

# How to Enter Exports?



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# Making the Export Decision

- ▶ Exporting is crucial to every country's economic health. Increased exports mean business growth, and business growth means more jobs. Yet, only a small percentage of potential exporters take advantage of these opportunities. It is critical for businesses to think globally.
- ▶ The division between domestic and international markets is becoming increasingly blurred.
- ▶ Making the export decision requires careful assessment of the advantages and disadvantages of expanding into new markets.



# Export Decision

Advantages—Export Business will enable you to....

- ▲ Enhance domestic competitiveness
- ▲ Increase sales and profits
- ▲ Gain global market share
- ▲ Reduce dependence on existing markets
- ▲ Exploit corporate technology and know-how
- ▲ Extend the sales potential of existing products
- ▲ Stabilize seasonal market fluctuations
- ▲ Enhance potential for corporate expansion
- ▲ Sell excess production capacity
- ▲ Gain information about foreign competition



# Export Decision

## Disadvantages...

- ▶ develop new promotional material
- ▶ subordinate short-term profits to long-term gains
- ▶ incur added administrative costs
- ▶ allocate personnel for travel
- ▶ wait longer for payments
- ▶ modify your product or packaging
- ▶ apply for additional financing
- ▶ obtain special export licenses



# Major Considerations

- ▶ Many firms have taken the exporting path and are supplying world markets with a wide variety of products.
- ▶ In the international market place,
  - ▶ The size of a company is not an important factor. Smaller firms can be just as effective as large corporations, provided:
    - ▶ They have a suitable product.
    - ▶ They make a commitment to export.



# Major Considerations

- ▶ Smaller firms often have the advantage of serving market niches. Multinational firms concentrate on expansion into markets that offer the greatest profit potential and knowingly bypass segments. These bypassed segments can serve as profitable markets for the smaller exporters.
- ▶ They can sense, retrieve, and react to market information more quickly than the larger corporations with their multilevel hierarchy of decision making



# Export Assistance & Facilities

- ★ Export Promotion from Small Scale Sector has received utmost priority of the Government. Every Policy formulated for achieving growth in exports have a number of incentives to small scale exporters so as to maximize export earnings. Such incentives include :
  1. Free import of capital goods/raw material and other essential inputs, and in certain cases duty free or with concessional rate of Custom Duty, so as to ensure higher production for exports.
  2. With a view to make Indian products competitive in the world markets, a large number of incentives are provided to the exporters from time to time. Such incentives include refund of duties paid on the raw material used in export production by a system of Duty-Draw-Back, Pre and Post shipment Credit to the exporters at concessional rate of interest, etc.



# Export Assistance & Facilities

- Export Policy of the Government has remained liberal as there were hardly any restrictions on export of items from small scale sector. Export Procedures have been simplified from time to time so as to promote exports from the small scale sector. The efforts of the Government have always been to regulate and simplify procedures so as to create a congenial environment for the exporting community.





# Identifying the Product

- ▶ No country in the world is fully self sufficient in all respects. At some places minerals are in shortage, at others textile products are not available and at some places food is not available & so on. Thus all countries are importing the relevant items to fulfill the needs of its population.



# Products Group exported from this region.

- *Ready-made garments.*
- *Agro and Food*
- *Gems and Jewellery*
- *Handicrafts*
- *Textiles*
- *Buildings Stones*
- *Software*
- *Herbal Medicines*



# Product Strategy

- ▶ The export firm may find a foreign market for its existing product without the need on any kind of redesign. Very often, some minor modifications may be necessary to capture a share of the foreign market.
- ▶ The modifications may be due to legal requirements, say: product labeling regulations, weight and measures, language or may be dictated by the local culture or climate.



# Product Strategy

- ▶ From the export point of view, a firm's product can be divided into three aspects:
  1. The physical product itself.
  2. The package in which the product is sold and the name.
  3. The service that is provided together with the product



# Final Words...

- ▶ *Be Committed*
- ▶ *Keep yourself well informed on changing policies*
- ▶ *Use Government Incentives*
- ▶ *Never Stop the communication*
- ▶ *Deliver as per defined specifications*
- ▶ *Maintain the Quality of the product*





*Thank you !!*



# How to get Export Orders ?

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# Analysis of Products for Export

*The exporter should ask himself a number of questions about the nature of his product and determine how exportable it is. The types of questions that should be asked are:*

