well-placed to understand and exploit his/her local market.

#### Disadvantages

- Initial start up costs of a franchise scheme are very high.
- You will have less direct control over your product.
- This method still requires considerable investment of time and expertise on your part to develop the franchise model.

## Trade fairs

Visiting an international trade fair can be a productive choice for a number of reasons. Fairs and exhibitions are held throughout the region and, depending on size, will attract all those involved in the relevant trade, from multinational market leaders to the independent entrepreneur. Whether you exhibit or simply attend as a visitor there will be plenty of opportunity to make contacts, research the market, find agents or wholesalers and develop sales opportunities. You may find that your local Chamber of Commerce can assist with advantageous terms to participate in trade fairs or in missions to foreign trade fairs.

### Advantages

- A means of developing close contacts in a wide range of markets.
- Avoids the cost of using an intermediary (especially if financial support is available).

### Disadvantages

- Less likely to lead to a sustained export venture — may just produce one-off sales.
- You will usually have to manage the export process.

## Overseas branches and subsidiaries

This would be an extremely ambitious option for a first time exporter. Setting up a branch or subsidiary gives you complete control over your product, both at home and abroad, but the cost may be a significant constraint.

### Advantages

- Real 'hands-on' international trade — avoids both the costs and restrictions inherent in using an intermediary.
- A key element of an expansion strategy.

### Disadvantages

- Requires a huge investment of money and resources.
- Unlikely to attract financial backing.

## Selling direct using your own resources

There is no reason why you have to use an intermediary to enter export markets. Depending on your product you may be able to sell direct to customers or outlets abroad. This may be particularly appropriate where customer base is narrow or limited, e.g. luxury consumer goods which will only be stocked by a number of exclusive outlets, and when there is little need for servicing or after-sales care. Direct selling could involve a member of your team with the appropriate technical knowledge making regular visits to customers to assess their demands, or the supply of goods to multiple retailers to be sold as 'own-label' products, minimising your promotional investment. It is worth noting however that unless your product is specialised enough to directly meet customer demand, selling direct will involve considerable resources of time and money if it is to be any more than a series of one-off deals.

### Advantages

- Gives you maximum control over your product.
- Avoids the costs of using intermediaries.
- Enables you to develop contacts, travel abroad etc.

### Disadvantages

- This method will require a sustained investment of time and expertise.
- You must be prepared to visit your export market at short notice should problems arise.
- May involve costly changes to product specification to meet demand.

## Joint ventures

There are a number of ways to participate in a 'joint venture' export project:

### (i) Working with an international firm

Large international companies, whether based in your home country or in your export market, often seek new products for their sales portfolio. If initial research indicates that

your product could work well within a particular company's range, then you may wish to explore this 'piggy back' method.

### **(ii) Collaborating with a foreign company**

In certain circumstances, e.g. where markets and product ranges are compatible, you may be able to reach an arrangement with a comparable business abroad. This may involve agreeing to manage each other's export trade, or embarking on a joint operation to handle a specific market or markets. Unless you already have a contact, identifying a suitable firm will involve considerable research — but PROFIT may be able to help.

### **(iii) Collaborating with a local firm**

You may be able to identify a suitable firm in your local market, with a similar export agenda to your own, which is willing to enter into a partnership to begin exporting. This gives you the advantage of a pooling of resources and expertise — try to find a firm with complementary strengths. Export clubs can be a particularly productive means of locating potential partners.

<b>Advantages</b>	<b>Disadvantages</b>
<ul style="list-style-type: none"><li>▪ This method gives you access to a range of additional expertise including knowledge of particular markets, exporting experience, etc.</li><li>▪ You are able to share resources, costs and risks.</li><li>▪ If collaborating with a large company you may benefit from their budget, reputation and marketing arrangements.</li><li>▪ If you work with an established firm in the export market you benefit from customer loyalty and confidence in local companies.</li><li>▪ Enables you to work with firms who might otherwise be your competitors.</li></ul>	<ul style="list-style-type: none"><li>▪ Joint ventures can often be difficult to set up and you may have to negotiate unsuccessfully with a number of potential partners before reaching an agreement.</li><li>▪ You may be forced to compromise over management style and the promotion of your company image and 'name'.</li><li>▪ There may be difficulties later if you decide to go it alone.</li></ul>

## **Export houses**

Export Houses are companies with detailed knowledge of selling in foreign markets, specialising in financing and servicing exports. They usually have an established network of customers and contacts in export markets. The price you get for your product will reflect the export house's costs but in some cases your customer (the importer) will pay the export house fees. Export houses operate in a number of ways:

### **(i) Confirming houses**

Confirming Houses place orders with manufacturers and suppliers on behalf of foreign organisations and attend to all the transport/shipping arrangements. They may also act as agents for manufacturers and seek orders from their foreign contacts and principals.



