

Getting Ready to Export to the EU

Identifying Your Target Market

A single strategy to access the EU market might not suffice as this market comprises 27 national markets. Research is critical to any marketing strategy and will help to identify opportunities and potential barrier in the target market. While for political and economic purposes the EU is a single market, for the exporter, the EU should not be looked at as a single market since each country is very diverse and can be segmented by different races, religions, demographics, geography, nationalities, incomes/GDP, etc. It is critical to understand your individual target market and the major focus of your business before you enter the international marketplace. Aligning yourself with strategic partners, finding your niche in the marketplace and localizing your products to meet the market demand are important steps in becoming internationally successful.

Some important considerations in identifying a target market include:

1. Can you export your product to the market and do it competitively?
2. Why would a customer want to purchase your product? What are the unique benefits and features of your product?
3. What segment of the market are you targeting? (age, geography, gender, etc.)
4. What information do you have on the market? (Market intelligence gathering is extremely important in this context).

Europe overall can be classified as a fast-paced, competitive economy requiring efficient product and service delivery, excellent quality assurance and a detailed marketing plan. Although English is spoken and taught in most European countries, many other languages are spoken specific to their countries of origin. This is an important point as you consider how you will operate in a select market and your needs as it relates to your requirements for local partners to handle linguistic and cultural differences.

Internal and external factors that affect the market attractiveness should be considered when identifying a market. External factors include the market size, demand, competition, market growth, political and industry risk and pricing trends. Internal business strengths to consider are product uniqueness, production capacity, internal human resources and the relative cost structure when compared with competitors.

An effective market research approach often used by many exporters when identifying a target market is the four level funnel approach:

1. Determine if a market exists – profile of target demographic, buying patterns, factors influencing purchasing decisions;

2. Assess the general (macro) conditions - economic, social, political, cultural as well as technological;
3. Assess the performance potential and industry attractiveness – market size, trends, growth potential; and
4. Determine specific requirements to adopt and manage the trade strategy – competition, product comparison and ease of market entry.

Developing an Export Marketing Strategy for the EU

Marketing will increase demand and if done correctly, positively affect sales cycles.

Exporters can begin to develop their Export Marketing Strategy with an Export Marketing Plan. An Export Marketing Plan typically includes a number of main sections such as executive summary, goals and objectives, product analysis, market analysis, competitive analysis, marketing strategy, implementation, evaluation and summary. Prior to implement any marketing activities it is recommended the market be researched and the marketing mix be evaluated. The elements of the marketing mix are often referred to as the 4 P's of marketing:

a. Product

All products have a life cycle and to remain competitive, often product differentiation is required. Exporters need to be aware of possible product modifications due to EU standards, regulatory requirements and/or consumer preferences. The European Food Safety Authority (EFSA) - www.efsa.europa.eu is committed to ensuring food safety in Europe and the overarching principles of food safety and consumer protection are established in national legislation. The European Parliament and the Council adopted General Principles and requirements of Food Law outlined in Regulation (EC) 178/2002 to provide a framework and coherence in the development of food legislation in Europe. Information on food law, labelling and nutrition, novel foods, chemical and biological safety and controls can be found at http://ec.europa.eu/food/food/foodlaw/index_en.htm.

b. Price

The amount a customer will pay for a product is the price. The Euro (€) is the single currency shared by many (Austria, Belgium, Estonia, Finland, France, Greece, Ireland, Italy, Luxembourg, Germany, Slovakia, Slovenia, Malta the Netherlands, Portugal) of the European Union's Member States and around 330 million EU citizens use this currency. Exporters should be aware that there are EU countries with their own currency and more information can be found at: http://ec.europa.eu/euro/index_en.html.

Various pricing strategies can be considered depending on the EU member state and local competition such as static pricing, flexible pricing, full cost-based pricing, marginal cost, penetration pricing, market skimming. Exporters should be aware that the European Commission with data from Eurostat and National Statistic Office published the Communication "Food Prices in Europe" and developed a Price Monitoring Tool for food products to provide a comparison of price indices of agricultural goods throughout the supply chain. Details can be found at http://ec.europa.eu/enterprise/sectors/food/competitiveness/prices_monitoring_en.htm.

c. Place

Place refers to how a product gets to the buyer and represents the location where a product can be purchased. Specialty food retail distribution channels in the EU is comprised of supermarkets, warehouse clubs and supercenters, convenience stores, natural food stores and specialty food stores. A list of the European Food Associations and Federations can be found at the European Commission website: http://ec.europa.eu/enterprise/sectors/food/links/list-associations_en.htm for links to domestic and foreign manufacturers, importers, distributors, brokers, retailers, restaurants, caterers and others in the specialty food business.

Promotion

Advertising, public relations, personal selling and sales promotion are the four distinct elements of promotion. The European Commission has directives on misleading and comparative advertising as well as unfair commercial practices that include rules on misleading advertising to protect consumers, competitors and the public interest. However, national rules may also be applicable and exporters should research which system (judicial or administrative) the national authority within the target market has chosen. Directive 2000/13/EC of the European Parliament and of the Council on the labeling, presentation and the advertising of foodstuffs is an important document to assist with promotion. Details and website links to the relevant Directives can be found on the European Commission Consumer Affairs website http://ec.europa.eu/consumers/cons_int/safe_shop/mis_adv/index_en.htm.

The Forum for International Trade Training outlines nine additional factors with international trade that affect the marketing mix. Planning, personnel, papers, partnerships, payment, practices, policies, positioning and protection are other factors that should be considered.

With the right export marketing strategy exporters will have set priorities and understand their competitive advantages to detail probable costs and be able to forecast expected returns. Marketing techniques, communications and logistics systems as well as a tailor market action plan will be the outcomes to mitigate risks.

General Considerations on Export Marketing

At a minimum, every exporter should have a website. Websites should be simple and quick to load and include contact details with an email address and telephone details (International Trade Centre, 2006). Essentially, a good website is the corporate brochure of the exporter and prospects would likely go directly to the website to find information. On the website, customer endorsements should be used where possible in addition to photographs/catalogues of the products. If the official language of the target market(s) is different to your own, it is a good idea to have the website translated in that language.

A well constructed, up-to-date and easy to navigate website can provide numerous opportunities for exporters. A website allows the exporter to:

- Make contact with potential overseas customers without leaving home;
- Reach overseas customers in cost effective ways;
- Project the impression of a professional firm;
- Convey an image of the firm being modern and up-to-date with new technology;
- Avoid problems with time differences by having 24-hour contact with potential customers;
- Introduce and promote new products; and
- Sell products directly to customers.

Business or trade missions are also important avenues for marketing and promoting products – whether or not these missions are sales missions overseas or buying missions in the home market involving overseas clients. Business/trade missions are often led by either government officials or private sector.

industry leaders and these missions create export opportunities in the following manner:

- Increased access to potential customers;
- Direct contact with political and business decision makers;
- Greater visibility at overseas events, namely trade shows and exhibitions; and
- Easier access to information about potential markets, competitive products, new technologies and industry trends.

Brochures are also important marketing and promotion tools. When using brochures, the following are important points to consider:

- Have sufficient quantities at displays and at business/trade missions;
- Use visual materials extensively;
- Simple low-cost flyers can be used for mass distribution. However, quality/serious enquiries would require more up-market brochures; and
- Have electronic version for distribution.