



DEVELOPING A MARKETING PLAN

In This Chapter

- Writing a marketing strategy
- Researching foreign markets
- Researching the market

FACT:

The world economy grew by an estimated 3.8 percent in 2006 and is expected to continue to grow during the next few years.

INSIGHT:

A high rate of economic growth around the world means more opportunities for business. The trick is to pick international markets where growth prospects appear most promising. That's where a solid marketing strategy comes into play.

Many foreign markets differ greatly from markets in the United States. Some differences include climatic and environmental factors, social and cultural factors, local availability of raw materials or product alternatives, lower wage costs, varying amounts of purchasing power, availability of foreign exchange, and government import controls. Once you've decided that your company is able to export and is committed to it, the next step is to develop a marketing plan.

A clear marketing strategy offers six immediate benefits:

1. Written plans readily display strengths and weaknesses.
2. Written plans are not easily forgotten, overlooked, or ignored by those charged with executing them. If deviation from the original plan occurs, it is likely to be the result of a deliberate and thoughtful choice.
3. Written plans are easier to communicate to others and are less likely to be misunderstood.
4. Written plans allocate responsibilities and provide for an evaluation of results.
5. Written plans are helpful when you are seeking financial assistance. They indicate to lenders that you have a serious approach to the export venture.
6. Written plans give management personnel a clear understanding of what will be required of them and help ensure a commitment to exporting.

This last advantage is especially important. Building an international business takes time. It often takes months, sometimes even several years, before an exporting company begins to see a return on its investment of time and money. By committing to

BOX 3.1 THE BENEFITS OF MARKET RESEARCH

Solid up-to-date market research will help you determine the following:

- Which countries are currently buying products similar to yours and the size of the potential market
- Who your competitors are
- The specific standards your products must meet in markets
- Whether your products have to be modified, such as labeling and packaging
- Pricing strategies
- Optimal distribution channels
- Duties, taxes, and other costs or restrictions
- Additional testing or certifications required

the specifics of a written plan, you can make sure that your company will finish what it begins and that the hopes that prompted your export efforts will be fulfilled.

MARKET RESEARCH

To successfully export your product, you should research foreign markets. The purpose is to identify marketing opportunities and constraints abroad, as well as to identify prospective buyers and customers (Box 3.1). Market research encompasses all methods that your company may use to determine which foreign markets have the best potential for your products. Results of this research tell you the following:

- The largest markets for your product and the fastest-growing markets
- Market trends and outlook
- Market conditions and practices
- Competing firms and products

Your firm may begin to export without conducting any market research if it receives unsolicited orders from abroad. A good first step is to review your current customer list; if you are engaged in e-commerce, you probably already have customers in foreign countries or have received queries from foreign buyers. These current and prospective foreign customers can be a good barometer for developing an export marketing plan. Although this type of research is valuable, your company may discover even more promising markets by conducting a systematic search.

Primary Market Research

You may research a market by using either primary or secondary data resources. When conducting primary market research, you collect data directly from the foreign marketplace through interviews, surveys, and other direct contact with representatives and potential buyers. Primary market research has the advantage of being tailored to your company's needs and provides answers to specific questions, but the collection of such data on your own is time consuming and expensive and may not be comprehensive. The U.S. Commercial Service can collect primary data for you and help you analyze it. This service costs, on average, several hundred dollars for each market analyzed and does not require you to travel there. The U.S. Commercial Service can also help you find intermediaries with specific market expertise.

Secondary Market Research

When conducting secondary market research, your company collects data from various sources, such as trade statistics for a country or a product. Working with secondary sources is less expensive and helps your company focus its marketing efforts. Although secondary data sources are critical to market research, they do have limitations. The most recent statistics for some countries may be more than a few years old, or the data may be too broad to be of much value to your company.

METHODS OF MARKET RESEARCH

Because of the expense of primary market research, most firms rely on secondary data sources. These three recommendations will help you obtain useful secondary information:

1. Keep abreast of world events that influence the international marketplace, watch for announcements of specific projects, or simply visit likely markets. For example, a thawing of political hostilities often leads to the opening of economic channels between countries. A steep depreciation in the value of the dollar can make your product considerably more competitive.
2. Analyze trade and economic statistics. Trade statistics are generally compiled by product category and by country. Such statistics provide your firm with information concerning shipments of products over specified periods of time. Demographic and general economic statistics, such as population size and makeup, per capita income, and production levels by industry, can be important indicators of the market potential for your company's products.