## (ii) Export merchants

Export merchants will buy products outright from the manufacturer and undertake to sell them abroad. They usually take delivery and pay you in your home country, relieving you of the burdens of transport and payment, and you may be able to operate this export method via your existing sales structure. They often specialise in certain types of product for which they have an extensive network of potential buyers, and may require changes in your product specification or packaging to meet the needs of their market. When dealing with a new product they will require an agreement to protect their investment in building up foreign sales, and will probably be looking for profitable lines and an established local market.

## (iii) Export management services

These are usually small consultancies specialising in particular markets and services. They usually accept responsibility for all aspects of the exporting, marketing and administration, or for particular services (e.g. training) to help your business export.

Advantages	Disadvantages
<ul style="list-style-type: none"><li>▪ Gives you access to the skills, experience and connections of professional exporters.</li><li>▪ Relieves you of many of the tasks of the export process.</li><li>▪ Can sometimes arrange finance for export projects.</li></ul>	<ul style="list-style-type: none"><li>▪ Limits direct contact with your export market and customers.</li><li>▪ Lack of independence, less chance to build up a personal reputation and contacts in new markets.</li><li>▪ You have little control over the way your product is sold, priced and promoted.</li></ul>

## Buying houses

Large businesses, e.g. grocery multiples or retail chains usually have buying houses across a number of countries. These often have huge purchasing budgets and although you will usually still have to deal with the physical process of exporting you will be guaranteed fairly large-scale sales. Local exporters associations in your home country can often provide you with more information on buying houses.

Advantages	Disadvantages
<ul style="list-style-type: none"><li>▪ Large-scale sales to prestigious customers.</li><li>▪ You benefit from the marketing budget and arrangements of the buying houses.</li></ul>	<ul style="list-style-type: none"><li>▪ You may be required to change the specification of your product to fit in with an existing range.</li><li>▪ Limited opportunities for expansion, after-sales care and customer development.</li><li>▪ More difficult to monitor market trends.</li></ul>

## 4. Choosing an entry strategy

Your market research will probably have already implicitly narrowed down your entry options, and in researching your market you acquired further clues as to how to make the best choice. At this stage it will be useful to review what you already know.

The nature of your product or service will, in many cases, have a significant influence on your choice of entry method. Make a note of any factors you feel affect the way it should be sold, using your experience in your domestic market where applicable. For example, where a product is likely to require a high degree of technical backup you will want to ensure that the same level of service is extended to your overseas customers as that which you provide to customers in your home market. You might, therefore, use a trained agent or representative. If your product requires little in the way of instructions or support and is usually sold in bulk through department stores or multiples, then your best option may be to deal with an overseas buying house which will provide you with ready made outlets and promotion. If you are exporting a service, or consultancy, then by definition your involvement needs to be more hands-on, you will be looking at how you could set up a joint venture, or enter the market directly.

The structure of the market, particularly the nature of the supply chain, is the other key factor which will have a major influence on your choice of option. We have already mentioned the need to understand how the supply chain is structured in your chosen market in order to identify appropriate distribution channels for your particular product. A trade mission provides a good opportunity for you to study local channels of distribution to see for yourself how these work. What we have not yet considered is that in some markets you may not have a choice of entry method. In many countries, especially in the Middle East and Africa, government regulations may dictate the choice of representation, usually an approved agent, and may also stipulate the level of commission.

You will also need to consider the issues of your resource availability: What support resources do you have available? Will your financial resources be sufficient to fund the cost of setting up to work through your chosen option? What sort of demands will the selected option place on staff time, technical equipment and marketing resources, etc.? Failing to take account of the impact on your resource capability could lead to unwanted problems at a later stage when you should be focusing on development rather than problem solving.

We began this factsheet by commenting on the need to choose an option which fits with your strategic business aims. Think about the way in which you want your export venture to develop. For example, if your main goal is an increase in sales and revenue, or resources for investment are low, you may wish to minimise active involvement by using the services of an export merchant, or by selling to a buying house. If you are keen for the firm to play as

active a role in exporting as possible, but feel you lack sufficient expertise in one or more areas, then a joint venture with another company might be ideal. Which entry methods will allow you the kind of market penetration you are seeking? The main point to remember is that employing, or working with someone to handle a particular part of the export process doesn't mean losing control, it is just sensible time and resource management.

Personal preferences will play a part in your decision and it is sensible to assess them as well. Your willingness to travel is obviously a key factor in deciding between direct and indirect methods, but other considerations will also play a part. For example, how important is it to you to control the way in which your product is marketed? Do you feel that your company's 'name' and reputation play a major part in its success? Do you pride yourself on your level of customer support and service? You may find it harder than you expect to surrender all control in these areas, and on a more practical level, where sales depend on adequate 'branded' promotion and backup, you will want to ensure that this is in place in order to be confident that the export venture has an excellent chance of succeeding.

