

International Market Research and Market Entry Strategies

WORKBOOK

Prepared in 2017

Table of Contents

Introduction - 3 -

WHAT IS INTERNATIONAL MARKET RESEARCH? - 4 -

 STEP ONE: DEVELOP YOUR CUSTOMER PROFILE..... - 6 -

WHAT IS A MARKET?..... - 7 -

 STEP TWO: MARKET ELIMINATION..... - 9 -

HOW DO YOU START DRAFTING A PRELIMINARY LIST OF MARKETS? - 10 -

 STEP THREE: PRELIMINARY MARKET SCREENING..... - 12 -

WHAT IS SECONDARY RESEARCH?..... - 13 -

 STEP FOUR: USE SECONDARY RESEARCH TO EVALUATE PRELIMINARY MARKETS - 15 -

HOW DO YOU SCREEN A MARKET IN DEPTH? - 16 -

 STEP FIVE: DO YOUR IN-DEPTH MARKET SCREENING - 18 -

WHAT IS PRIMARY RESEARCH?..... - 19 -

 STEP SIX: DETERMINE HOW YOU WILL GATHER DIRECT EXPERIENCE - 21 -

HOW CAN YOU ENTER AN INTERNATIONAL MARKET? - 22 -

 STEP SEVEN: EVALUATE THE TYPES OF MARKET ENTRY AVAILABLE - 24 -

HOW DO YOU DESIGN A MARKET ENTRY STRATEGY?..... - 25 -

 STEP EIGHT: DESIGN YOUR MARKET ENTRY STRATEGY - 27 -

WHAT RESOURCES WILL YOU NEED? - 28 -

 STEP NINE: GATHER AND FOCUS YOUR RESOURCES..... - 30 -

HOW DO YOU IMPLEMENT YOUR STRATEGY? - 31 -

 STEP TEN: IMPLEMENT YOUR STRATEGY! - 32 -

APPENDICES - 33 -

Introduction

Congratulations!

You have established your business and now you want to take steps towards exporting your goods or services abroad. How exciting! After assessing your readiness to export (where you took a hard look at your own level of motivation and commitment, your internal capabilities and capacity, and looked at your existing networks in your industry), you have found yourself here: examining ways to conduct market research.

There are many ways to go about carrying out international market research. This workbook aims to guide you through a sample process. As you learn more, you may find additional ways to go about getting the information you need to make an educated decision about what markets to target and why. We hope that this workbook helps you in your initial efforts to carry out this research in an effective manner.

Your journey begins on the next page.

WHAT IS INTERNATIONAL MARKET RESEARCH?

Simply put, market research means finding out as much as you can about your target customer so that you can more effectively sell to that customer. The “international” part, of course, means that your customer lives in a different country from you.

Therefore, international market research means learning about your target customer, who is based in another country, so that you can sell your product or service to that person. It isn’t any more complicated than that.

IT’S ALL ABOUT THE CUSTOMER

The hard part arises in first, **understanding who your target customer is** and second, in understanding what information you need to gather about this person in order to position your product or service effectively. In short, you first need to be able to **describe your target customer** before you can try to target that same type of customer in your intended market abroad. (Yes, we know that you also have to select a target market as well. We’re coming to that in the next few pages. Don’t skip ahead – what we’re doing here is critical.)

When it comes to your current target customers – the people who buy your goods or services right now – how would you describe them? What do they have in common? How are they different from each other? Why do they buy from you and not from someone else? Why do they buy from you instead of not buying anything at all? What problem does your good or service solve for your customers?

All Planned Inc. sells personalized day planners. The company’s target customers are young women in their early to mid-20s, primarily those who are attending university, as the day planners make it easy for their customers to lay out regular classes, map out school project deadlines, and easily track work and examination schedules. The planners are highly stylized and customizable, so the planners are geared towards women who are upper middle class, with the disposable income to pay for a more expensive option. Recently, single parents with several young children have become a niche for the company. The planner allows those parents to track several competing schedules (their children’s after-school activities, play dates, visits with family members, sporting activities, medical appointments, as well as the parent’s own commitments) in one place, to avoid double-booking themselves or missing critical events. In this respect, upper middle-class single parents or divorced custodial parents with two or more children under the age

For your purposes, use the next page to describe your current target customer or ideal customer. If you are unsure who your customers are, then spend some time finding out:

- Review your sales over the past year. Note your repeat customers or types of customers with particular things in common.
- Ask your customers directly to find out what appeals to them about your product or service.
- Ask your staff/co-workers who is buying your goods or services and why.

The more you understand about your business and who it serves, the closer you will come to developing a target profile that will form the basis of your international market research efforts.

STEP ONE: DEVELOP YOUR CUSTOMER PROFILE

How would you describe your ideal or target customer? Be **as detailed as possible** in pinpointing the characteristics of the specific set or sets of people who buy your product or service. Vagueness here is NOT your friend.

This image shows a single sheet of white paper with horizontal ruling lines. The lines are evenly spaced and run across the width of the page. There are no margins, text, or other markings on the paper.

WHAT IS A MARKET?

By this point, you should now have a good sense of the type of person who is going to buy your goods or services. Now, you need to find those people internationally. You can't target the whole world. Therefore, you need to focus on **one or at most two markets** that make the most sense for you.

For our purposes, a "market" is **a country or some smaller region within that country**. The more focused you are in defining your geographic market, the better. Therefore, if you want to sell to customers in "South America," you're being way too broad. If you say that you want to sell to customers in Brazil, that's enough to start gathering information. If you say that you want to sell to customers exclusively in the city of Rio de Janeiro, so much the better!

(Once your small or medium-sized business grows to the size of massive multinational, you will be able to afford to target 20 different markets at once. Until then, don't try to target more than two markets. If you do, you may find yourself very quickly becoming over-extended, discouraged, and no further ahead towards realizing your exporting goals.)