FACT:

Many firms export indirectly, through intermediaries such as export management companies, export trading companies, or other kinds of trading firms.

INSIGHT:

If your company does so, it may wish to select markets and conduct market research before selecting the intermediary.

3. Obtain advice from experts. There are several ways of gathering this advice:
 - Contact experts at the U.S. Department of Commerce and other government agencies.
 - Attend seminars, workshops, and international trade shows in your industry.
 - Hire an international trade and marketing consultant.
 - Talk with successful exporters of similar products, including members of District Export Councils in your local area.
 - Contact trade and industry associations.

Gathering and evaluating secondary market research may be complex and tedious. However, several publications are available that may simplify the process. The following approach to market research refers to the publications and resources that are described later in this chapter.

A STEP-BY-STEP APPROACH TO MARKET RESEARCH

Your company may find the following approach useful. It involves screening potential markets, assessing the targeted markets, and drawing conclusions (see Box 3.2).

Screening Potential Markets

STEP 1: OBTAIN EXPORT STATISTICS

Published statistics that indicate product exports to various countries provide a reliable indicator of where U.S. exports are currently being shipped. The U.S. Census Bureau provides these statistics in a published format at www.census.gov/foreign-trade/www/.

STEP 2: IDENTIFY POTENTIAL MARKETS

First, you should identify 5 to 10 large and fast-growing markets for your firm's product. Look at trends over the past three to five years. Has market growth been consistent year to year? Did import growth occur even during periods of economic recession? If not, did growth resume with economic recovery?

Then, take a look at some smaller, fast-emerging markets that may provide ground-floor opportunities. If the market is just beginning to open up, there may be fewer competitors than in established markets. To qualify as up-and-coming markets, these countries should have substantially higher growth rates. Libya (which recently opened its economy after years of economic sanctions) and Morocco (which entered into a free trade agreement with the United States in 2005) are good examples of such markets.

Look also at groupings of countries such as those the United States has free trade agreements with in Latin America. Or look at regions within large countries such as western Canada or far eastern Russia. The U.S. Commercial Service has regional services that

BOX 3.2 THE ELEMENTS OF MARKET RESEARCH**SCREEN POTENTIAL MARKETS**

- Step 1: Obtain export statistics
- Step 2: Identify potential markets
- Step 3: Target the most promising markets

ASSESS THE TARGETED MARKETS

- Step 1: Examine product trends
- Step 2: Research the competition
- Step 3: Analyze marketing factors
- Step 4: Identify barriers
- Step 5: Identify any incentives

DRAW CONCLUSIONS

will help you find buyers in multiple countries in, for example, East Asia. If you're targeting Hong Kong and the Pearl River Delta area, why not stop in nearby Thailand or Singapore?

STEP 3: TARGET THE MOST PROMISING MARKETS

Of the markets you have identified, select three to five of the most statistically promising for further assessment. Consult with a U.S. Commercial Service Export Assistance Center (see Appendix B or www.export.gov/eac/), business associates, freight forwarders, and others to further evaluate targeted markets.

Assessing Targeted Markets**STEP 1: EXAMINE PRODUCT TRENDS**

Look not only at company products but also at related products that could influence demand. Calculate overall consumption of the product and the amount accounted for by imports. The U.S. Commercial Service (at www.export.gov/mktresearch/) offers market research reports that provide economic background and market trends by country and industry. Demographic information (such as population and age) can be obtained from the Census Bureau at www.census.gov/ipc/www/idb and from the United Nations Statistics Division at <http://unstats.un.org/unsd/databases.htm>.

STEP 2: RESEARCH THE COMPETITION

Sources of competition include the domestic industry in each targeted market and competitors from other foreign countries. Look at each competitor's U.S. market share as well as its share in the targeted market. U.S. Commercial Service market research reports and other competitive assessments are available at www.export.gov/mrktresearch/.

STEP 3: ANALYZE MARKETING FACTORS

Analyze factors affecting the marketing and use of your product in each market, such as end-user sectors; channels of distribution; cultural idiosyncrasies (for example, does your product's name, when translated into the local language, mean something undesirable?); and business practices. Again, the market research reports and customized market research offered by the U.S. Commercial Service are useful.