#### CHECKLIST

Consider the advantages and disadvantages of each entry method in the light of:

- Your product or service
- Your proposed market
- Existing channels of distribution
- Who and where your customers are located
- Your staff resources
- Investment required and finance available
- Travel and language skill requirements
- Technical structure of your business, for example, back up required
- Promotional needs
- Any legislative issues
- Long-term export goals
- Personal preferences

Once you have drawn up a list of points to consider, it will be useful to refer back to your short-list of market entry options. In the light of what you have identified, some may now seem inappropriate — they may require too much in terms of company resources, you may not be able to guarantee that your product would be effectively marketed, you may just feel generally doubtful about their implications. Conversely, one option may now seem ideal. If you feel that you need more information, don't be afraid to approach potential sources of advice and information again. Re-evaluate those options in which you are interested, talk to people you know who have experience of your market and try to get as much information as possible. Remember that just because you start exporting by one method, this doesn't mean you're stuck with it. New opportunities arise all the time, trade fair sales can lead to partnerships, mutual trading can develop into joint ventures. Gaining a company or product profile in export markets — by whatever means — is often the hardest step. Once you have established yourself you are in a much stronger position to extend your export operation by adding other methods of selling into your market.

## 5. Working with others

Working with export representatives (e.g. agents, distributors) or partners (e.g. in joint ventures) are some of the most frequently used methods of entering an export market. However, they are not always the easiest to set about. It is important to choose the right people — those you will feel happy working with, and comfortable about trusting with a significant area of your business. You have to be sure that what they can offer, in terms of outlook, resources and commitment, is right for your purposes, and that you will really be working for mutual benefit. At this point therefore it will be useful to examine the process of choosing and working with export representatives and partners.

### Choosing export representatives

In section 6 below we have provided a list of sources of information and advice which you might find particularly useful when selecting an export representative- use as many of the sources as you can. Try to get hold of specific names and draw up a list of these, as well as any information you have about them. Think about other issues such as where your candidates are based and the resources you would like them to provide. Try to develop some ideas about what you are prepared to pay for a representatives' services. Your sources of information should be able to give you some idea of typical fees.

### What to look for

- Once you have put together a list of potential representatives you should obtain any information you can on their status and financial standing. Banks, credit reference agencies and embassies should similarly be able to provide this type of information about any representatives they suggest to you.
- The next stage is to make contact with your potential representative. Initially he or she will require details of your company and product, as well as a draft of your proposal which should include some guide to terms of payment. Remember that although the representative will probably speak good English, as a matter of good business practice these documents should be translated into the relevant language. The importance of accurate translation at this stage cannot be overestimated!
- A face to face meeting is essential before you move any further. It is advisable that this takes place on the representative's territory as it provides a good opportunity for you to check out his/her premises, staff capabilities and to derive some idea of the 'professionalism' of the operation. See the factsheet on *trade missions*. But remember that the more thorough your preparation is at this stage, the more profitable your time will be. On a practical level you may need to organise an interpreter and, if you are taking product samples with you, it is advisable to check with customs authorities. Think about any information which may be required by the representative. Make sure you are

clear about what you are offering and/or seeking (including your budget for the project) and do some basic research on the market so that you are in a position to negotiate. Try to spend some time with each potential representative, and if possible accompany them on sales visits or meetings to get a clearer picture of how they would promote and support your product.

As well as these general considerations you should leave the meeting having established the following:

- The extent of the potential agent's resources to support your export project — staff, time, technology, space for storage, etc. — is it practical to grant him/her exclusive rights over an entire market territory?
- Details of any other interests which the agent represents in your market area. Does this include any of your competitors? Does s/he act for too many principals in the light of his/her resources?
- A clear idea of his/her expertise especially with regard to local import and distribution regulations and procedures. You will be paying for local knowledge and contacts — ensure that this is what will be provided. Ask the representative to talk you through any procedures — some initial research on the area should help you assess the accuracy of the information you receive. Find out what methods s/he would use to market your products.

Obviously, the meeting is a two-way process. The agent will be assessing your company, its products and their viability before making any decisions about representing you. It is vital therefore that you convey a professional approach and have all information to hand. You should be clear — and firm — about the prospective arrangement.

### **Making a choice**

Meeting a number of potential representatives will probably have given you some idea of which, if any, is right for you. Whether you have made a decision or not, you should write up an account of each meeting, including all the facts you have established. Make sure you are clear about which areas the representative would have responsibility for — including transport, storage, backup, credit risks — and what fees would be payable for their services.

Consider whether you feel happy about working with this person/company, and if you are confident in their capabilities. Remember you are appointing someone who will effectively take charge of a whole branch of your operation, someone who can legally bind you and your company by his/her actions. Get as much advice as you can — talk to your bank, your PROFIT mentor — before making a decision. Try if possible to get some local opinion on your preferred candidate — the Chamber of Commerce in your export market may be a source of help.