ELIMINATE MARKETS THAT YOU ARE NOT WILLING TO CONSIDER

The next step in international market research is to **eliminate those markets that you are NOT going to go to**, no matter what. Again, you have to have a good sense of your own capabilities, level of commitment, and other factors that influence your ability to explore a market:

- **Internal capabilities:** One Ontario company considered Eastern European countries and South American countries as potential export destinations for its services. Since the company already had strong Spanish-speaking capabilities among its sales staff, it decided to research only Spanish-speaking countries in South America. If in future it decides to allocate funds to acquiring, say, Russian language capabilities, it will revisit its decision, but for the moment, the company aligns its efforts with its existing language capabilities.
- **Personal commitment or philosophy:** The owner of one Ontario company decided that she would refuse to do business in countries where she believes women are generally mistreated and oppressed. As a result, she concentrates her exporting efforts to Nordic countries, where she believes women and men enjoy equal treatment.
- **Other factors:** There is another Ontario company founder who cares for his elderly parents, so he refuses to do business in places without major international airports that have multiple daily direct flights back to Canada. If his parents become ill while he is in his target international market, he wants to ensure that he can immediately fly back to Canada and

STEP TWO: MARKET ELIMINATION

What places in the world are you NOT willing to consider? This is where you can eliminate entire regions or continents, if that suits you. You are trying to cut down on the number of countries that are potential markets for you to research. Remember: The longer your short list, the more work it will take to research them all and the longer and more expensive a process it will be in the long run. This is where you need to be BRUTALLY honest with yourself. Where are you really not willing or able to go?

This image shows a single sheet of white paper with horizontal blue ruling lines. The lines are evenly spaced and run across the width of the page. There are no margins, text, or other markings on the paper.

HOW DO YOU START DRAFTING A PRELIMINARY LIST OF MARKETS?

By now, you should have narrowed down the available number of markets considerably, based on your own priorities and capabilities – in other words, based on knowing yourself and knowing your business. Now, you should turn your attention to making a preliminary list of feasible markets for your product or service. We are suggesting that a sample way to proceed here is to tap into your existing network in your industry, in order to gain an understanding of international factors that will influence your decision-making. The end goal here is to build up a preliminary list of 8 – 10 markets for further assessment.

CONNECT TO YOUR NETWORK

- Start by looking within. Ask your own co-workers, management, etc. for their views on markets that the company should consider as potential export targets. Be sure to find out why they suggest the countries they do; their answers may tell you something new about your company's capabilities or about the level of commitment that your co-workers have to the international exporting journey.
- Next, look to your customer base. Have you already made international sales? Have you had international inquiries? Make a list of these different markets, then eliminate the ones that fall in the areas of the world where you are not willing to go. Put the remaining markets on your preliminary list.
- Do you have some key suppliers? If so, then tell them about your international expansion plans. Ask them what markets might be viable for your product or service, based on their experience of supplying your industry. Go through the same process as above: eliminate the markets that fall into the areas of the world where you are not willing to go. Put the remaining markets on your preliminary list.
- Are you a member of a local industry association? If not, then conduct an internet search to find out what associations serve and represent your industry. If so, then go to your association's meetings or seminars and read up on industry-specific publications. Talk to your industry association's organizers and ask for their opinions on where they see international opportunities

for businesses like yours. Attend industry functions and talk to your fellow industry members. Strike up conversation with them about international exporting and glean insights from them about potential viable markets abroad. Of the markets that they mention, eliminate the ones that fall in areas of the world where you are not willing to go. Put the remaining ones on your preliminary list.

- Are you in touch with different governmental entities that hold seminars or talks on your industry? Connect to your local economic development office (for your municipality or for the province of Ontario). Connect to the federal government as well, via the Trade Commissioner Service. Sign up for webinars or seminars that apply to you. Take the time there to ask the government representatives about trends in your industry and where you could possibly go. Ask your fellow attendees about their international exporting experience. Build up a network of people to whom you can turn for international exporting advice.

STEP THREE: PRELIMINARY MARKET SCREENING

Make notes here on your efforts to connect to people in your industry who can help you create a preliminary list of potential export markets. Note down the things that you learn from these people. Keep a list of the most helpful people that you find and make sure to keep in touch with them over the course of your exporting journey.

[illegible]

WHAT IS SECONDARY RESEARCH?

By this point, you should have a preliminary list of **no more than 8 – 10 markets** that you are considering, based on your understanding of yourself, your business, and your industry. The task now is to cut down this preliminary list to the one or two markets that you are actually going to target for your exports. The first step in doing that is to conduct **secondary research**.

Recall that research is all about finding out about your target customer. **Secondary research is consulting and compiling existing sources of information** (i.e., information already gathered together or published) in order to learn more about your target customer in your target market. Secondary research is also often referred to as desktop research, as you can sit at your desk and use the internet to gain access to important pieces of information about your target customer in your target market.

USE YOUR CUSTOMER PROFILE TO GUIDE YOUR SECONDARY RESEARCH

Here is where you would use your customer profile (created back in Step One) to instruct you regarding the information that you need to gather about your target market. The information that you gather here will tell you the potential opportunity for your product or service in each of the preliminary markets that you have selected.

- Double-check that your product or service can indeed be exported to the markets on your preliminary list. There may be trade embargoes or other barriers to trade that would prevent you from exporting. Check with Global Affairs Canada (www.international.gc.ca) and check the sections on Trade > Promoting Trade (http://www.international.gc.ca/commerce/promoting_trade-promouvoir_commerce.aspx?lang=eng) for additional information. On the other hand, there may be a Free Trade Agreement (FTA) that makes it easier for you to export to your chosen market. Use the Canada Tariff Finder to find out: <https://www.tariffinder.ca>.
- If you are planning to export a product, you should find and use the Harmonized System codes (HS codes) that apply to your product to determine how much it would cost to ship a standard amount of your product to each of your preliminary markets. Canada Post maintains an interactive guide to help you determine the HS codes applicable to your goods and to help you estimate how much it would cost to ship your goods to your target market. This information will help you determine how much it would cost your target customer to buy your goods: <https://www.canadapost.ca/cpotools/apps/wtz/business/findHsCode?execution=e1s1>.