STEP 4: IDENTIFY ANY BARRIERS

Foreign barriers to imports can be tariff or non-tariff. U.S. barriers could include export controls. If you make a product that may have dual use (civilian and military), you may be required to have an export license. The U.S. Commercial Service can help you determine whether a license is necessary. Most applications are approved. Call (800) USA-TRADE (800-872-8723) for more information.

STEP 5: IDENTIFY ANY INCENTIVES

The U.S. or foreign government may offer incentives that promote exporting of your particular product or service (see Chapter 10).

Drawing Conclusions

After analyzing the data, your company may conclude that your marketing resources would be applied more effectively to a few select countries. In general, if your company is new to exporting, then efforts should be directed to fewer than 10 markets. Exporting to a manageable number of countries allows you to focus your resources without jeopardizing your domestic sales efforts. Your company's internal resources should determine what choices you make. The U.S. government, though, has export promotion programs that can assist you with exporting to multiple markets in the same region. The U.S. Commercial Service, for example, has regional export promotion programs in Asia, Europe, the Middle East, and the Americas in addition to country- and industry-specific resources.

SOURCES OF MARKET RESEARCH

There are many domestic and international sources of information concerning international markets. This section describes the market research sources that have been mentioned, as

FACT:

Many small companies could sharply boost exports by entering new markets. In 2005, nearly two-thirds of the small firms that exported posted sales to only one foreign market.

INSIGHT:

The U.S. Commercial Service's standardized and customized market research can help you identify additional markets that are appropriate for your products and services.

well as some additional ones. Because so many research sources exist, your firm may wish to seek advice from your local Export Assistance Center to find the best and most current information (see Chapter 4 or go to www.export.gov/eac/).

Research sources range from simple trade statistics, to in-depth market surveys, to firsthand interviews with public- and private-sector experts. Trade statistics indicate total exports or imports by country and by product. They allow you to compare the size of the market for a product in various countries. Some statistics also reflect the U.S. share of the total market in a country in order to gauge the overall competitiveness of U.S. producers. By looking at statistics over several years, you can determine which markets are growing and which are shrinking for your product.

Market surveys provide a narrative description and assessment of particular markets along with relevant statistics. The reports are often based on original research conducted in the countries studied and may include specific information on both buyers and competitors.

One of the best sources of information is personal interviews with private and government officials and experts. A surprisingly large number of people in both the public and private sectors are avail-

able to assist you in any aspect of international market research. Either in face-to-face interviews or by telephone, these individuals can provide a wealth of market research information.

Other sources of market research expertise include local chambers of commerce, world trade centers, or clubs and trade associations. Many state governments maintain active export promotion offices. In the federal government, industry and commodity experts are available through the U.S. Departments of Commerce, State, and Agriculture and through the Small Business Administration (SBA).

The following sources are divided into several categories: (a) general information about exporting, (b) statistical and demographic information, (c) export opportunities at development agencies, (d) industry information, and (e) regional and country information.

General Information about Exporting

The following resources are an excellent starting point for obtaining general information.

TRADE INFORMATION CENTER

The Trade Information Center (TIC) of the U.S. Commercial Service is the first stop for companies seeking export assistance from the federal government. TIC trade specialists can

- Give you information about all government export programs
- Direct you to your local Export Assistance Center for face-to-face export counseling
- Guide you through the export process
- Provide business counseling by country and region on standards and trade regulations, distribution channels, opportunities and best prospects for U.S. companies, tariffs and border taxes, customs procedures, and common commercial difficulties
- Direct you to market research and trade leads
- Provide information on overseas and domestic trade events and activities

Extensive market and regulatory information by region and country is available, including assistance with the North American Free Trade Agreement (NAFTA) certificate of origin and other free trade agreement processes. Call (800) USA-TRADE (800-872-8723) to speak to a TIC specialist.

SMALL BUSINESS ADMINISTRATION EXPORTING TOOLS AND RESOURCES

SBA provides tools and resources to assist small businesses that are considering exporting or those looking to expand into foreign markets. Publications, training, podcasts, videos, and success stories are available at www.sba.gov.

Statistical and Demographic Information

Current statistical and demographic information is easy to find and available from many sources.

