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

Selecting an export market



Selecting an Export Market

International Market Research

The greatest challenge that exporters experience when conducting market research is **removing their unconscious bias and assumptions of the market.**

Market Research Tips:

- Utilise free reports and remain creative with your secondary research gathering (i.e. Deloitte, McKinsey, KPMG, Austrade).
- Tap into your network and their knowledge.
- Ensure your export market has potential before you commit all your resources to a market that may not be suited for your business offering.
- Plan well and have clear outcomes- this will keep you on track.

Opportunity analysis

Top five considerations when entering a new export market

1. Identify the market/country
2. Segment and understand your customers
3. Assess your competition
4. Know the terrain
5. Determine the right market entry method

1. Identify the market/country

Why are you interested in a particular market/country?

- Have a clear reason (i.e. evidence of high or potential demand for your product or a growing economy).
- While there may be positive reasons in support of that market it is also crucial to weigh the risks or counter arguments (i.e. are there alternative markets that may be more suitable?).

Choosing a market is exciting and one of the most important business decisions. To change your mind will be very costly!

2. Segment and understand your customers

Who is your customer? Whom are you offering this value to?

- Market to somebody, not just anybody. Conduct detailed research to gain a deeper understanding of your potential target customers. You may have to do your own survey, if the information is not readily available.
- This may involve finding out the age, income, profession, gender, location, interests and drivers of your (potential) customers. You could draw up individual customer personas.
- Once you understand your targeted customer, you will know how to reach them, the best way to communicate with them, and what might influence their decision-making.

Remember to remain agile!

3. Assess your competition

Whom are you directly competing against?

Know the playing fields!

- Conduct a competitive analysis. Know your competitors' value propositions, strengths and weaknesses to discover your unique competitive advantages in-market.
- This will help you decide whether you are able to compete, and whether it is a market worth entering. This process might encourage you to be more innovative and look to 'blue ocean' markets instead of the 'red ocean'.

4. Know the terrain

What is the market's business environment like?

- Individual countries tend to have unique business cultures, industry structures, supply chain and distribution channels, as well as regulations and administrative process, which you must adapt to.
- You may have to adjust the way you form partnerships, market your product, and meet the requirements of relevant authorities on things such as licenses, standards and labelling.
- Determining demand for your business offering is great, but to access and enter the market may not be as simple as following the demand.
- Market entry requirements will vary from industry to state to government. Once again, research will be critical!

4. Know the terrain

Is there a **market fit**?

- Don't romanticise the market by only seeing how it could work. Be realistic and take all research findings into account.
- Selecting the right market and choosing the right fit should marry up your skill, knowledge, and risk appetite with the opportunities of the market.

5. Determine the right market entry method

There is no one-size fits all entry method. You choose what will best work for you in the context of that target market.

Internal factors that will influence your strategy:

- **Risk appetite:** The amount of risk that your business is willing to take
- **Financial resources:** The available export finance for your activities will dictate what strategies you may pursue
- **Scalability and capacity:** The volume of business (both goods and services) you can export without hurting your domestic business
- **Appetite to learn:** The level of skill and knowledge growth you are willing to undertake to ensure you are prepared for your export market

5. Determine the right market entry method

Market Entry Strategies:

- **Indirect market entry strategies** (i.e. using agents or distributors) are best suited for businesses with no or very little experience in a chosen overseas market.
- **Investment entry strategies** (i.e. partnerships or JVs) are best suited for businesses that want to operate in a chosen market with another firm through sharing their costs, risks, and profits.
- **Setting up a foreign firm** involves the most risk, resources, and commitment from the business. Businesses must remember that they may not be able to set up their foreign business as non-citizens, even if they wanted to.



Questions