- Is specific demographic information important in your customer profile? For example, do you need to know the number of people in a country/region/city, the gender split, the number of people in a specific age range, the overall number of people earning different incomes, etc.? Look up demographic information about your target markets. There are generally accepted sources like the CIA World Factbook (<https://www.cia.gov/library/publications/resources/the-world-factbook/>) or the statistical authority – i.e., the counterpart to Statistics Canada – that exists in most countries.
- Have a look at overall market profiles at generally accepted sources like The Economist Intelligence Unit (<http://country.eiu.com/AllCountries.aspx>) to get a sense of what your specific preliminary target markets are like and to gather information on the prevalence of your target customer in each of those markets.

STEP FOUR: USE SECONDARY RESEARCH TO EVALUATE PRELIMINARY MARKETS

Use this space to jot down information that you gather about your preliminary markets, which will help you narrow down your list to one or two target markets as destinations for your goods or services.

This image shows a single sheet of white paper with horizontal ruling lines. The lines are evenly spaced and run across the width of the page. There are no margins, text, or other markings on the paper.

HOW DO YOU SCREEN A MARKET IN DEPTH?

Now that you have reviewed the preliminary list of target markets, you should have a strong sense of the markets on the list that are more challenging than others, which ones have more of your target customer, and which ones are actually not suitable for your company at this time, based on your understanding of yourself, your business and your industry.

At this point, you now need to decide which one or two markets you are actually going to pursue. There are a number of ways to do this. Your preliminary screening may have highlighted a couple of markets that stood out above the rest. Alternatively, you may now have a strong feeling about one or two of the markets in the list, based on your preliminary screening. However, if you are still struggling with identifying the one or two markets that you will consider, then this means that you simply do not have enough information on which to base a decision. You need to do some more in-depth research in order to select your one or two target markets. In-depth research involves scrutinizing even more sources of secondary research, in order to truly gather more targeted intelligence about your chosen markets. Add this information to your existing knowledge about your target customer and your own capabilities and level of commitment in order to come to a decision.

GATHER ENOUGH INFORMATION TO DECIDE WHERE TO GO

- **Industry specific journals:** There should be journals about your target industry that should have information about where opportunities are presenting themselves worldwide and what competition for your product or service is already present in your markets of choice. Look through past issues to find out more about your prospects in your target markets.
- **Country-specific market reports:** There are market reports available (often available for free, with just a registration) on different international markets. You can reach out to the local country representation in Ontario (e.g., the local consulate or embassy of your chosen market) for more information. You can also review the website of Export Development Canada (<http://www.edc.ca/EN/Country-Info/Pages/default.aspx>) for more assistance. You may also find an industry-specific or market-specific report that is applicable to you at the website of the Trade Commissioner Service of Global Affairs Canada (<http://trade commissioner.gc.ca/market-reports-etudes-de-marches/index.aspx?lang=eng>) and at the website of MaRS Discovery District here (<https://www.marsdd.com/market-intelligence>).
- **Public library/post-secondary school library:** Do you currently have a library card? Go down to your local public library and obtain one, if you don't. You can generally make an appointment with the

librarians to research information on your target markets. In addition to the information available in your local branch (books, journal articles, databases, etc.), you can often ask the library to obtain reports, books, and articles from other library services – both from sources in Canada and from international sources – at no cost or at a minimal cost. If you are a graduate of a college or university, you are normally allowed to use the college or university’s library resources. They often have a wider range of databases and sources of information than your local library. These school libraries can also obtain materials for you via inter-library loan, at no cost or at a minimal cost. Here is a list of all of the public libraries in Ontario – find yours and e-mail your local librarian to ask for help:

<http://www.mtc.gov.on.ca/en/libraries/oplweb.shtml>.

- **Availability of in-country support:** Look to see if there is in-country government support on the ground of your chosen markets. If there are Ontario government (<https://www.ontario.ca/page/grow-your-business-through-exporting>) or Canadian government representatives (<http://tradecommissioner.gc.ca/office-bureau/international.aspx?lang=eng>) in market, they may be able to provide assistance later on – which might be a factor to help you decide.

STEP FIVE: DO YOUR IN-DEPTH MARKET SCREENING

Use this space to make additional notes on the remaining markets on your short list. With this information in hand, zero in on your final selection of one or two exporting destinations for your good or service.

[illegible]

WHAT IS PRIMARY RESEARCH?

By this point, you should have selected your one or two markets that you will pursue as your target international market. Well done! But your research efforts are not over. You now have to conduct more research in order to learn how to position your good or service effectively and to learn how best to enter the market.

You now have to turn your focus from secondary research to primary research. Primary research is also about collecting information about your target customer in your target market. The difference is that **primary research means collecting that information directly from your target customer or from key people in the target market**, either by direct discussion or by observation. Interviewing a key source, hiring a research firm to conduct a focus group, or observing volumes of shoppers at a local shopping mall over the course of a weekend are all examples of primary research.

DIRECT EXPERIENCE IS CRITICAL

It is at this point that a lot of businesses fall short, since they neglect the personal element in learning about an international market. We recommend that a key decision-maker from your company should travel to your one or two chosen countries to experience first-hand their local cultural and business practices. It is a critical opportunity to talk to local business owners and competitors present in that market and to learn about market practices to which you will have to adapt if you hope to be successful over the long term.

