

## **What product should you export and where?**

Choosing the right product-market mix is an important but not always self-evident decision. Experience shows that an off-the-cuff or incompatible mix can result in substantial losses or shortfalls. Conversely, a sound decision will ultimately lead to successful penetration and long-term growth in the target market.

### **Where to start**

What comes first? Do you choose the product and then the market, or vice versa? When it comes to exporting, success does not hinge on the first step the company takes, but rather on the process it will use to make and review its choices, not only when introducing and withdrawing products, but also when choosing and abandoning foreign markets.

### **An ongoing process**

The process of identifying and qualifying a product and pinpointing and assessing a market must be conducted simultaneously and on an ongoing basis, i.e. by regularly reassessing the situation in order to ensure proper alignment between the products and the markets or segments. However, this exercise must be properly guided as it can become tedious.

### **Intuitions, hunches and assumptions**

Pragmatic business leaders often have their own ideas or hunches as to which product is right. And it's just as well, since in science, hunches frequently lead to great discoveries. Hunches also lead to shortcuts (savings), since few objective rules govern the process. Intuition and assumptions therefore have their place in the exporting process, and as such are perhaps a good starting point. Still, although penetrating a foreign market requires a certain dose of intuition, it is not enough to succeed. Your hunch should be confirmed (or invalidated) before investing substantial funds and energy in developing the market.

### **Relative priority**

It is important to realize from the outset that the **level of priority will differ** with the product-market mix. For instance, a mid-sized business producing more than 50 products and interested in exporting to six foreign countries or markets will be faced with a multitude of choices (50 x 6). How can the company find the WINNING COMBINATION among all these options?

All product-market combinations do not have the same value or level of priority. While every leader's goal is to match the right product with most promising market, certain criteria or parameters can help you make the right choice.

### **Product tropicalization**

One of the most important criteria to consider is whether the products can and need to be “**tropicalized**,” i.e. adapted to the target market (e.g. certified, adapted to local tastes and preferences).

### **Production capacity**

Beyond the ability to adapt the product, output capacity must also be taken into account in order to meet the foreign demand. Prospecting and promotion in a new market will be pointless if you cannot produce and deliver the goods on time. The only result will be dissatisfied customers and drawing the competition’s attention to the market’s potential, thereby reducing any chance of returning in the future.

### **Competitive advantages**

To be successful abroad, your product must have certain **competitive advantages**, i.e. features that give it a long-term edge over the competition.

### **A product line**

Some would say that simultaneously exporting more than one product is smarter than beginning with only one and gradually adding related or derived items as you gain experience and based on the market’s reaction. In effect, due to economies of scale, synergy and promotional impact, many importers and distributors demand a broad product line rather than a single item that may or may not integrate well into their existing product line.

### **Potential vs. challenge**

You must also make sure that real and sufficient demand exists for the product you plan to export. To do so, you must know the market and the tastes, preferences, habits and behaviour of the target clientele. That said, the market’s potential is relative depending on the extent of the challenges or access barriers (e.g. regulations, competition, investment required, business risk). Regardless of the market’s attractiveness, difficult access will discourage many a company from exporting.

Finally, no export decision can be made without studying the **product’s life cycle** in the target market. This element will have major implications and impacts for the company and will greatly determine the type of strategy required to succeed. For example, if the product is at the beginning of the cycle, i.e. the launch stage, there is no competition, and margins are generally fairly high, allowing the company to charge a somewhat higher price. However, by the time the product reaches the maturity stage, competition has surfaced and is actively going after its share of the pie, since the market for the product has stopped growing and may have even begun shrinking.

Regardless of the order in which the export process is carried out, the choice of product or market will be made largely based on your intuition and the opportunities available to you. An export diagnosis, or international qualification, is an important prerequisite to any foreign project. The next bulletin describes this

exercise, a critical examination of the business aimed at determining its ability to compete on the international stage.

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