- 1. What are the features of our product that make it compare favorably with competitive products? In other words, why do our local customers like them?*
- 2. How is the product used? Would it have the same use abroad?*
- 3. What size, colors, design, etc. are preferred by the users? Would foreign buyers have the same attitude?*





# More Questions...

1. *What modifications, if any, would be necessary? To make the product more acceptable to foreign buyers?*
2. *Has the product been thoroughly tested and tried in the home market? Can we be sure of consistency high product quality?*
3. *What are the branding, packaging, and labeling requirements to sell the product abroad? How would the present branding, packaging and labeling be changed for exporting?*
4. *What are the technical specifications of the product? Would they be acceptable in the target country?*



# More Question...

1. *What after-sales service, if any, would be required? How should it be provided?*
2. *Would the product meet foreign health and safety standard requirements? How do we meets foreign required standard?*
3. *What if the technology is changing fast? How can we maintain product superiority?*
4. *How do we keep ahead of the competition?*
5. *Can we produce the quantities of product that may be required?*
6. *Will we be able to maintain continuity of supply?*



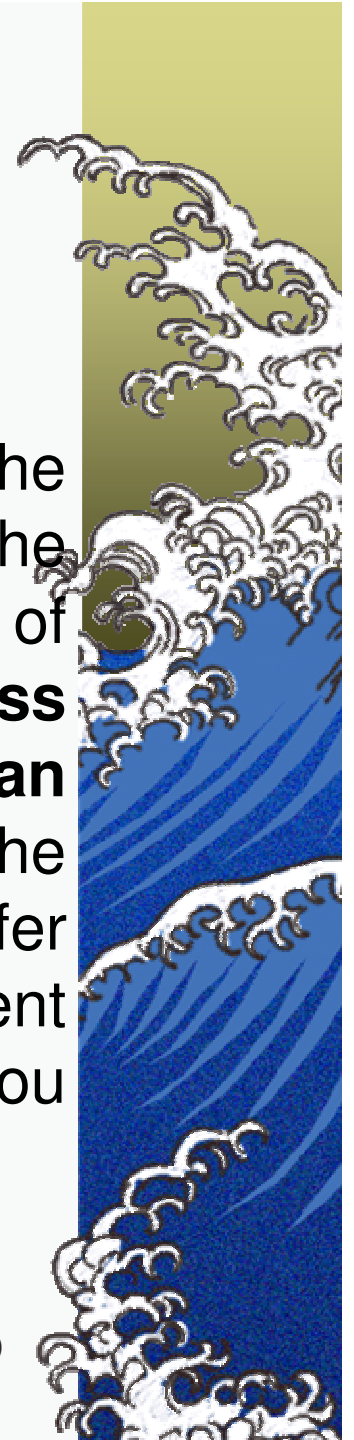
# Quotation for Exports

- ▶ **Export quotation** may take various forms: a verbal agreement, a telephone, telex, cable, fax, airmailed letter or E-mail. It may also be a proforma invoice, which is an outline of what the commercial invoice would be-showing all details of the shipment.



# Quotation for Exports

- ▶ **Export quotation** should describe the goods, the quantity involved, the unit price, the total value, the delivery and payment terms. The export quotation, of which the **price is one ingredient only, in business law, an offer. Once accepted by the buyer, an export contract comes into being.** Should the foreign buyer respond to your offer with a counter-offer (e.g. agreeing to buy only, with different payment terms), then an export contract is formed only if you accept the counter-offer.



# Quotation for Exports

- ▶ **The most usual** form of export price quotation is C.I.F., and a named foreign port. This means that the exporter is responsible for paying all costs until the goods arrive at the foreign port. The price is usually quoted in U.S. dollars. The foreign importer can then calculate his landed cost for the product by adding to the C.I.F. price quoted, the import duty, local taxes and local transportation costs.



# Samples

- ▶ *Try to send Samples along with the quotations.*
- ▶ *Ensure the customer interest rather than spending too much on sending samples.*
- ▶ *Try to convince customer to pay for shipping , but never stick to this.*



# Key points of an Export Order

- ▶ *Product Specification*
- ▶ *Agreed Quality & Quantity*
- ▶ *Packaging*
- ▶ *Pricing & Payment Terms*
- ▶ *Shipping & Insurance*
- ▶ *Delivery Period*



# How to get the order ?

- ▶ *Identify the customer !*
- ▶ *Provide a product to fulfill its needs.*
- ▶ *Justified pricing*
- ▶ *Contact – personal, mailers, fax, email, telephone calls*
- ▶ *Send sample*
- ▶ *Provide quality & assurance*