STAT-USA/INTERNET

This service, available at www.stat-usa.gov, provides a comprehensive collection of business, economic, and trade information available on the Web. Through this address, you can access daily trade leads and economic news, as well as the latest economic press releases and statistical series from the federal government. For more information on this low-cost service, call (800) STAT-USA (800-782-8872).

USA TRADE ONLINE

This service, offered by STAT-USA in conjunction with the U.S. Census Bureau and available at www.usatradeonline.gov, offers specific, up-to-date export information on more than

18,000 commodities worldwide. For a small subscription fee, you can access the latest official statistics on U.S. foreign trade.

EUROTRADE ONLINE

This service, also offered by STAT-USA, provides access to statistics on import and export merchandise trade for each of 25 European countries. Trade data are provided for over 12,000 commodities, using the eight-digit Harmonized System tariff classification structure. These are the official European foreign trade statistics from the European Union's statistical agency, EuroStat. For more information, visit www.eurotradeonline.gov or call (800) STAT-USA (800-782-8872).

TRADESTATS EXPRESS

This Web site is a comprehensive source for U.S. export and import data, both current and historical. Maintained by the U.S. Commerce Department's Office of Trade and Industry Information, it contains U.S. trade statistics by country and commodity classifications, state and metropolitan area export data, and trade and industry statistics. Much of the data are downloadable at <http://tse.export.gov>.

STATISTICAL YEARBOOK

Published by the United Nations, this yearbook is one of the most complete statistical reference books available. It provides international trade information on products, including information on importing countries, which can be useful in assessing import competition. The yearbook contains data on more than 550 commodities for more than 200 countries and territories on economic and social subjects, including population, agriculture, manufacturing, commodity, export-import trade, and many other areas. The book is available only in hard copy; however, the data in the book can be found online in the United Nations Common Database. Visit the database at <http://unstats.un.org/unsd/cdb>. You can order the book from United Nations Publications, Room DC2-0853, New York, NY 10017 or by telephone at (212) 963-3489.

WORLD BANK ATLAS AND WORLD DEVELOPMENT INDICATORS

Published every two years, the *World Bank Atlas* provides demographics, gross domestic products, and average growth rates for every country. *World Development Indicators* is an annual publication containing more than 800 economic, social, and other indicators for 159 economies, plus basic indicators for another 55 economies.

You can order World Bank publications by mail from The World Bank, P.O. Box 960, Herndon, VA 20172-0960. Purchase World Bank publications by telephone at (800) 645-7247 or on the Web at <http://publications.worldbank.org/howtoorder>.

WORLD FACTBOOK

Produced annually by the U.S. Central Intelligence Agency (CIA), this publication provides country-by-country data on demographics, the economy, communications, and defense. To purchase the latest print edition, contact the U.S. Government Printing Office Order Desk at <http://bookstore.gpo.gov> or telephone (202) 512-1800. You may also visit the CIA's World Factbook Web site at www.cia.gov/cia/publications/factbook.

INTERNATIONAL FINANCIAL STATISTICS

Published by the International Monetary Fund (IMF), *International Financial Statistics* presents statistics on exchange rates, money and banking, production, government finance, interest rates, and other subjects. It is available in hard copy as a monthly subscription, on CD-ROM, or as an online service. Contact the International Monetary Fund, Publication Services, 700 19th St., N.W., Room 12-607, Washington, DC 20431, or telephone (202) 623-7430. Information on *International Financial Statistics* as well as many other IMF resources can be found at www.imf.org.

GLOBAL POPULATION PROFILE

This resource is produced by the Census Bureau of the U.S. Department of Commerce. The bureau collects and analyzes worldwide demographic data that can help exporters identify potential markets for their products. Information on each country—total population, fertility, and mortality rates; urban population; growth rate; and life expectancy—is updated every two years. The document also contains detailed demographic profiles of individual countries, including analyses of labor force structure and infant mortality. To purchase the latest print edition, contact the U.S. Government Printing Office Order Desk at <http://bookstore.gpo.gov> or telephone (202) 512-1800. The information is also available on the Census Bureau's Web site at www.census.gov/ipc/www/idb.

Export Opportunities at Development Agencies

International development agencies offer many opportunities for exporters. Here are a few sources to explore.