For most Ontario businesses, we recommend taking part in a government-led trade mission, which is an organized visit of a small group of companies (from five to 20, depending on the sector) to an international market. Trade missions normally are organized around a specific trade show or conference and also involve assisting participating businesses to meet face-to-face with key stakeholders (potential customers, partners, agents, etc.) in the target country. For specific assistance in conducting your primary research, please have a look at the following resources:

- You can ask local consultants or experts for assistance in order to learn more about your target markets. The federal government agency Business Development Bank of Canada (BDC) provides market research and consulting services that might be useful to you (<https://www.bdc.ca/en/consulting/pages/market-research.aspx>). If you are interested in hiring a market research firm to assist you, you can find a listing of such firms in Canada at Greenbook (<https://www.greenbook.org/advancedsearch>).

- You can also inquire of official government representatives of your target markets (e.g., the U.S. Commercial Service, with local representatives in the U.S. Embassy in Ottawa and the U.S. Consulate in Toronto) in order to learn more about business norms in those countries. Do an internet search to find these official representatives. In addition, you can see if there is a specific chamber of commerce or board of trade that deals specifically with trade between Canada and your chosen market (e.g., the Canada-India Business Council). Do an internet search or ask your network for assistance to find these sources.
- You can find the Ontario government calendar of international trade missions, programs, and events at this link (<https://www.ontario.ca/tradecalendar/search?from=2017-05-07&sort=asc>) and information on Canadian government trade missions here (www.international.gc.ca/trade-missions-commerciale/about-a_propos.aspx?lang=eng).

STEP SIX: DETERMINE HOW YOU WILL GATHER DIRECT EXPERIENCE

Use the space below to outline how you plan to conduct your primary research. Who or what type of person do you need to speak to? What kind of specific information do you need to learn whether your product or service will have a good chance of success in your target market(s)? What additional specific information do you need to know about your target customer in your target market(s)?

This image shows a single sheet of white paper with horizontal ruling lines. The lines are evenly spaced and run across the width of the page. There are no margins, text, or other markings on the paper.

HOW CAN YOU ENTER AN INTERNATIONAL MARKET?

At this point, you should be thinking about your pathway into your chosen market. Part of what you are evaluating when you conduct your primary research is the best way to deliver your product or service to your chosen market. There are several different ways to sell into an international market. The challenge for you here is to consider the different options and learn as much as you can about what is required of an exporter depending on the market entry method chosen. Some of the methods seem straightforward, but in all cases, there is more than initially meets the eye. Remember that you will eventually need sound legal counsel before deciding on any of the strategies below. Look in the Appendices of this workbook for an outline of the strategies that are discussed below.

THE TYPES OF MARKET ENTRY STRATEGIES AVAILABLE

There are a number of ways to describe market entry strategies. For our purposes here, we outline five different pathways into an international market.

- **Export only:** This method is the most passive of the market entry strategies, since it involves simply selling on-line. Don't be fooled, however: this method requires as much care as any other. Selling on-line only makes it easy for your potential customer to reach you. However, you still need to manage that process, to maximize the chances of your product or service being chosen by your target customer. And after that, you still need to manage the process of getting your product or service to market and you need to manage your overall customer relations experience – how you will manage customer support, returns, and follow-up. For more information on e-exporting, you can consult the Ontario government's e-exporting toolkit: <https://www.ontario.ca/page/e-exporting>.
- **Agent / Distributor:** An agent is someone who acts on behalf of the principal (i.e. your company) to introduce your products or services to potential buyers in the target market, normally in exchange for commission on the value of sales made. A distributor performs a similar function, but normally will purchase the goods from the principal and then will re-sell them in the target market. Both agency and distributorship agreements are normally restricted to a particular territory (generally the country in which sales are to be made). For your reference, a sample distributorship agreement can be found at MaRS here (<https://www.marsdd.com/mars-library/distribution-agreement-sample-template>), but be careful! Before engaging any agent or distributor, it is imperative to thoroughly vet the person or company through your primary research. Ask people in the market about the agent/distributor's reputation; go to see the person's premises; talk to their existing principals.

- **Partner with large Canadian company:** In this situation, you would seek out a larger Canadian company, preferably one with which you already have a business relationship, to work with to enter your chosen market. Reach out to your network to determine Canadian companies that are already active in your chosen markets and seek to work with them to enter their supply chains. The benefit of this approach is that the larger company will take on much of the burden of exploring the market, but the downside is that you will be subordinate to this larger company's decision-making and priorities.
- **Joint Venture / Partnerships with local:** Some international markets insist that foreign companies must partner with local firms in order to provide their goods and services to the local market. In other instances, it is advisable to create a joint venture (i.e., a new company created in the local market in partnership between a foreign and a local company). This process is time-consuming and requires intensive vetting of one's partner; therefore, the downside of this method is a significant investment of time and money that is required.
- **Wholly owned entity:** This strategy is appropriate for companies with large financial resources and a strong brand, which would justify setting up a brand-new local presence in the target market. This option provides all of the same benefits and risks involved in operating your current business in Canada, with the added complication of being subject to local laws with respect to taxation, labour, etc.

STEP SEVEN: EVALUATE THE TYPES OF MARKET ENTRY AVAILABLE

Use this space to note the pros and cons of each form of market entry outlined in this step. Decide which option seems most attractive to your company, considering your resources, capabilities, and time frame for market entry. Outline the information that you still need to gather in order to think through your options here.

This image shows a single sheet of white paper with horizontal blue ruling lines. The lines are evenly spaced and run across the width of the page. There are no margins, text, or other markings on the paper.

HOW DO YOU DESIGN A MARKET ENTRY STRATEGY?

At this point, you should have a good idea of the types of market entry strategy that would be most appropriate for your firm. In order to determine how to implement that market entry strategy for your specific target market, you should consider a number of different factors, including the marketing of your product or service abroad. You should take careful note of these factors, the cost that is associated with each, and how you would gather the information needed to implement a successful market entry strategy.

