



# Export Marketing: A Proactive Approach to Entering International Markets

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*In today's fast moving international business environment, we have to travel routes not previously explored, and we have to pioneer solutions not previously known---*

**You know it's a jungle out there.**

*You know where you want to go---now, how do you navigate through the "jungle"?*





**In the “Jungle,” there is a logical pattern and rhythm that allows for changes and adaptations.**

**It is reciprocal in nature to the demands and needs of the life within it.**

**It bends, flexes and molds itself in service to the “mouse” and the “lion” that coexist, making it the perfect system in life and in business.**





**Proactive International Marketing  
operates in the same way.**

**It follows a logical pattern and rhythm  
that flows from  
business opportunities and  
building and maintaining  
relationships.**





## Navigation Strategy #1

Using the Art of Navigation –Uncloaking international market opportunities is a process that requires research and some “connect the dots” thinking.



Current Events

WTO and Free Trade Agreements

Country Restrictions

Country Economic Trends

Export Statistics



## Export Statistics Websites

[http://www.export.gov/mrktresearch/exp\\_mr\\_getting\\_started.asp](http://www.export.gov/mrktresearch/exp_mr_getting_started.asp)

<http://www.census.gov/foreign-trade/schedules/b/index.html>

<http://dataweb.usitc.gov/>

<http://www.stat-usa.gov/usatrade.nsf>

<http://www.ita.doc.gov/td/tic/>



**Steve Recobs**  
**U.S. Department of Commerce**  
**432-552-2490**  
**[steve.recobs@mail.doc.gov](mailto:steve.recobs@mail.doc.gov)**



## Navigation Strategy #2

**Make Sure You Have the Right Equipment** – to make sure you will arrive safely and profitably at your chosen destination.



**When you want to capture the sale,  
you need to identify  
what your true competitive advantage is.**

Competitive strategy aims to establish a  
**profitable and sustainable position**  
against the forces that determine industry competition.

Competitive strategy grows out of understanding  
**the rules of competition**  
that govern an industry's attractiveness.



## Two basic types of competitive advantage are:

1. Cost Advantage
2. Differentiation
  - Product availability
  - Superior technology
  - Customer service

The ultimate goal is to cope with  
and change the rules  
in your company's favor.

## Navigation Strategy #3

**Packing enough provisions** – Acquire what you need to make it through the journey--you will need all the energy you can muster!

**Write a multi-year budget.**

**Determine the amount you can risk on the venture.**

**Research what the true costs will be.**

**Access cost-effective marketing opportunities such as:**

**US Dept of Commerce Gold Key Service**

**Meeting with Commercial Officers from other countries**





## Navigation Strategy #3 continued



TEXAS TECH UNIVERSITY  
Rawls College of Business™

### Creating and Increasing International Sales and Profits



How should I expand [JVs, subsidiaries, distributors, ...]?  
How should I select representation?  
How do I prevent order problems?  
How should we handle the cultural differences?

<https://docttuexport.ba.ttu.edu/>

## Navigation Strategy #4

Planning your route - It is not possible to manage what you cannot measure. Write a road map that everyone in your company can understand and follow.

Write a marketing plan that can analyze your:



Profit Potential  
Sales Plan  
Management Strategy  
Investment Capital



## Navigation Strategy #5

Watch out for the snakes –The U.S. Department of Commerce can conduct confidential research and planning through their Gold Key Service to assist your firm to avoid the “snake pits” while choosing the right international partners—including overseas agents, distributors, sales representatives and business partners.

[http://www.export.gov/comm\\_svc/goldkey.html](http://www.export.gov/comm_svc/goldkey.html)

*This assistance can keep you  
out of the “snake pit”  
and moving down the road to success.*

**Hy-Bon Inc.**  
**Proactive International Market—China**  
**Larry Richards, President**



**Hy-Bon Engineering is selling equipment to help the Chinese oil and gas industry reduce their venting and flaring of natural gas - and capture this gas for use as an energy source.**





## **Opportunity**

**China has started a huge initiative to improve their air quality. Their energy consumption has greatly surpassed their energy production.**

### **Research Conducted for this Business Opportunity**

**Articles in national newspapers and on the internet.  
Detailed review of China's energy industry and market trends  
was solicited from Spears and Associates.  
Steve Recobs at the U.S. Dept. of Commerce**



## **Finding a Sales Representative**

**Utilized the Gold Key service to evaluate representatives  
Interviewed about 12 companies, and ultimately signed three  
separate representation agreements.**

## **Special Permits, Visas, or Other Documents**

**A letter of invitation was required from a Chinese company prior  
to booking travel arrangements. No additional permits or  
documents are needed to set up a representative in China.**





## Special Opportunities/Problems with the Chinese Government

In China, every oil company is owned by the government (as are almost all businesses in some form or another).

It's important to understand that the government actually promotes the copying of technology in some of these markets, and if you have a product that has a potential for a lot of sales in China, and is easy to copy, this is not the market for you.

