

Advice on export planning

Exporting can be a great option for tapping into bigger markets. It can be an exciting endeavour and incredibly rewarding – but it can also be frustrating and financially risky. You can reduce the financial risk and uncertainty by doing adequate market research and pre-planning before leaping in.

Before you start

If you're thinking of tackling the international market, you'll need to have some experience growing your business in the domestic market. This means having refined business practices that deliver your products or services to market as efficiently as possible.

Ideally, you'll also have a good grasp of your target market and what marketing strategies work best for your business type. You should also have a healthy cash flow, which you'll need to rely on until your overseas venture becomes profitable.

Do your research

Before you start devising your export plan, you should do as much research as possible. New Zealand Trade and Enterprise (NZTE) has an excellent website for information on exporting and importing, as well as country-specific information. Foreign government or country-specific business sites could also be valuable.

Your local Chamber of Commerce is another useful source of information. Not only do they provide information and seminars to members at little or no cost, but their networking with Chambers of Commerce all around the world makes them a useful source of contacts.

Investigate the competition in your targeted foreign market. Visit the sites of competitors to identify any adaptations you might need to make to your product or service, and to see how they market and price their product or service.

There are also a large number of regulations in foreign markets that must be adhered to; the New Zealand Customs Service and freight forwarders can tell you about the requirements for different countries. Your local Chamber of Commerce can also help you with export documentation.

Cultural research and sensitivity to local customs can make the difference between winning a contract or not. Before you begin exporting, you need to have devised strategies to overcome any cultural or language barriers. For example, in some cultures, taking a business card without first studying it is considered disrespectful. Educate yourself on both the cultural and business dos and don'ts in your target country.

[Export assistance\(external link\) \(https://www.nzte.govt.nz/export-assistance\)](https://www.nzte.govt.nz/export-assistance) — New Zealand Trade and Enterprise

[Export Essentials Workshop\(external link\) \(https://www.nzte.govt.nz/events/export-essentials-workshops\)](https://www.nzte.govt.nz/events/export-essentials-workshops) — New Zealand Trade and Enterprise

[Chambers of Commerce\(external link\) \(https://www.newzealandchambers.co.nz/new-zealand-chamber-network/\)](https://www.newzealandchambers.co.nz/new-zealand-chamber-network/)

[International market research \(/how-to-grow/importing-and-exporting/international-market-research/\)](/how-to-grow/importing-and-exporting/international-market-research/)

Choose your market

On the basis of your industry knowledge, you're likely to know where your core markets are, be aware of trends in the market likely to shape demand, and have a gut feeling about which markets hold the greatest potential for you.

Personal considerations will also play a part in making the decision – after all, you'll be required to visit the country frequently. But this shouldn't be the main driver behind your decision. Thorough market research should tell you where your best exporting opportunities lay.

Australia is the logical first choice for many New Zealand exporters because it's close, English-speaking, politically stable, easy to reach and culturally similar. For many, Australia offers a test market before heading further abroad. Additionally, under Closer Economic Relations (CER), New Zealand-made goods are duty-free and highly competitive.

Distributing overseas

Distribution in the foreign market is greatly influenced by market size, the type of good or service, the desired amount of control and the wider export strategy. The different options to consider are:

- Initially, agents or distributors can be the easiest form of market representation.
 - An agent is employed or contracted to work for you (so you know who the customers are.)
 - A distributor buys your products and sells them on - giving you less control over the market.
- For greater efficiency and control, some businesses establish an office overseas. This can be expensive and should only be undertaken by a reasonably experienced exporter.
- Some businesses, depending on the type of products or services they offer, do most of their exporting over the internet using a website and an email address. However, for many it's essential that the business has a local address and possibly warehousing too, to supply the markets quickly.
- Catalogues and infomercials are other methods successfully used, particularly for specialised products. However, every business considering exporting should have a website.

Also worth considering:

- Contract manufacturing involves another firm making your product or part of your product under a contractual agreement. However, it's still your responsibility to sell the finished product. The advantage of this kind of arrangement is that you can gain substantial cost and distribution reductions. You might also be able to take advantage of tax incentives in the target country. Many countries, for example, offer tax breaks of various kinds for overseas businesses that help support the local economy.
- Franchising requires the sale of your product or service and the systems and training practices to make that product or service work. Franchising allows you to expand your business at minimal capital cost because it's usually the franchisee who bears most of the costs. However, franchising only works if you have a well-developed business system with a proven track record. You'll also need to provide ongoing support and training to your franchisees if you want them to flourish. The commitment is often greater than business people initially realise.
- A joint venture with a company in your targeted overseas market can be a good way to overcome trade barriers. A joint venture involves you both committing funds and resources to developing a market for your products or services. However, experience shows that it's very difficult to establish a joint venture that benefits both parties equally.
- Licensing your products or services is another possibility worth investigating, along with royalties (the sale of intellectual property in return for an agreed amount for each sale). In both cases, you will need to get good advice from lawyers or consultants who have experience in these kinds of transactions.
- Strategic alliances offer another possibility. They are similar to joint ventures, but are entered on a less formal basis for a shorter period of time, and often focus on a niche part of the market.

Planning checklist

Have a fresh look at the export potential of your business. If you'd like to explore the possibilities, remember these key points apply to most businesses.

1. Establish a successful business in New Zealand first. You'll need the track record for credibility in overseas markets and the cash flow to fund your venture. You should also have a website.
2. Do your market research as thoroughly as possible before you commit funds to an export drive.
3. Develop an export plan. This will help you clarify your ideas and cost out each step.
4. Think of Australia first before attempting more distant markets. It is close, English-speaking and has a similar business culture.
5. Work out how you're going to distribute to your targeted market and how you will back up and service your sales. Make as much use of e-business technology as you can.
6. There's no point reinventing the wheel. Talk to as many exporters as you can to glean tips about doing business overseas and how to adapt to local customs and protocols. Learn from their mistakes and their successes.
7. Join your Chamber of Commerce and industry groups for advice, help with export documentation, contact with successful exporters and exposure to overseas trade missions.
8. Contact New Zealand Trade and Enterprise([external link](https://www.nzte.govt.nz/contact-us)) (<https://www.nzte.govt.nz/contact-us>) and find out how they can help your export plans.

[Contact us\(external link\) \(https://www.nzte.govt.nz/contact-us\)](https://www.nzte.govt.nz/contact-us) — New Zealand Trade and Enterprise

[Importing and exporting laws \(/risks-and-operations/manufacturing/importing-and-exporting-laws/\)](/risks-and-operations/manufacturing/importing-and-exporting-laws/)

Financial help for exporters

If you export goods and services, you may face hurdles doing business with overseas customers, eg cancelling contracts or defaulting on payments, along with day-to-day issues, like managing working capital, securing bank guarantees or funding growth.

The New Zealand Export Credit Office (NZECO) provides a range of trade credit insurance and financial guarantees backed by the New Zealand Government to help businesses secure export sales, manage payment risk and access finance via your bank.

Find out more about available products on the NZECO website.

[Solutions for exporters\(external link\) \(http://www.nzeco.govt.nz/solutions/index.htm\)](http://www.nzeco.govt.nz/solutions/index.htm) — NZECO

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[Highs, lows and speed bumps — here are 20 milestones small businesses often face, plus tips and tools to help.](/getting-started/business-planning-tools-and-tips/common-business-milestones-and-how-we-can-help/)

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Which laws apply to your business?

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