Strategic Analysis

In answering these questions, the company should keep in mind the costs, complexity and risks involved in exporting. It must be absolutely sure that it is prepared to commit the time, resources and money needed to succeed. If it will, then it can proceed to identify promising opportunities and develop the skills needed to take advantage of them.

3. Target Market Definition

This section is intended to assist in the development of a model of the type of market in which the company can be most successful. What has made the company successful in the past? What is likely to make the company successful in the future? Who are its customers? What value-added does the company provide them? Who are its competitors and what are they doing and planning?

This analysis is important in identifying the key attributes that would characterize the most promising foreign market and what is important to the customers in that market. In evaluating a new foreign market, it is important to know if the customer(s) sought by the company actually exist there, as well as being in sufficient numbers to make the effort worthwhile. Furthermore, it is important to know what kind of competition the company faces in its current markets and who the competitors might be in the new target markets. Finally, will modifications to the product or service be required to better satisfy customer preferences and needs?

Competitive Situation

- How do you define the market in which you compete?
- On what basis do you compete? Where is the "value-added" you provide for your customer? For example, is it price, performance, design, name recognition, service, responsiveness, technology, innovation — or a combination of such elements? At what level in the marketing chain do you compete?
- With whom do you compete? Where are they in the chain? What is their distinctive advantage?
- Do you compete with the same companies in each geographic market? If not, why?
- Do you compete for talent, resources, suppliers, subcontractors or research?
- How does your firm's mix of talent, resources and established network of contacts compare with that of your competitors?
- Where is your competition headed? What is their long-term outlook in terms of alliances, new markets, investments, their capacity, competencies or management?