MULTILATERAL DEVELOPMENT BANKS

Multilateral development banks (MDBs) are institutions that provide financial support and professional advice for economic and social development activities in developing countries. The term *multilateral development bank* typically refers to the World Bank Group or four regional development banks: the African Development Bank, the Asian Development Bank, the European Bank for Reconstruction and Development, and the Inter-American Development Bank. Development projects funded by these banks often offer export opportunities. The

U.S. Department of Commerce maintains liaison offices with each of the MDBs in an effort to provide information to U.S. companies on procurements for these projects. To learn more about a particular MDB, visit www.export.gov/Advocacy/MDBs.html.

BUDGET JUSTIFICATION TO THE CONGRESS OF THE U.S. AGENCY FOR INTERNATIONAL DEVELOPMENT

Published by the Office of Small and Disadvantaged Business, U.S. Agency for International Development (USAID), the annual *Budget Justification to the Congress* contains individual reports on countries that USAID will provide funds to in the coming year, as well as detailed information on past funding activities in each country. Because the initiatives require U.S. goods and services, these reports give U.S. exporters an early look at upcoming projects. (See Chapter 6 for more details on USAID's programs.) Budget justifications for the current and previous years are available online at www.usaid.gov/policy/budget/.

Industry Information

Industry-specific information is important in any exporting venture. Here are a few research avenues.

U.S. DEPARTMENT OF AGRICULTURE, FOREIGN AGRICULTURAL SERVICE

The Foreign Agricultural Service (FAS) serves as the first point of contact for those needing information on foreign markets for agricultural products. The Office of Outreach and Exporter Assistance of the FAS can provide basic export counseling and direct you to the appropriate Department of Agriculture office to answer specific questions on exporting. The staff can provide country- and commodity-specific foreign market information reports, which focus on the best market prospects and contain contact information on distributors and importers. Extensive information on the FAS is also available through the Web at www.fas.usda.gov. For additional information, contact the Office of Outreach and Exporter Assistance by telephone at (202) 720-7420 or by fax at (202) 690-4374.

TEXTILE AND APPAREL DATABASE

Prepared by the U.S. Department of Commerce's Office of Textiles and Apparel, this database provides information on overseas markets and the rules and regulations affecting U.S. exports. The database provides specific country profiles, which include information on marketing and distribution, market-entry requirements, shipment and entry procedures, and trade policy. More general information, such as export procedures, potential buyers and suppliers, current trade issues, and background on textile and apparel trade policy agreements, is also available. The Web site is www.otexa.ita.doc.gov.

PRIVATE-SECTOR PRODUCT AND INDUSTRY RESOURCES

The U.S. and foreign private sectors publish numerous guides and directories that provide valuable information for your company. For specific references, consult your local Export Assistance Center at www.export.gov or the Trade Information Center at (800) USA-TRADE (800-872-8723).

Regional and Country Information

Information on individual countries and regions is widely available. Here are some places you can explore individual markets.

CHINA BUSINESS INFORMATION CENTER

The China Business Information Center (BIC) is a comprehensive source of information on China published by federal and state government agencies, associations, and private-sector entities. Companies that are new to the market or are current market participants can use the China BIC to

- Identify sources of U.S. and state government assistance
- Learn how to protect their intellectual property rights
- Monitor China's compliance with its World Trade Organization (WTO) obligations
- Obtain industry-specific market research to evaluate export prospects
- Search for trade leads and tender offers
- Participate in trade events in the United States and China
- Identify sources of trade finance
- Monitor changes in Chinese import regulations
- Identify relevant U.S. export regulations
- Quickly find tips on doing business in China
- Learn about economic and political conditions in China

To access the China BIC, go to www.export.gov/china.

FACT:

China is our third-largest export market. U.S. exports to China were up more than 30 percent for 2006, compared with 2005.

INSIGHT:

Your company can benefit from this growing market. Visit the China Business Information Center at www.export.gov/china.

ASIA NOW

This program brings together the resources of U.S. Commercial Service offices in 14 markets in the Asia-Pacific region and Export Assistance Centers throughout the United States, providing your company with a single point of access to regional trade events, extensive services of the Commercial Service, and research covering Asian markets. Asia Now can be found at www.buyusa.gov/asianow.