MARKET ENTRY PLANNING IS AS IMPORTANT AS MARKET RESEARCH

Determining your strategy for entering a foreign market is just as important as researching your target markets, since your market entry strategy is the way you put all of your market research to work for the good of your company in that market. There are a number of factors to consider when designing your approach to the market. First, you should consider when you would like to enter your target market. What timelines are you working with? Your available time frame will determine the speed at which you need to consider the following factors. You will need to pull all of this information together in order to develop your overall export plan.

- The value proposition of your product or service: How will you position your product or service in the target market? Why will your target customer be interested in buying from you? How will you price your product or service? How will you deliver it to your customer?
- If you provide a good, how will you get your good from Canada to your target market? How do you intend to ship it? If you provide a service, how will you deliver it? You can either deliver it electronically or in person – how will you proceed?
- What method of marketing will you use to promote your product to your target customer? How will you make your sales and how will you accept payment?
- What legal considerations do you need to keep in mind in order to be a success in your target market? What contracts will you need to strike in order to hire local staff or engage local representatives? If you have intellectual property to protect, like a trademark, industrial design, trade secret, etc., then do you have the appropriate legal counsel and the financial resources to do so?

- Have you anticipated how you will handle problems that arise, like customer complaints, customer returns of your goods, disputes with your local representative, or other issues?

In short, all of these elements need to be incorporated in a general export plan for your target market. You will need a **specific export plan** for each international market that you are targeting. You can find a sample export plan outline from the Trade Facilitation Office Canada here:

http://www.tfocanada.ca/docs.php?page=1_4. BDC also has a number of resources on export planning, including an article on the questions that your export plan should be sure to answer: <https://www.bdc.ca/en/articles-tools/marketing-sales-export/exportation/pages/small-business-export-plan-9-key-questions.aspx>.

STEP EIGHT: DESIGN YOUR MARKET ENTRY STRATEGY

Use this space to outline your chosen market entry strategy, your timelines for entering the market, and the elements that you still need to look into, as you complete your overall export plan for your target market(s).

This image shows a single sheet of white paper with horizontal blue ruling lines. The lines are evenly spaced and run across the width of the page. There are no margins, text, or other markings on the paper.

WHAT RESOURCES WILL YOU NEED?

To support all of your efforts to conduct market research and design an effective market entry strategy, you will need to tap into your existing resources and to seek out new resources. For our purposes, “resources” refers to both the **people who are available to help you along your exporting journey** and the **financial support that is available** for Ontario exporters.

REACH OUT FOR AS MUCH HELP AS POSSIBLE

Don’t make the mistake of neglecting to speak to people who can help you! The Ontario government has a number of resources and partners that are geared towards supporting your exporting efforts.

- **Ontario government resources:** You can find a wealth of information about Ontario ministries and agencies that can assist you at the Ontario government’s website (www.gov.on.ca). The **Ministry of International Trade** (site for new exporters here: <https://www.ontario.ca/page/new-exporting>) is primarily concerned with helping Ontario companies export. You can also reach us at trade.officer@ontario.ca.
 - The Field Services officers of the Ministry of Economic Development and Growth (MEDG - <https://www.ontario.ca/page/ministry-economic-development-and-growth>) and the Regional Economic Development Branch (REDB) of the Ministry of Northern Development and Mines (MNDM - <https://www.mndm.gov.on.ca/en>) are concerned with helping Ontario businesses become more productive and increase their rate of growth. If you wish to be connected to MEDG or REDB resources, please contact us at trade.officer@ontario.ca, so that we can connect you to right person in your region.
 - There are a number of Ontario ministries that are sector-focused. In addition to MNDM, which focuses on mining exporters, the Ontario Ministry of Agriculture, Food and Rural Affairs (OMAFRA - <http://www.omafra.gov.on.ca>) focuses on food exporters, while the Ministry of Natural Resources and Forestry (MNRF - <https://www.ontario.ca/page/ministry-natural-resources-and-forestry>) focuses on forestry exports.
- **Canada-Ontario Export Forum (COEF):** As a member of COEF, the Ontario government is in partnership with more than 20 different government and private sector entities, all of whom have an interest in assisting Ontario-based companies to export. In addition to government resources, COEF also includes customs brokers, freight forwarders, and members who can refer you to legal, accounting, and financial resources that can help you. To find more information about COEF

(<http://canadabusiness.ca/programs/canada-ontario-export-forum-1/>), please contact us at coef@ontario.ca.

- **Federal government resources:** The Trade Commissioner Service (TCS) of Global Affairs Canada is the federal government entity primarily concerned with helping Canadian companies export abroad. You can reach the Ontario office of the TCS here: <http://tradecommissioner.gc.ca/ontario/office-bureau/index.aspx?office=TRNTO&lang=eng>.
- **Financial resources:** The Global Growth Fund of the Ministry of International Trade supports the exporting efforts of Ontario companies. You can find more information here: <http://www.ontarioexporters.ca>. Global Affairs Canada also maintains the CanExport funding program to support Canadian exporters who are exploring new international markets. You can find more information about CanExport here: <http://international.gc.ca/trade-commerce/funding-financement/canexport/index.aspx?lang=eng>.

STEP NINE: GATHER AND FOCUS YOUR RESOURCES

Use this space to make a list of all of the resources that are available to help you along your exporting journey. Remember to tap into your network to ensure that you are connected to viable public and private sector entities that can help you.

[illegible]

HOW DO YOU IMPLEMENT YOUR STRATEGY?

By now, you should have covered the great majority of things that you will need to conduct your market research, design and implement your market strategy and to ensure that you have tapped into the resources available to support your exporting efforts. The only question now is how you actually go about implementing your strategy. The answer here is a direct one: you just proceed.