Having made a choice and decided to proceed, you should take steps to make the arrangement official. This is a complex area and requires a considered approach. Consider the current agency legislation in your home and target countries and seek legal help where required on the process of drawing up an agreement with an export representative.

### **Back up**

Don't assume that once your agent or distributor has been appointed you can leave them to get on with things in their market area. A comprehensive back up service is vital. You should keep in regular touch and make frequent visits to the agent, informing them about any product developments or technical advances, and supplying your most up-to-date promotional literature (in translation where necessary). Where your product requires a specific technical background knowledge to be sold and maintained effectively, or you are keen to ensure that it is presented and promoted in accordance with your standard procedure, then it may be profitable for your agent or members of their staff to visit your factories or base for familiarisation and training. It's not a good idea to be too autocratic about this — obviously agents will have an expert knowledge of what and how to sell in their own territory, and this is what you are paying for — but such visits can be a good way of cementing relations and ensuring an interest in your business. An agent working for a number of principals will obviously be encouraged to focus his/her efforts where they seem supported and appreciated.

Your agent should also be able to act as a consultant on such areas as market trends, pricing and promotion and may be able to recommend subcontractors or transport services in his/her area.

### **Choosing export partners**

Finding a partner, either domestic or overseas based, with whom you could jointly develop your export business involves many of the same principles we mentioned when looking at the search for an overseas representative. Of course, you may already have a potential partner in mind — a company with which you have had dealings in the past, or have located through your trade association. However, if you are starting from scratch it is important at this stage to be sure of your aims and objective for the partnership arrangement. Issues you will need to consider:

- What sort of partnership you want.
- What potential partners have to offer, especially with respect to your strengths and weaknesses.
- Nature, size and locations of their business.
- Their experience in export trade or international dealings.
- Any particular skills, e.g. languages, marketing.

• Their status and credibility.

If you have worked with your potential partner before you may already know a good deal about their company structure and resources. Where this is not the case, there are many ways in which you can research a company's status.

Request copies of their annual reports, financial details and any company literature. Ask to see a 'corporate CV' to establish what language skills and other relevant experience exists within the company. They should be happy to give you as much information as possible and if it is not forthcoming then you should look for reasons why. Find out if they have undertaken any form of export review and if so, make sure you see the result. Make sure that they are approaching the project with as much commitment as you.

You should, of course, be prepared to make the same information about your business available to any potential partners. Try to provide as professional a picture as possible — you have done a lot of analysis and research, and this should be apparent in any presentations you make. Remember that if you are dealing with a prospective overseas partner then you may need to have any presentational materials and other documented information translated into the appropriate language.

#### Hints for forming export partnerships

- Be clear about what you want and determine in advance any areas in which you are not prepared to compromise, e.g. quality, price.
- Do not be discouraged if prospective partnerships fall through — at this stage it will pay to be cautious and to look around for the best co-operation you can find.
- Try to reach satisfactory arrangements on issues such as promotion and customer targeting. While you should be prepared to make concessions, you should also ensure that activities undertaken in your company's name do not compromise your credibility or change consumer perception of your product.
- Where you are dealing with a prospective partner based abroad you should make sure that all trading terms — including responsibilities, language issues and legal systems — are established as early as possible.
- In order to avoid ill-feeling and potential legal challenges you should ensure that you have discussed the possibility of either partner 'going it alone' in the future.

## 6. Further information

SOURCES OF HELP & ADVICE	
Embassies, Chambers of Commerce	Can provide detailed information on international trade. Very often have local expertise and a network of contacts in certain markets. Useful source of practical information on import and export legislation; may be able to assist during trade missions abroad.
Banks	The major banks all have international divisions and your bank manager should be happy to put you in touch with their specialists. They will be able to supply you with a list of contacts and potential representatives and to give general advice on the financial implications of taking a particular export option
National and trade press	Look in the trade magazines of your proposed export market and in any international export journals. Often export representatives seeking customers will advertise in these publications. You might also place your own adverts in trade or national press. <i>Particularly useful for information on agents, distributors, trade fairs</i>
Export clubs	These are groups of business people who meet informally to discuss exporting issues. Other members may be able to recommend agents or give advice on methods they have used. <i>Particularly useful for joint ventures.</i>
Trade associations	Trade Association often have links with international industry groups or lists of contacts in export markets. Some have very well-developed export services and can arrange joint ventures and trade fair visits, as well as providing general advice.
Personal recommendations	If you have colleagues or business connections who have experience of exporting, they may be able to recommend a representative or give advice on specific markets.
Export promotion agencies	India and the countries of the GMS all have export promotion agencies

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