MIDDLE EAST AND NORTH AFRICA BUSINESS INFORMATION CENTER

The Middle East and North Africa Business Information Center (MENABIC) covers information on markets throughout the region: Algeria, Bahrain, Egypt, Iraq, Israel, Jordan, Kuwait, Lebanon, Morocco, Oman, Qatar, Saudi Arabia, Tunisia, the United Arab Emirates, and the West Bank and Gaza. The Web site includes detailed country and industry information, trade leads, lists of trade events both domestically and in MENABIC countries, and information on regulations, licensing, documents, financing, and anything else your company needs to do business in the Middle East and North Africa. To access the MENABIC, go to www.export.gov/middleeast.

SHOWCASE EUROPE

This program provides U.S. companies easy access to European export markets. The U.S. Commercial Service at U.S. embassies and consulates works with companies to increase exports of U.S. products and services to Europe. You will find trade opportunities, new business partners, market research, and one-on-one assistance for eight key industry sectors, including medical equipment, information technology, and aerospace equipment. The advantages for your company include the following:

- Services at major European trade shows that enable U.S. exhibitors to leverage the event for maximum success
- A systematic approach to counseling in areas such as developing market entry strategies and replicating best practices throughout Europe
- A coordinated approach to market research in an effort to offer U.S. exporters market intelligence that can be more easily replicated across national borders
- Services such as “Quick Take” that provide a quick assessment of your product or service in specific markets

To learn more about Showcase Europe, visit www.buyusa.gov/europe/.

TRADE AMERICAS

The Trade Americas program offers U.S. companies the opportunity to find out more about business opportunities in more than 20 countries throughout the Western Hemisphere.

By combining resources across the region, the U.S. Commercial Service helps exporters find sales opportunities in several countries, saving time and money and generating more profits. Trade Americas has a Web site that provides information on existing and proposed free trade agreements throughout the region, market research, best prospects in the region, trade event lists, industry-specific information, business service providers, useful links, and key contacts. For more information about Trade Americas, visit www.buyusa.gov/tradeamericas/.

OECD PUBLICATIONS

The chartered mission of the Organization for Economic Cooperation and Development (OECD) is to promote its member countries' policies. These policies have been designed to support economic growth, employment, and a high standard of living and to contribute to sound economic expansion in development and trade. OECD publications focus on a broad range of social and economic issues, concerns, and developments. Country-by-country reports on international market information contain import data useful in assessing import competition.

The OECD also publishes economic development surveys that cover each of the 30 member countries of the OECD, plus some additional countries. Each survey presents a detailed analysis of recent developments in market demand, production, employment, prices, wages, and more. Short-term forecasts and analyses of medium-term problems relevant to economic policies are also provided.

Print copies of OECD publications are available from the OECD Publications and Information Center, 2001 L St., NW, Suite 650, Washington, DC 20036-4922, or telephone (202) 785-6323. You can also order the books on the Web or purchase an online subscription. Visit the OECD at www.oecdbookshop.org.

MARKET RESEARCH LIBRARY

The U.S. Commercial Service's Market Research Library contains more than 100,000 industry- and country-specific market reports, Web sites, events, and trade directory listings, and it covers more than 120 countries and 110 industry sectors. Reports include Country Commercial Guides, Industry Sector Analyses, Marketing Insights, Multilateral Development Bank Reports, Best Markets, other industry or regional reports, and more. Reports are available at www.export.gov/mrktresearch/.

CUSTOMIZED MARKET RESEARCH

These reports make use of the worldwide network of the U.S. Commercial Service to help U.S. exporters evaluate their sales potential in a market, choose the best new markets for their products and services, establish effective marketing and distribution strategies in their

target markets, identify the competition, determine which factors are most important to overseas buyers, pinpoint impediments to exporting, and understand many other pieces of critical market intelligence. The reports are customized to your specifications. Contact your local Export Assistance Center at www.export.gov/eac/ for more information.

CASE STUDY:

Vellus Products

“Exporting has made me more broad minded, and I have developed a great appreciation for other cultures and the way others live their lives.”

—Sharon Doherty, president, Vellus Products Inc.

THE COMPANY

Is your pet having a bad hair day? Well, Sharon Doherty, president of Vellus Products Inc., can help. Her small Columbus, Ohio–based company makes a line of pet grooming products, including customized shampoos, conditioners, brushing sprays, satin cream, and detanglers.