JUST DO IT

At this point, there is little more that we can tell you. If you have followed all of the steps in this workbook and have arrayed the correct intelligence and support for yourself, you should be in a good position to pursue a sensible market entry strategy. If you believe that you are in a good position to take the leap into an international market, then all that is left is to actually implement that strategy by **moving forward**. Do not let yourself fall prey to analysis paralysis, where you spend so much time analyzing the situation that the present opportunity slips past you. If you find yourself hesitating, then go back to your initial review of your own level of commitment to the exporting journey. If that is lacking, then no amount of research will convince you to take this leap. Understand that if you choose not to export, then this is a perfectly fine result; exporting is not for everyone! But if exporting is indeed part of your overall dreams and plans for your business, and you have a product or service that can indeed be exported to your target customer in your target market abroad, then we encourage you to consider taking that next step into international markets.

Remember that you are not alone. Your network of industry contacts is full of people who all have experience that you can tap into. There is a plethora of government and private sector actors whose sole purpose it is to help you become a success at international exporting.

You are not alone. You have help. You can do it!

Congratulations again – we wish you all the best in your exporting journey and we look forward to helping you reach your goals.

STEP TEN: IMPLEMENT YOUR STRATEGY!

Use this space to write down how you intend to implement your strategy and enter your chosen target market(s). Congratulate yourself for having done a lot of hard work and for taking this step. Remember that you will have help available to you every step of the way. Remember to reach out for it!

This image shows a single sheet of white paper with horizontal blue or grey ruling lines. The lines are evenly spaced and run across the width of the page. There are no margins, text, or other markings on the paper.

APPENDICES

Step 1: Market research 1.0

- Build a pool of international markets (8-10 markets) for further assessment.
- Build the pool through your own knowledge of industry and existing network – your customers and suppliers, reach out to industry associations, and through an understanding of the industry’s supply chain in a global perspective.
- Conduct desktop (secondary) research on each market in the pool regarding macro-economic and industry specific factors that will impact your chance of success in that market.

Step 2: Market selection

With gathered market information, adopt the “Five-step Approach” to screen and select one or two most promising markets to focus on.

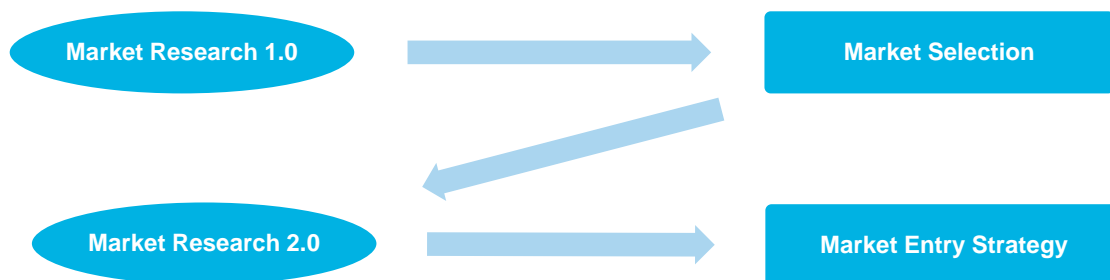
Step 3: Market research 2.0

Conduct in-depth market research (a combination of primary and desktop research) on selected market, with the goal to gain deeper understanding of market and competitive environment, target consumers, supply chain and logistics, etc.

Step 4: Market entry strategy

Develop a comprehensive market entry strategy to address those issues mentioned above. A typical entry plan should cover:

- Sales and marketing plan
- Supply chain and logistic plan
- Mode of entry
- Financial and Human resource planning



Step 1. Market Research & Market Selection: List of Opportunity & Threats

Below is a list of socioeconomic and industry-specific factors that will help you screen and determine the international market that make more sense to your organization. Be aware that this is not an exhaustive list and is for your reference only. Also, you should make your own decision on which factors are more relevant and important to your industry.

Market Opportunities	Market Threats
<p>Total consumption and growth trend</p> <p>Total consumption of products in select market, by value, to compare size of market.</p> <p>Total import</p> <p>Worldwide total imported products by value, to evaluate the country's total size of import and dependence on import.</p> <p>Total Import from Canada</p> <p>More specifically the total value of product imported from Canada</p> <p>Import growth</p> <p>Target market's annual growth of imports of the product, in the past five years</p> <p>GDP per capita (PPP)</p>	<p>Import duty</p> <p>Import duty has impact on the cost of import and pricing along the distribution channel. Higher rate of duty generally discourages the import and is used to protect domestic manufacturers.</p> <p>Non-tariff barriers</p> <p>Non-tariff barriers include various policies and regulations regarding import process, product and supplier registration, inspection and labelling, etc. to not only regulate industry but also protect local manufacturing.</p> <p>Competition</p> <p>Information on current suppliers in the target market, including domestic and foreign.</p> <p>Stage of development</p> <p>Each market is in different stage of development, where the overall social, cultural and economic</p>

<p>Gross Domestic Product (purchasing power parity) is an indicator of consumer's disposable income level and product affordability.</p> <p>Population</p> <p>Population of the market is an indicator of size of market and potential.</p> <p>Consumer insights</p> <p>To gather and evaluate market intelligence of market trend, consumer demand and preference on select market.</p> <p>Trade relationship with Canada</p> <p>Current and potential economic agreements between Canada and target market, as well as bilateral trade volume indicate trade environment for Canadian exporters to grow in that market.</p>	<p>environment has impact on ways of how businesses operate and compete. Canadian businesses may find it challenging operating in a market where stage of development is different from Canada.</p> <p>Homogeneity</p> <p>Homogeneity factors include the number of ethnic groups, religions, languages, consumer demographics variance and cultures in that country. These factors indicate the complexity of the market with regards to consumer diversity (e.g. different tastes and demands). A more homogeneous market means demand for more unified offerings, and easier and less costly for suppliers to entry.</p> <p>Ease of doing business</p> <p>"Ease of doing business" index is used to compare the overall costs and difficulties in doing business in target markets.</p>
--	--

