

Step 2: Assess target markets

- Examine trends that could influence demand for your product or service. Calculate the overall consumption of products or services like yours and identify the amount imported.
- Study the competition, both domestic and non-domestic. Look at each competitor's Canadian market share.
- Identify what affects the marketing and use of the product or service in each market, such as channels of distribution, cultural differences and business practices.
- Identify any foreign barriers (tariff or non-tariff) for the product or service being imported into the country, as well as any Canadian barriers (such as export controls) affecting exports to the country.
- Search for Canadian or foreign government incentives to promote the export of the product or service.

Step 3: Draw Conclusions

- After analyzing the data, you may decide that you should restrict your marketing efforts to a few countries. In general, new-to-exporting companies should concentrate on fewer than ten markets. One or two countries are usually enough to start with.
- With these conclusions in hand, you can then begin to develop your marketing plan (see Chapter 4).

PITFALL

Going it alone – opportunities are missed when the exporter doesn't investigate potential strategic partnerships, joint ventures and technology exchanges.

TIP

Some countries have characteristics of both market types 1 and 2.

Source: Adapted with permission from Western Economic Diversification Canada, READY FOR EXPORT: Building A Foundation For A Successful Export Program.

Understanding market types

Markets are often categorized into three types. Especially when you're at the screening stage of your research, understanding these classifications can help you focus on one (or several) markets. The types are:

Type 1:**Fast-paced, competitive economies (e.g. United States, Western Europe)**

- Efficient product and service delivery, excellent quality assurance and an in-depth marketing plan are critical to success.
- If you're not fluent in the language, you can work through a local partner to handle linguistic and cultural differences.

Type 2:**Relationship-based, relatively affluent economies (e.g. some countries in South America)**

- Interpersonal communication skills, cultural sensitivity and linguistic fluency are vital to developing a business relationship with a local partner.
- Initially, relationships need to be developed at a senior level.