

Setting Out: Identifying Your Target Market

“Take the time to examine the local culture, find out how things are done there and adapt. Part of the process includes finding the right local partner.”

— Canada Export Lifetime Achievement Award Winner

Understanding international market research

After the export plan, market research can be the most important contributor to international success. There are about 190 countries in the world, and you obviously want to pick the right one(s) for your product or service.

To do this, you need information that will provide a clear picture of the political, economic and cultural factors affecting your operations in a given market. For example, you may already be aware of an opportunity in a foreign market, but need specific information to take advantage of it. Or maybe you have a target market in mind and you want more detailed knowledge of the demand for your product or service.

Market research is the key to understanding these opportunities. It can confirm that an opportunity actually exists in a particular market and can help you understand the market's characteristics. It can give you insight into how a new market can be developed. Most important, it helps you discover what's important to your potential customers and what may influence their buying decisions.

Although there's usually a lot of detail involved, the three basic steps of international market research aren't particularly complex. They are:

Step 1: Screen potential markets

- Collect statistics related to your sector that show product or service exports to various countries.
- Identify five to 10 large and fast-growing markets for your product or service. Look at them 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?
- Select some smaller emerging markets that may hold ground-floor opportunities for you. If the market is just beginning to open up, you may not have as many competitors as you would in an established market.
- Target three to five of the most promising markets for further study.

TIP

Exploring foreign markets can take longer and cost more than expected. Be prepared for additional expenses for market research, product launches and personal visits.