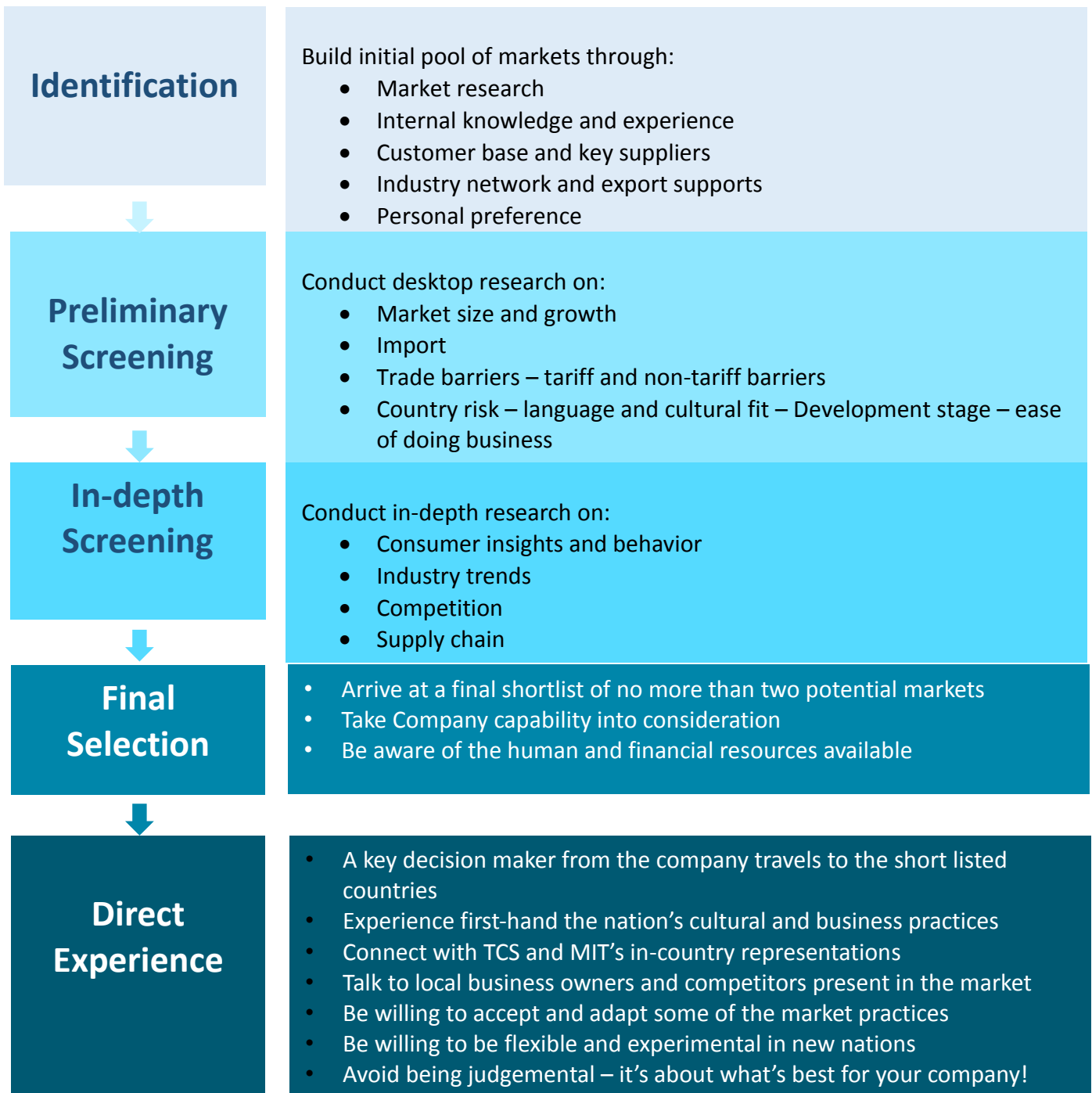
Step 2. Market Research: Source of information

Factors	Source of Information	Website Links
Opportunity factors		
Total consumption	Various sources	

Total import	Trade map, by International Trade Center (ITC)	http://www.trademap.org/Index.aspx
Total import from Canada	Trade map, by International Trade Center (ITC)	http://www.trademap.org/Index.aspx
Import growth	Trade map, by International Trade Center (ITC)	http://www.trademap.org/Index.aspx
GDP per capita (PPP)	CIA World Factbook The World Factbook provides information on the history, people, government, economy, geography, communications, transportation, military, and transnational issues for 267 world entities.	https://www.cia.gov/library/publications/resources/the-world-factbook/
Population	CIA World Factbook	https://www.cia.gov/library/publications/resources/the-world-factbook/
Consumer insights	Mostly done through your own primary research conducted in the target market/country. Also search various sources (e.g. The Canadian Trade Commissioner Service, industry associations) for available reports.	http://tradecommissioner.gc.ca/index.aspx?lang=eng
Trade relationship with Canada	Global Affairs Canada – Trade and investment agreement	https://www.international.gc.ca/trade-commerce/trade-agreements-accords-commerciaux/agr-acc/index.aspx?lang=eng
Threat Factors		
Import duty	Global Affairs Canada	http://www.international.gc.ca/trade-commerce/tariff-tarifaire/index.aspx?lang=eng

Non-tariff barriers	Various sources	
Competition	Various sources	
Stage of development	The Global Competitiveness Report 2016-2017	https://www.weforum.org/reports/the-global-competitiveness-report-2016-2017-1
Homogeneity	CIA World Factbook	https://www.cia.gov/library/publications/resources/the-world-factbook/
Ease of doing business	The World Bank	http://www.doingbusiness.org/rankings

Step 3. Market Selection: Five-step approach



Step 4. Market Entry Strategy: Key components for a comprehensive plan

- Product or Service to be provided to the target market
 - Product positioning – value proposition
 - Target consumers
 - Pricing
 - Distribution channel
- Supply chain and logistics
- Sales and Marketing
- Legal
 - Contract, distribution and joint venture agreement and dispute settlement
 - IP protection (trademark, industrial design, trade secret, etc.)
- Human resources
- Mode of entry
 - Export to importers / distributors
 - Joint venture
 - Wholly owned entity in target market
- Financial and investment planning

