

CHECKLIST

Is my corporation ready for export?

What can I do by myself?

Before you decide to start exporting your products/services, review the following steps which will serve as a structured internal dialogue. The questionnaires provided are going to help you clarify your export-related ideas and facilitate the creation of an export plan.

If your self-assessment results in the recognition that you lack know-how or specific skills in specific export areas, review GUIDE02 which contains a comprehensive list of export experts from various institutions and organisations which form a support environment for export-oriented corporations in the Republic of Slovenia.

STEP 1: WHY SHOULD I EXPORT MY PRODUCTS/SERVICES?

1. WHICH OBJECTIVES WOULD YOU LIKE TO ACHIEVE WITH THE PLANNED EXPORT ACTIVITIES?

- ✓ Why does your corporation absolutely have to enter a foreign market? Are you hoping to obtain new customers or would you simply like to boost your sales?
- ✓ Would you like to expand your business or is the export of your products/services essential for the survival of your corporation?
- ✓ How quickly should your foreign market investment be recouped? Do you have sufficient financial and non-financial resources intended for foreign market activities for a period of 6 months or 5 years at your disposal?

Unfortunately, your performance in foreign markets is never solely dependent on your excellent preparedness, know-how, financial resources and hard work that you intend to invest into export activities but is also subject to various factors, such as the global economy and global market competition.

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2. WHAT ARE THE GLOBAL TRENDS?

Before you decide to enter foreign markets, try to answer the following questions:

- ✓ Have you been experiencing a sales volume growth trend of your products/services?
- ✓ Could your customer base be regarded as growing?
- ✓ Which types of customers do you already sell your products/services to (wholesalers, retailers, B2C, etc.)?
- ✓ Who are your existing customers (small corporations, major corporations, in which price segment would they fit, are they urban or rural-type customers)?
- ✓ Which promotional activities in the domestic market have yielded the best sales results (direct sales, mailings, fair appearances, traditional and e-advertising, e-marketing and social media, other)?
- ✓ Are you familiar with your competition, both in the domestic and foreign markets?
- ✓ Which products/services are sold by your competitors in foreign markets (and domestic competitors already engaged in export)?

STEP 2: IS MY CORPORATION ALREADY PREPARED FOR EXPORT?

1. 1. AVAILABLE FINANCIAL AND NON-FINANCIAL RESOURCES

Give serious thought to the amount of resources which should be invested in export and specify an investment time window. Do not forget to consider the following specific features of export:

- ✓ adaptations of your products to foreign markets (conceptual adaptations including potential formulation modifications, visual adaptations of the packaging design, etc.);
- ✓ product testing;
- ✓ obtaining certificates and other permits;
- ✓ translations;
- ✓ qualified staff proficient in foreign languages and familiar with the specific characteristics of individual foreign markets;
- ✓ external expert support;
- ✓ staff training;
- ✓ business trips abroad;
- ✓ promotional and sales activities in foreign markets;
- ✓ facilities, fixed assets and equipment required to provide for an increased production capacity;
- ✓ packaging;
- ✓ logistics;
- ✓ taxes and customs duties;
- ✓ bank transactions.

2. PRODUCTION CAPACITY

Your production capacity directly conditions the size of the foreign market that you are planning to target.

Answer the following questions to set realistic objectives for your export plan.

- ✓ Specify the additional quantity of products that can be planned in your production without having to expand your human resources, equipment, fixed assets or even facilities?
 - ✓ Specify the costs of additional production capacities (if you can, calculate the price per product).
 - ✓ Do you experience seasonal sales volume decreases of your products/services? If your answer is yes, would it be possible to plan product export during this specific time window of a lower sales volume?
 - ✓ Would your corporation have to plan expanding production in view of orders from abroad?
- You have identified the current level of fitness of your corporation. Now it is time to establish which foreign markets you should focus on to achieve the maximum effect with minimum effort.

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STEP 3: HOW DO I CHOOSE THE RIGHT TARGET MARKET?

1. POTENTIAL FOREIGN MARKETS

- ✓ Are there foreign markets that already import a similar product/service from Slovenia?
- ✓ If the answer to the first question is yes, has the sales volume of that similar product experienced growth or dropped during the last 5 years?
- ✓ In which foreign markets can you target consumers who behave similarly to your domestic customers (e.g. if your customers are individuals with higher income, it is going to be much harder to find these in foreign emerging markets)?

