Market Selection
Considerations and Insight
Types of Markets

• Various types of expansion opportunities:
  • Regional within the U.S.
  • Government
    • Federal
    • State
    • Local municipalities
    • Prime contractors
  • International Government Tenders
    • Some open to U.S. businesses
    • Presence in the country
    • Partner from the country
Key Benefit to Market Expansion

- **Mitigate Risk**
  - Don’t put all your eggs in one basket
  - What happens if you lose your largest customer?
  - Global recession
  - Natural disasters
  - Geo-political conflicts
- Technological advances
- International competition
- Look beyond your “regular” customers
<table>
<thead>
<tr>
<th>Risk</th>
<th>Rank in 2013</th>
<th>Projected Rank in 2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Economic slowdown/recovery</td>
<td>1</td>
<td>1</td>
</tr>
<tr>
<td>Regulatory/legislative changes</td>
<td>2</td>
<td>2</td>
</tr>
<tr>
<td>Increasing competition</td>
<td>3</td>
<td>3</td>
</tr>
<tr>
<td>Damage to reputation/brand</td>
<td>4</td>
<td>8</td>
</tr>
<tr>
<td>Failure to attract/retain top talent</td>
<td>5</td>
<td>5</td>
</tr>
<tr>
<td>Failure to innovate/meet customer needs</td>
<td>6</td>
<td>4</td>
</tr>
<tr>
<td>Business interruption</td>
<td>7</td>
<td>11</td>
</tr>
<tr>
<td>Commodity price risk</td>
<td>8</td>
<td>7</td>
</tr>
<tr>
<td>Cash flow/liquidity risk</td>
<td>9</td>
<td>10</td>
</tr>
<tr>
<td>Political risk/uncertainties</td>
<td>10</td>
<td>6</td>
</tr>
</tbody>
</table>
It’s a big world . . . Where do you begin?

- Website analytics
- Industry news
- Research
- Competition
First Step

- Shift from “reactive” to “proactive” mindset
- Look to available resources
  - Federal
  - State
- Begin to research
Market Research

- Learn about your product’s potential
- Start with 2-3 best markets
- Country Commercial Guides
- Work with your local resources to find and identify the best markets
- Many online research databases
- Companies can get customized market research reports
Federal Resource - U.S. Commercial Service

Note: Effective May 14, 2009, the United States and Foreign Commercial Service (US&FCS) has updated its disclaimer policy for market research reports to indicate that reference to or inclusion of material by a non-U.S. Government entity in these documents is for informational purposes only and does not constitute an endorsement by the US&FCS of the entity, its materials, or its products or services. Although this text will appear only in market research reports generated after this date, this disclaimer applies equally to all documents in the Market Research Library.
Industry: Aerospace & Defense
Sector: Aircraft/Aircraft Parts

Records Found: 26

Country Commercial Guide
- Slovenia 2013 Country Commercial Guide
- 2013 Country Commercial Guide for Slovenia
  (Entire CC3)
- 2013 Country Commercial Guide for Jamaica
  Country commercial guide for US companies interested in doing business in Jamaica
  (Entire CC3)
- 2013 Country Commercial Guide Dominica
  2013 Country Commercial Guide for US Companies interested in doing business in the Dominican Republic
  (Entire CC3)
- 2013 Country Commercial Guide Haiti
  Guide to exports for 2013 for Haiti
  (Entire CC3)
- 2013 Country Commercial Guide Belgium
  Guide to exports for 2013 for Belgium
  (Entire CC3)

More...

Best Market Report
- 2013 Aerospace Market Resource Guide
  The 2013 Aerospace Market Resource Guide provides market intelligence on aerospace markets in forty
  locations, including information on market dynamics, competitors, market entry, and best prospects for US firms.
  Learn valuable information on opportunities for US aerospace manufacturers and service...

The Importance of the Mexican Customs Broker for Success in the Export Process
  Mexico is among the top countries preferred by U.S. exporters to start exploring markets overseas. Since the
  implementation of the North American Free Trade Agreement (Nafta), the import/export process has become
  more efficient, but there are still many potential challenges that U.S. exporters face...
Doing Business in SLOVENIA

2013 Country Commercial Guide for U.S. Companies


- Chapter 1: Doing Business In …
- Chapter 2: Political and Economic Environment
- Chapter 3: Selling U.S. Products and Services
- Chapter 4: Leading Sectors for U.S. Export and Investment
- Chapter 5: Trade Regulations, Customs and Standards
- Chapter 6: Investment Climate
- Chapter 7: Trade and Project Financing
- Chapter 8: Business Travel
- Chapter 9: Contacts, Market Research and Trade Events
- Chapter 10: Guide to Our Services
Step 2: Do it for the “Right Reasons” . . .
There is Good News
Step 3: Historical Figures for Illinois

- Canada
- Mexico
- China
- Germany
- Australia


Values: $0, $5,000,000,000, $10,000,000,000, $15,000,000,000, $20,000,000,000, $25,000,000,000
Current Free Trade Agreements

- Australia
- Bahrain
- Canada - NAFTA
- Chile
- Colombia
- Costa Rica
- Dominican Republic - CAFTA-DR
- El Salvador - CAFTA-DR
- Guatemala - CAFTA-DR
- Honduras - CAFTA-DR
- Israel
- Jordan
- Korea
- Mexico - NAFTA
- Morocco
- Nicaragua - CAFTA-DR
- Oman
- Panama
- Peru
- Singapore
USCS FTA Tariff Tool

