
APEC: GROWING INDIGENOUS BUSINESSES THROUGH TRADE (PHASE 3) 2024

**Importance of conducting a
domestic market review**



CHECKLIST

Importance of Conducting a Domestic Market Review

Overview

Before businesses shall look at exporting and developing a global strategy, it is important for them to first reflect on their domestic market. A thorough domestic market review is crucial as it allows a business to gain a full understanding of its current situation, challenges, and considerations. The following highlights five key areas that must be addressed prior to looking at exporting.

Domestic performance.

Exporting is exciting, but if businesses are not careful, they can lose sight of their original success in the domestic market. Businesses need to realize that the domestic business is their original success, and it must be protected. It is therefore important for you to encourage businesses to question how they will focus on exporting, alongside their domestic activities.

- Have they reached their maximum capacity of delivery in Australia?
- How will they ensure their domestic business does not suffer?
- How will they divide resources across both domestic and international business operations?
- Who will be in charge of taking their business global? Who is their export champion?
- Does exporting fit within their business growth strategy at this point in time?

Pricing and finance.

Prior to exporting, businesses may incur significant upfront costs such as product modifications and ongoing expenses such as international market visits. Encourage businesses to think about how they may need to offer different pricing structures between their markets. Their customers and clients will always find out about a price difference, especially if it is more expensive.

- What is the business's plan to handle pricing communication for both the exporting and domestic markets?
- How will the business adjust prices in the new market?
- Will selling their offers to international markets provide the business with economies of scale in production?
- Can they afford to pay for modifications, certificates, and approvals needed to enter a new market?

Communication.

Businesses need to be upfront and honest with their Australian domestic market when they start exporting. Businesses need a communication strategy for their supply channels and their customers to create buy-in for their exporting venture. Encourage businesses to think about how their current customers may respond when they learn about their export plans.

- What will their communication strategy be to their domestic customers? Is it best to be upfront and honest with their domestic market?
- What will their communication strategy be to their suppliers?
- What will their marketing campaign be in their new market?

Inventory.

Often an overlooked component for a domestic reflection, but inventory management is vital. How businesses make decisions around their capacity and how they handle and manage inventory will have an enormous effect on their export success.

- Does the business have a clear plan on how they will handle inventory? How will they handle inventory?
- What is the business's strategy for when they receive a large export order outside of their domestic and international capacity?
- Which market will they prioritize over another if they are running low on inventory?

Competitors.

Remind businesses that their biggest domestic competitor can often transition into being their biggest export competitor. Businesses need to plan on how they may react to increased competition.

- How may their competitors respond to them exporting?
- Will they pursue the business's domestic customers, claiming that they have lost focus?
- Will they wait for the business to export, then trying to copy their expansion plan and approach their international clients?

Businesses need to realize that their business will change as they pursue a new venture. Remind them that they still need to focus on their domestic market too, to not lose sight of their original success.