- ✓ Which 3 foreign markets would you consider the most promising potential importers of your products/services?

You have compiled a list of the most promising foreign markets for the export of your products/services. Now you are going to compile a list containing information on all foreign countries or regions contained therein, compare them to each other, evaluate them and select the market where you are most likely to succeed.

2. ACCESS TO FOREIGN MARKETS

Review the demographic data of the selected country (average age, level of education, income, religion).

- ✓ Are there any culturally conditioned mechanisms in the selected country which could have an impact on the image of your product/service and, as a result, on your sales volume? Compare that to the image of your product/service in the eyes of Slovenian customers.
- ✓ Would you say that potential customers in the selected country behave in a more urban or rural manner?
- ✓ Which are the common distribution channels in the selected country? How high would potential demand be?
- ✓ If you were to launch your product/service in the selected market: which would be your main competitors (do not forget to consider existing exporters from Slovenia)?
- ✓ Do business etiquette, customs and practices

in the selected country differ from those in Slovenia? How would that impact your corporation?

- ✓ Is the political situation in the selected country stable?

You have reviewed potential foreign markets and their accessibility. Now select the most appropriate market which would facilitate the fastest market penetration for your corporation and your type of product/service. The majority of corporations faced with export for the first time decide to choose the foreign market that requires minimum effort as their first export market. Usually, countries or regions geographically close to the domestic market. Focusing on one single country or region with a limited selection of products/services is going to enable your corporation to quickly adapt to all the barriers and challenges that accompany export transactions.

3. IDENTIFIED (SELECTED) FOREIGN MARKETS

- ✓ What can be expected from the review of potential export markets?
- ✓ Which foreign market(s) is your corporation going to focus on and why?

You have identified (a) foreign market(s) where you believe your corporation is most likely to succeed.

Now shift your focus to the properties of the product/service that you intend to export.

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STEP 4: IS MY PRODUCT/SERVICE READY FOR EXPORT?

1. PRODUCT/SERVICE PROPERTY

- ✓ Does your corporation already have an appropriate product/service that can be sold in the foreign market or does it have to be developed first?
- ✓ Which needs/desires/yearnings is your export product/service going to meet for consumers in the selected foreign market?
- ✓ Prepare a precise description of the unique benefits and general properties of your export product/service. Focus on the added value that you are able to offer compared to your competitors.
- ✓ Do the identified benefits or properties of your export product/service facilitate the preparation of clear and effective promotional and sales activities in the selected market?
- ✓ Have you experienced any barriers in Slovenian law regulating export?
- ✓ Have you identified any specific regulatory measures in the selected foreign market which

would constitute a barrier in the product/service sales or export (e.g. the use of artificial colouring agents in foodstuffs, etc.)?

- ✓ Which arrangements should be made before your product/service is appropriately adapted to legal and other regulatory requirements in the selected foreign country? If the required proceedings are found to be too challenging for your corporation, you are advised to consider another target market.

Penetration of the selected export market is also subject to a review of legal regulations governing the packaging of your product (declarations containing a comprehensive list of ingredients in foreign languages as prescribed).

The following questions are going to help you prepare a description of your product/service (weight, dimensions, composition) as required by the relevant foreign country.

2. PACKAGING

- ✓ What regulatory regime applies to product packaging and descriptions in the selected foreign markets (does the list of ingredients have to contain percentages of specific ingredients, do product descriptions have to be declared in a specific language?)
- ✓ Do product/service descriptions need to include a user manual (in which foreign languages?)
- ✓ Does your product have to include specifications in the metric measuring system or the Imperial measuring system (does this

mean you also need to adapt the volume or quantity of your product in the packaging unit)?

If your product requires specific handling during transport or logistics, that is, if your product is fragile/highly sensitive/easily perishable and thus requires specific materials and/or distribution proceedings, these shall be identified and included appropriately in your export plan prior to entering the foreign market. These specific features shall also be considered in the specification of the price per unit and your pricing policy in the selected foreign market.

3. SHIPMENT HANDLING/PACKAGING

- ✓ Does your product require special handling during transportation (specific temperature requirements, etc.)?
- ✓ Which other conditions need to be met before your product is ready for transport?
- ✓ How must your product be packaged to comply with the requirements of the selected foreign market?

