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

Setting the right price



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Costs of Exporting Goods

- You will realise that there are many additional costs incurred in an export transaction that are not applicable to domestic sales.
- For you to have the best possible chance in the export market, you need to first understand all your costs incurred and then price your goods correctly in the overseas market.
- The cost of exporting goods can be divided into the following 4 key categories:
 1. Production and manufacturing costs
 2. Documentation and regulatory costs
 3. Marketing and market entry costs
 4. Risk and financial management costs

Production and Manufacturing Costs

- You should have a strong understanding of your existing production and manufacturing costs as they have already been incurred for your domestic business offerings. This existing cost base will serve as a strong foundation for your international costs.
- Examples of production and manufacturing costs:
 - Labour costs for additional staff to meet new expansion efforts, or costs related to hiring more experienced staff
 - The cost of production itself (i.e. costs including raw materials or machines)
 - Packaging costs and any additional packaging changes required for export (i.e. language and labelling alterations)
 - Quality control and assurance

Documentation and Regulatory Costs

- You will need to comply with numerous regulatory requirements when exporting. For example, export permits or licenses may have to be obtained before your goods can leave the country,
- Examples of documentation and regulatory costs:
 - Obtaining a phytosanitary certificate required for the export of plant and plant products
 - Getting offerings accredited for overseas market(s)
 - The cost of IP production in each of the markets that you are looking at exporting to
 - Licensing or registration fees of products to meet local market regulations

Marketing and Market Entry Costs

- Creating a strong brand awareness and interest in one's brand is important for any product that is new in a market. Marketing expenses can account for a large share of the costs when entering an export market.
- Examples of marketing and market entry costs:
 - Cost of market research, including both preliminary and secondary research activities.
 - Promoting and advertising adjustments to suit the new market
 - Extensive digital marketing efforts, ranging from redesigning the website to using SEO marketing to increase traction
 - Participating at trade fairs, including all costs such as the booth and sample costs
 - Costs of finding a distributor or agent

Risk and financial management costs

- Depending on your company's risk appetite, you may decide to minimise your risk through sharing it with an insurance provider or through applying a different method of payment.
- Examples of risk and financial management costs:
 - Insurance is the most common form of risk mitigation that ranges from credit risk insurance to foreign exchange and marine insurance. The cost will depend on the type of insurance clause that you may take out and on the value of your goods.
 - Costs associated with payment terms also vary from foreign exchange risk to loss of interest when providing credit terms. These costs will differ based on the choice of payment term chosen.
 - Costs associated with how a business manages its FX risk and whether it chooses a spot or an option contract, for example.

International Pricing Template

Export Pricing Schedule - Costs	Total Amount (AUD)
Production & Manufacturing costs	
+ Cost of production	
+ Additional packaging	
+ Additional labelling	
+ Quality Control	
+ Export modifications	
+ Packing & Labour costs	
+ Other	
Documentary and regulatory costs	
+ Government department or regulatory costs	
+ Registration of new brand in market	
+ Cost of IP	
+ Special documents (i.e. Dangerous Goods Certificate)	
Marketing costs	
+ Brochures/flyers/videos	
+ Digital marketing	
+ Market research	
+ In-market visits (airfares/accommodation/F&B)	
+ Advertising	
+ Trade fairs (attendance and/or stand costs)	
+ Other	
Risk & Financial costs	
+ FX protection costs (if applicable)	
+ Payment costs (bank fees) - if applicable	
+ Interest cost (from delivery to port until payment) (... days @ %) (if applicable)	
+ General Insurance (not transportation)	

International Pricing Template

EX-WORKS (NAMED PLACE) COST	
Freight & logistics costs	
+ delivery to consolidator/wharf	
Documentary and regulatory costs	
+ export clearance (EDN, PRA, etc.)	
+ other costs including Certificates of Origin, Phytosanitary Certificates etc.	
FCA (NAMED PLACE) COST	
+ freight to overseas port/airport	
CPT (NAMED PLACE) Cost	
+ insurance	
CIP (NAMED PLACE) cost	
Additional costs for each D Group of Incoterms (DAP, DPU, DDP)	
+ Delivery to destination	
E.g. clearance costs into the overseas market - port fees, duties, taxes, delivery to door	
E.g. listing fees, other fees at supermarkets etc. (if applicable)	
E.g. agent/distributor commission (if applicable)	
E.g. other (if applicable)	
Final Quotation Price (AUD)	
* Foreign exchange cover needs to be considered if quoting in a foreign currency	



Questions

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export.org.au

+61 2 8243 7400 | info@export.org.au