Market entry strategy: Mode of entry options

	Export only	Agent / Distributor	Partner with large Canadian company	Joint Venture / Partnerships with local	Wholly owned entity
Definition	Order taking; e-commerce	Appoint designated agent /distributor(s) in target market	Leverage Canadian company's sales in target market for sales and business development	Identify local partners and establish formal joint venture / partnerships to conduct all business operations	Invest wholly owned business entity in target market to conduct all business operations
Investment	Minimum	Limited to regular visits to identify and maintain distributors	Limited to business development following Canadian partner's operations	Significant investment of time and financial resource into the day-to-day operations of JV	Substantial investment in establishing local business entity and all functionalities to operate
Benefits	Direct sales to customers with total control of pricing	Sell internationally without having to manage a sales force; More effective management of distribution	Realize sales and business development opportunities without significant effort and investment	Leverage local partner, most often for local sales and operations. Profit sharing based on partnership agreement.	Total control of the operations and revenue generation. Full control of brand equity and customer relationship.

Risks	Limits the sales potential and reach; Unfamiliar language and culture	Under-performing distributors; Misrepresentation in the market; Limited control of end user price and brand equity in the market	Limited on this single channel without fully realizing market potential; depends on your product / service	Less control on supply chain and operations. Less control on cost structure. Potential risk on IP; to identify compatible and synergetic partner	Exposed to all business risks in local market as operating the business, especially managing local workforce, accounting and taxation issues
-------	--	--	--	--	--

Stage of development of different international markets

Each market (economies) is in different stage of development, where the overall social, cultural, economic and business environment has impact on ways of how businesses operate and compete. With Canada at stage 3, Canadian businesses may find it challenging operating in a market where stage of development is different. The further away from stage 3, the more challenges and the therefore more effort is needed to adjust to the local business and social environment.

Stage 1 Factor-driven (38 economies)	Transition From stage 1 to stage 2 (20 economies)	Stage 2 Efficiency-driven (31 economies)	Transition From stage 2 to stage 3 (22 economies)	Stage 3 Innovation-driven (37 economies)
India Pakistan	Philippines Saudi Arabia Vietnam	China Indonesia Peru Thailand	Brazil Chile Mexico Turkey	Canada Germany France Hong Kong Japan South Korea UAE UK USA

Ease of doing business

Economies are ranked on their ease of doing business, from 1 – 190. A high ranking on the ease of doing business index means the regulatory environment is more conducive to the starting and operation of a local firm. This index averages the country's percentile rankings on 10 topics, made up of a variety of indicators, giving equal weight to each topic.

The rankings for all economies are benchmarked to 2016. Ten topics include: Starting a business, dealing with construction permits, getting electricity, getting credit, protecting investors, paying taxes, trading across borders, enforcing contracts, and resolving insolvency.

Market	2016 Ranking
Hong Kong	4
South Korea	5
UK	7
USA	8
Germany	17
Canada	22
UAE	26
Japan	34
Mexico	47
Peru	54
Chile	57
Turkey	69
China	78
Brazil	123
India	130

The marketing mix – the 4Ps

These are the core four elements that you need to consider when marketing your product or service to your target customer in your target market.

1. Product

A product is an item that is built or produced to satisfy the needs of a certain group of people. Ensure to have the right type of product that is in demand for your market.

2. Price

The price of the product is basically the amount that a customer pays for to enjoy it. When setting the product price, marketers should consider the perceived value that the product offers.

3. Place (distribution)

You have to position and distribute the product in a place that is accessible to potential buyers. This comes with a deep understanding of your target market. Understand them inside out and you will discover the most efficient positioning and distribution channels that directly speak with your market.

4. Promotion

Promotion is a very important component of marketing as it can boost brand recognition and sales. Promotion is comprised of various elements like:

- Sales Organization
- Public Relations
- Advertising
- Sales Promotion

Canada-Ontario Export Forum (COEF) members – as of May 8, 2017:

Member	Website link
Federal	
Agriculture and Agri-Food Canada	www.agr.gc.ca
Business Development Bank of Canada	www.bdc.ca
Canada Business Network	www.canadabusiness.ca
Canadian Intellectual Property Office	www.cipo.gc.ca
Export Development Canada	www.edc.ca
Economic Development Agency for Southern Ontario (FedDev Ontario)	www.feddevontario.gc.ca
Economic Development Organization for Northern Ontario (FedNor)	www.fednor.gc.ca
Global Affairs Canada	www.international.gc.ca
Provincial	
Ontario Ministry of Agriculture, Food and Rural Affairs	www.omafra.gov.on.ca

Ontario Ministry of International Trade	www.ontario.ca/page/ministry-international-trade
Ontario Ministry of Economic Development and Growth	www.ontario.ca/page/ministry-economic-development-and-growth
Ontario Ministry of Natural Resources and Forestry	www.ontario.ca/page/ministry-natural-resources-and-forestry
Ontario Ministry of Northern Development and Mines	www.mndm.gov.on.ca
Municipal	
City of Toronto	www.toronto.ca
Associations	
Canada Association of Importers & Exporters	www.iecanada.com
Canadian Food Exporters Association	www.cfea.com
Canadian International Freight Forwarders Association	www.ciffa.com
Canadian Society of Customs Brokers	www.cscb.ca
Canadian Manufacturers & Exporters	www.cme-mec.ca

Centre for Global Enterprise, Schulich School of Business	www.schulich.yorku.ca/centre-for-global-enterprise
Economic Developers Council of Ontario	www.deco.on.ca
Forum for International Trade Training	www.fittfortrade.com
Ontario Chamber of Commerce	www.occ.ca
Toronto Region Board of Trade	www.bot.com