- ✓ Does the selected foreign market contain appropriate facilities that are able to meet your logistical requirements?
- ✓ Specify the durability of your product. Can the durability of your product affect its distribution in the selected foreign market?

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STEP 5: WHICH PRICE AND PRICING POLICY SHOULD I USE ON MY EXPORT PATH?

1. PRICING

First of all, identify the price range of similar products/services in the selected foreign market. Subject to the properties of your product/service, reflect on your entry strategy:

- ✔ in which price segment does your product/service fit in (high-quality, low-priced, etc.);
- ✔ would it be sensible to prepare a special price intended for your entry to the foreign market;
- ✔ what price is your selected target group willing to tolerate (would you like to surprise your potential customers with a lower or perhaps even higher price than expected);
- ✔ which other direct costs could accompany export activities of your product/service?

The two most relevant questions that you need to ask yourself when creating a pricing strategy are:

- ✔ Which pricing policy is going to transmit a correct reflection of the image of your product?

- ✔ Subject to your expenses and competitors, is the market going to tolerate this price?

Since pricing per product/service unit needs to take into account all expenses, it is also beneficial to consider the following:

- ✔ transportation costs (transportation costs, fees, inspection costs, certification costs, special requirement costs, e.g. a cold chain, pallets and similar, transportation insurance costs);
- ✔ if you are planning to export directly to the end customer, you also need to consider export duties, fees, customs duties, VAT;
- ✔ if you are going to use an agent, also include all costs associated with wholesale, the importer, distributor.

2. PROFIT

- ✔ Is the price calculated above going to suffice for the expected profit and marketing expenses? Also include translation, market

research, promotional activity and travel costs.

STEP 6: HOW SHOULD I TACKLE PROMOTIONAL AND SALES ACTIVITIES IN THE FOREIGN MARKET?

1. CHOOSING YOUR MARKETING STRATEGY

Several entry strategies can be used for the promotion and sale of your product/service in the foreign market. Generally speaking, you can choose between two main strategies:

- ✔ your corporation can enter the foreign market indirectly, i.e. via business partners or other agents which are paid for their export transaction-related services (collaboration with Slovenian or foreign agents, specialised in export/import, who are going to find appropriate customers for

your corporation and help you conclude transactions);

- ✔ your corporation can also enter the foreign market directly, i.e. by directly concluding transactions with customers in the foreign market (direct collaboration with representatives of corporate sales departments, distributors, wholesalers, end customers).
- ✔ If you decide to enter the foreign market indirectly, you are going to need a small

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marketing budget for that purpose and include agency commissions in the price of your product/service (as a rule, these vary between 5 and 15% of the exported product/service).

- ✓ By selling your product/service in the foreign market directly, you are going to exercise greater control over the export process in addition to most likely achieving a lower

product/service price and establishing a closer professional bond with your customers. On the other hand, however, you are going to have to invest into your international operation staff and provide for the financial resources required to implement your promotional and sales activities.

2. PROMOTIONAL AND SALES ACTIVITIES

If you have decided to enter the foreign market directly, you are advised to draw up a comprehensive annual plan of promotional and sales activities. If you have selected an indirect foreign market entry strategy, it would be wise to support it with additional marketing activities even if they are not required by the agent or distributor that you are collaborating with.

- ✓ To what extent are you going to have to adapt your promotional materials to the needs of the foreign market (e.g. new translations, new catalogue and brochure design solutions, additional sales staff)?
- ✓ How are you going to look for customers in the foreign market (do you expect assistance from Slovenian organisations, such as SPIRIT, or the economic consultants of the Ministry of Foreign Affairs who provide consultancy services to corporations for their foreign activities, compile lists of potential customers abroad;

are you going to examine the condition of the selected foreign market and compile a list of potential customers yourself; are you going to attend fairs held abroad, are you going to tackle promotional and sales activities by digitalising your operations and using e-marketing)?

- ✓ What kind of marketing mix are you planning to use to enter and launch sales in the foreign market?
- ✓ Creation of a mailing list of potential customers and direct mailing activities
- ✓ Online advertising
- ✓ Advertising in printed and/or electronic media in the foreign market
- ✓ Brochures and other local promotional publications in the foreign market B2B events
- ✓ Fair appearances
- ✓ Collaboration with agents and distributors
- ✓ Support environment in Slovenia and their activities

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