According to Doherty, shampoos for people don't work well on pets because animal skin is more sensitive than human skin and is more easily irritated. Most available pet shampoos, though sensitive to the skin, tend to leave hair unmanageable and without the glamour needed for the show dog or pampered pet. Dr. David Tanner, Doherty's nephew, used his expertise as a chemist in the personal care industry to develop the salon-type formulas that Doherty thought would be good for animal hair and skin. This family-operated company also involves Doherty's husband, Robert, and daughter, Teryl Hotz.

THE CHALLENGE

Vellus Products' first export sale occurred in 1993, when a Taiwanese

businessperson, after trying the Vellus line, bought \$25,000 worth of the company's products to sell in Taiwan through dog shows. The word was out. “I started receiving calls from people around the world who would hear of our products at dog shows and ask organizers how they could get in touch with me to buy our products,” Doherty recalls. “But I needed a way to find market research and learn more about ways of doing business in these countries.”

THE SOLUTION

Doherty soon tapped the services of the U.S. Commercial Service in Columbus. “As business has grown, I have gone from ordering country profiles to requesting customized export and financing strategies tailored to maximize export potential,” Doherty says.

The Commercial Service relied on its worldwide network and partners such as the Small Business Administration and the state of Ohio to provide customized market research and information on financing and other programs for Vellus. Today, Vellus sells to more than 28 countries. “I credit the Commercial

Service for helping me expand my exports, as it would have been much more difficult to do this on my own,” Doherty says.

LESSONS LEARNED

Doherty learned several lessons from her exporting experience:

- **Know whom you are dealing with.** “Developing business relationships is critical to successful exporting,” Doherty says. Doherty often gives advice and guidance to her distributors, sharing her knowledge and understanding of importing along with marketing in the dog show network. She says this advice is much appreciated and goes a long way toward building long-term relationships. “Be smart, but humble,” she advises. “Whenever there is a problem, I don't e-mail; I pick up the phone.”
- **Do a background check on potential business partners.** Doherty was once duped by a businessman from another country who said he knew all about the pet market there. She followed some of his advice, and it caused her to lose customers in that country. The

experience was a lesson well learned. “Always do a thorough check on your potential business partners,” she says. “Gather as much information as you can. Don’t make any assumptions; the wrong choice can cost your business valuable time and money.” Doherty also notes that it is her business practice to have orders prepaid by the purchaser, and once the bank receives the money, to ship the orders. This practice helps prevent any problems with delinquent payments.

- **Learn the culture.** Doherty has become familiar with the cultural aspects of pet care. Vellus shampoos and other products can easily be varied for different grooming techniques. In England, dog exhibitors prefer less pouffy topknots than those on show dogs in the United States, where owners tend to be more exotic with topknots. There also can be different preferences for the look of show dogs.
- **Enjoy the ride.** Doherty says that exporting has changed her life. “I love exporting because it has enabled me to meet so many people from other cultures. Exporting has made me more broad minded, and I have developed a great appreciation for other cultures and the way others live their lives,” she says. “You are put in contact with real people on the other side.”

ACTION

Are you ready to promote your product or service in other cultures? Try this advice:

- **Pay attention to the target market’s social customs.** People interested in exporting should look closely at the social customs in the country where they would like to do business. Contacting the U.S. Commercial Service office in that country is an excellent way to learn about cultural issues and ways of doing business, and exporters like Doherty have found the customized market reports to be especially helpful. Simply visit www.export.gov or check Appendix B for the nearest U.S. Export Assistance Center, and that office can contact the appropriate Commercial Service post in the country of interest.
- **Use trade shows to promote your products and services.** The Commercial Service sponsors U.S. pavilions in many trade shows. Further information on overseas trade shows is available at www.export.gov/tradeevents.
- **Promote your company in target markets.** You might also want to advertise in *Commercial News USA*. The catalog-style magazine is designed to help American companies promote products and services to buyers in more than 145 countries at a fraction of the cost of other advertising options. Each issue reaches an estimated 400,000 readers worldwide. The bimonthly magazine, which is free, is mailed directly to qualified recipients outside the United States and is distributed by Commercial Service personnel at U.S. embassies and consulates throughout the world. See www.thinkglobal.us/.



Sharon Doherty, president of Vellus Products Inc., poses with a well-coifed friend. Her Columbus, Ohio, company produces pet shampoos and conditioners. Doherty made her first export sale in 1993 and has since expanded to 28 countries.