## **Special Cultural Practices and Considerations**

**If their manager says yes, smiles and shakes your hand, it DOES NOT MEAN you have a deal. It means that he understands you and the negotiation starts again tomorrow. You have a deal when the signature is on the contract.**

**Chinese people are very uncomfortable discussing politics or religion whatsoever.**

**Take everything that is said with a grain of salt.**



### **Establishing Company in the Marketplace**

**Several orders placed which have paid for the initial investment in the market. Anticipating a 2 year window to get established with the major oil companies in China. China works slowly, but has tremendous potential.**

### **Maintaining the Position in the Market**

**The hardest aspect is competing against Chinese made products. The goal will be to sell highly engineered products that cannot easily be duplicated (in any major quantities) by the Chinese manufacturer.**



### **Hardest Part of Establishing Business in China**

**The language barrier. You must rely 100% on your agent to accurately translate the information - and relay all the information to you (including the information that may not be in his best interest to pass on).**

### **Easiest Part of Establishing Business in China**

**Finding an agent. We had a large number of companies wanting to represent us. The hard part was selecting the right agent.**





## **Advice for Others Doing Business in China**

**Use the Gold Key service.**

**Don't limit yourself to one agent in this vast market. Give them each a well-defined territory.**

**Make it clear that the more effective they are in selling your product, the more you will expand their territory.**



**Eckel Manufacturing Co., Inc.**  
**Proactive International Market—Libya**  
**Terry L. Eckel, President**



**Eckel used to do business in Libya before the trade embargo of 1985. The embargo was lifted in April 2004. In October 2004 traveled to Libya, met with buyers, and hired a sales agent. The first large order was received in December 2004.**





## **Finding a Sales Representative**

**Conversed with a potential agent for several months. Met and hired him on a trial basis.**

## **Special Permits, Visas, or Other Documents**

**Neither Libya nor the U.S. provides visa services in each other's countries; U.S. visitors to Libya should therefore plan to obtain a visa via a third country.**

**[http://travel.state.gov/travel/cis\\_pa\\_tw/cis/cis\\_951.html](http://travel.state.gov/travel/cis_pa_tw/cis/cis_951.html)**

## **Special Opportunities/Problems with the Libyan Government**

**The government wants to be seen as cooperative with the West. They need everything to modernize their country.**

**Libya is hoping to reduce its dependency on oil as the country's sole source of income, and to increase investment in agriculture, tourism, fisheries, mining, and natural gas. Libya's agricultural sector is a top governmental priority. Climatic conditions and poor soils severely limit agricultural output, and Libya imports about 75% of its food.**



### **Hardest Part of Establishing Business in Libya**

**Getting visas from the US government to go to Libya. To travel there is hard—there is one western style hotel in Tripoli—cost \$400 per night. Can also stay in a really poorer Arab hotels, with no internet access and no western style food.**

### **Easiest Part of Establishing Business in Libya**

**Because of the sanctions, the oil companies there were forced to buy from Canadian and European companies. U.S. products have a greater production capacity and stand on US quality and performance.**



## **Advice for Others Doing Business in Libya**

**Travel there and meet the businesses and see the opportunity for yourself. You never know what opportunity you will find.**

**Form a business plan on how to increase market share.**

**Stay close to your customers—read periodicals, where the rigs are moving to—and talk frequently with your customers.**

**Have an advertising budget.**

**Have a good web presence.**

**Have a good product.**

**The average time to bring a product into a new marketplace is 7 years. Plan a long-term strategy.**



**Planters Grain Cooperative  
Proactive International Market—Mexico  
Danny Beyer, Chairman of the Board**



**Planter's Grain Cooperative is located in Odem, Texas, and is located in one of the largest sorghum producing counties in the state. They have developed a direct market for identity-preserved grains with Integradora de Agroinsumos del Noreste (IAN) in Mexico.**



## Opportunity

**Mexico is the largest foreign market for U.S. feed grains and a natural home for over 50% of the total Texas grain sorghum crop—nearly 2 million tons annually.**

**The lack of direct contact between suppliers and buyers forces most Mexican buyers to rely on small border intermediaries who add no value to the marketing chain.**

**This lack of communication between suppliers and buyers also limits the amount of information available on the nutritional quality of Texas feed grains.**





## **Competitive Advantage--Technology**

**Forward contracting and hedging identity-preserved grain purchases.  
Storing identity-preserved grains in Mexico.**

**Emphasizing and promoting identity-preserved grain quality.**

**Using NIRS technology to identify quality and nutritional value of identity-preserved grain.**

**Using direct sales and channel management to preserve identity-preserved grain quality and identity.**

**Separating the identity-preserved grain pricing mechanism from the different channel efficiencies.**

**Sharing the economic benefit of channel management efficiencies.**



## **Profitability**

**Channel management efficiencies are expected to provide a \$5 per metric ton (12 cents per bushel) savings during the fiscal year of the activity.**

**These savings per metric ton are split evenly between the applicant cooperatives (sellers) and the Mexican end users (buyers). About 8 cents per bushel will result from 'skipping the middle man' and the remainder will result from other channel management efficiencies.**

**The sale of 520,000 MT during the project period of 12 months will result in a projected net savings of \$2.6 million, which will be split evenly between buyers and sellers.**





## **Special Opportunities/Problems with the Mexican Government**

**The Mexican government has invested \$3 million for IAN to train animal feeding operations and feed companies to learn about the benefits of using identity preserved grains and channel management techniques.**



## **Advice for Others Doing Business in Mexico**

**Learn the language.**

**Understand the value of relationships and frequent visits.**

**The Mexican market seeks partners that can provide consistent, safe, high quality products from suppliers they can trust.**





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