1. Are you Importing or Exporting?
   - Goods exported from the United States to an FTA partner
   - Goods imported from an FTA partner into the United States
   - Both imports and exports

2. Please select an FTA Partner:
   - Select Partner

3. Please select a Sector or Chapter: (hold Ctrl-Key to select more than one)
   - Sector
   - Chapter
   - Select Sector:
     - Agricultural Equipment
     - Aircraft and Related Parts
     - Animal Fats & Oils

Next
Look South Initiative

US Exports 2009 through 2013 to Look South Initiative Markets

FOB US$ Value in Millions

- Mexico
- Colombia
- Chile
- Dominican Rep.
- Peru
- Costa Rica
- Panama
- Guatemala
- Honduras
- El Salvador
- Nicaragua

[Graph showing export values for each country from 2009 to 2013]
Look South Initiative - Minus Mexico

![Bar chart showing investments for different countries over three years (2011, 2012, 2013). The countries include Chile, Colombia, Costa Rica, Dominican Republic, El Salvador, Guatemala, Honduras, Nicaragua, Panama, Peru. The investments range from $200,000,000 to $1,600,000,000.]}
Step 4: Future Projections

Importance of Emerging Markets in Next 5 Years

<table>
<thead>
<tr>
<th>Region</th>
<th>Percent</th>
<th>Major Priority</th>
<th>Top Priority</th>
</tr>
</thead>
<tbody>
<tr>
<td>China</td>
<td>57</td>
<td>26</td>
<td>31</td>
</tr>
<tr>
<td>Brazil</td>
<td>19</td>
<td>38</td>
<td>11</td>
</tr>
<tr>
<td>India</td>
<td>19</td>
<td>38</td>
<td>11</td>
</tr>
<tr>
<td>Southeast Asia</td>
<td>11</td>
<td>35</td>
<td>6</td>
</tr>
<tr>
<td>Russia</td>
<td>12</td>
<td>30</td>
<td>6</td>
</tr>
<tr>
<td>Mexico</td>
<td>6</td>
<td>24</td>
<td>10</td>
</tr>
<tr>
<td>Middle East &amp; North Africa</td>
<td>10</td>
<td>15</td>
<td>6</td>
</tr>
<tr>
<td>Latin America</td>
<td>6</td>
<td>19</td>
<td>4</td>
</tr>
<tr>
<td>Eastern Europe</td>
<td>4</td>
<td>21</td>
<td>7</td>
</tr>
<tr>
<td>Sub-Saharan Africa</td>
<td>10</td>
<td>7</td>
<td></td>
</tr>
</tbody>
</table>

Legend:
- Orange: Major Priority
- Red: Top Priority
Factors Affecting Market Selection

Market
- Macroeconomic Stability
- Consumer Market Size and Growth
- Middle Class
- Openness

Population
- Size and Growth
- Age Structure
- Life Expectancy
- Urbanization

Access
- Infrastructure
- Internet
- Retail Landscape
- Ease of Doing Business
- Regulations
- Corruption
- Human Capital

Business Environment
- Ease of Doing Business
- Regulations
- Corruption
- Human Capital
Trends to Look at

- Aging populations
- Women
  - China
  - India
- Middle class consumers
- Emerging markets
  - BRIC + Indonesia countries make up:
    - 60% of the world’s population
    - 40% of global GDP growth
    - By 2020, 30% of middle class consumers will be living in these countries
Market Attractiveness

- What is the size of the market
- Growth rate
- Potential
- Competition
  - Brand loyalty
- Lay a foundation for future development
  - Put together a group of experts for the area
  - Identify Key Performance Indicators (KPI)
  - Tie it in with the overall strategy of the company
- Look for hidden opportunities
  - Possible niche markets in emerging economies
Does the Market Fit with your Company?

- Culture
- Objectives
- Brand
- Offerings
  - Understand the needs of consumers in that area
    - What do they want?
    - What do they need?
  - Adopt local business models
  - May require developing a simplified version of an existing product, which is less expensive
Weighted Table

- Developed by Jim Foley at Bradley University
- Great way to let the numbers tell the story
- Here’s how you do it:
  - Create an excel spreadsheet with countries you are considering
  - Decide what’s important for your company
    - Create rankings based on importance
  - Calculate and analyze the final result
Considerations

- Regulations
  - Will you need a certificate to export?
  - Import regulations
  - Testing
  - Labeling requirements, etc.
- Intellectual Property Rights
- Increased competition - international players
- Cost
  - How much will this market cost?
  - Setting-up
- Registrations
- Supply Chain
Identify Your Market

• What will be the most profitable markets?
• Thorough market research is a key to success
• Do not choose too many markets
  • SME’s - initially three are more than enough
  • Move to secondary markets as you gain experience
  • Focus on regional or geographic clusters
Exit Strategy

• Always important
• What if you don’t succeed in the market?
• Are there exit costs?
• Can you withdraw your money?
• What about workers rights?
“Companies that begin the journey today will be on the winning track. Companies that stall risk wasting millions of dollars and untold time and resources. More crucially, they will squander the opportunity to achieve competitive advantage”

Boston Consulting Group
Perspective from a Local Company

• Dr. Rick Serola, President
  Serola Biomechanics
  Rockford area business
For more information about NIU’s Springboard:
Luanne Mayorga, (815) 753-6927, lmayorga@niu.edu
www.niu.edu/springboard