

GLOBAL FOOD MARKETER™ NEWSLETTER

Export news from the Midwest and Northeast



SEPTEMBER/OCTOBER 2017 | VOL.23 NO.5

YOUR 2018 EXPORT STRATEGY

Exporting offers the prospect of new markets, more sales, better profits and a greater spread of customers. A clear strategy makes it much more likely you will succeed.

Your export strategy should be based on an assessment of your own position and research into promising opportunities. You will need to think about how to reach new customers and finance your exports, as well as making sure you understand legal and tax issues.

ASSESS YOUR POSITION

Be clear about your reasons for exporting

- You are looking for new markets.
- You have built up a strong domestic base and want to maintain your rate of growth.
- You have an internationally competitive product.
- Your customers expect you to operate on an international basis.
- You want to extend the lifecycle of your products.
- You are receiving foreign enquiries or attracting international visitors to your website.

Ask yourself how ready you are as an organization to start exporting

- Winning export orders takes time. Make sure you have the resources and commitment to support your efforts.
- Identify any new skills that your employees will require to handle international business.
- Review the extent to which you are able to operate in the local currency or language.
- Be realistic about your ability to motivate a sales team from a distance.

Identify the particular risks you need to address

- Differences in language, currency and business practice can complicate any sale.
- Securing payment from customers can be lengthy and complicated.
- Delivery cycles will be longer than you may be used to.

CONTINUED INSIDE

IN THIS ISSUE

Your 2018 Export Strategy

Highlights of Our 2018 Activity Schedule

2018 Activity Calendar Included Inside

Register for an Online foodexport.org Account!

Be sure to create an online account at www.foodexport.org to make the most of your customized online experience—it's quick and easy! Just click on Create An Account at the top right corner of our homepage.



YOUR 2018 EXPORT STRATEGY CONTINUED...

- You may risk over-extending yourself, particularly with large, high-value orders.
- More people will be involved in any sale. In addition to your customers, you may have to deal with regulators, banks, insurers and carriers.
- Long lines of communications mean that overseas partners are likely to act more independently than you would normally expect at home.
- Every foreign market is likely to pose its own particular risks. These could range from import restrictions to political change, economic instability, poor transport infrastructure and intellectual property theft.

Decide how aggressively you want to pursue opportunities

- You might decide just to pick up orders from foreign buyers in just one market or from traffic on the web.
- Licensing your intellectual property or franchising your business format internationally might allow you to profit overseas without extensive direct involvement.
- Finding experienced agents/distributors to work on your behalf in different markets could reduce your initial costs and the complexity of the challenge.
- You might decide to pursue growth directly and handle all aspects of the export process yourself.

DRAW UP AN ACTION PLAN

Decide where you should focus your efforts

- Work out your competitive position and decide which products are likely to perform best in international markets. Utilize the Food Export Helpline™ or Market Builder services to guide you!
- Choose markets that offer you scope for growth and that you understand. Selling to a country with a very different business culture may not be the best first step into exporting.
- Thoroughly research potential markets to inform your decision.

Establish your objectives and budgets

- Spell out what you are hoping to achieve in terms of sales, turnover and profitability.
- Draw up an export budget, clearly indicating how initial expenses should be allocated and when you expect to see a return.

- Ensure that you set an export price that covers the additional costs and risks of exporting.

Plan how you will manage your exports

- Appoint someone to lead your export activities and decide how much time senior managers should allocate to export activities.
- Ensure that employees have the equipment and systems they need to handle international orders.
- Decide how you will organize marketing, sales and delivery to reach the market.
- Work out your terms of trade and how you will finance your exports, including delivery terms and payment method.
- Use your export plan as an active management tool and regularly update it.

Consider getting help

- Food Export is a great place to start! Contact a Liaison for guidance.
- USDA, Foreign Agricultural Services (FAS) has resources listed on their website: www.fas.usda.gov
- Your State Department of Agriculture is also a good starting point to see what programs and benefits they may have available. Visit the "Industry Resources" section of the Food Export website for information.
- Your trade organization/association may be able to provide export advice and export market information.

RESEARCH POTENTIAL MARKETS

Find out what you can about export markets from home

- Look at international trade statistics on the web, with Food Export or on the USDA FAS website to understand where demand is strongest for your products.
- Join an export club to learn from the experience of other companies.

Explore foreign markets in person

- Attend a Food Export or USDA FAS trade mission. You will be given a full briefing on the market and make a large number of contacts. You may be able to get a grant towards the cost of your trip.

THE LOGISTICS

Find out about the key issues in your potential export market

- If you are selling products that contain meat or are frozen and need special shipping requirements these are key logistics you will want to research
- Your product will need to comply with local regulations: for example, safety standards and labelling requirements.
- Decide what steps you should take to protect your intellectual property.

Prepare a comprehensive sales contract

- Be clear in the sales contract about where your responsibilities end and the buyer's start.
- Use internationally agreed "Incoterms" to avoid any confusion about who is delivering the goods, arranging freight insurance and paying for transport.
- Make sure that any agreement has clear measures for performance and only lasts a fixed term. You want to retain your flexibility in case of changes in the market.

Make sure you understand the tax rules

REACHING THE MARKET

Take account of local rules and cultural preferences

- Be prepared to modify your product and your marketing.
- Check your market proposition. Overseas customers might think about your product in ways that you do not expect.
- Think about how best to reach your target audience. You might find that your product is sold in different ways and through different channels.
- Consider any changes that you need to make to your branding and labelling. For example, you may have to rename your product.

Select a channel for selling into the market

- You may be able to sell directly: for example, via your website, using direct mail or at trade shows.
- Appointing an agent to sell goods on your behalf can be a cost-effective option. Take advice on your responsibility for their activities, and draw up a suitable agreement. For example, you could be held liable for any bribes they pay.
- You may find it easiest to use a distributor who buys goods from you to sell on to their customers.

Be clear about how you will deliver your goods

- Your choice of whether to use sea, road, rail or air as your mode of transport depends on your type of goods and how quickly they have to be delivered.
- You will need the right documentation to clear overseas customs and to avoid any unnecessary tax payments.
- Many exporters use a freight forwarder to handle their transport. Find one who knows the territory and who can handle your documentation.
- Check packaging and transport regulations in your destination country.

FOOD EXPORT ASSOCIATION OF THE MIDWEST USA® AND FOOD EXPORT USA®-NORTHEAST

We are non-profit organizations comprised of state agricultural promotion agencies that use federal, state, and industry resources to promote the export of Midwestern and Northeastern food and agricultural products.

Food Export-Midwest and Food Export-Northeast administer many services through Market Access Program (MAP) funding from the Foreign Agricultural Service (FAS) of the USDA.

Tim Hamilton
Executive Director
thamilton@foodexport.org

John Belmont
Communications Manager
jbeltmont@foodexport.org

Adolfo Montelongo
Communication Coordinator - Content
amontelongo@foodexport.org

Laura Buske
Communication Coordinator - Publications
lbuske@foodexport.org

FOOD EXPORT-MIDWEST
tel: 312.334.9200 • www.foodexport.org

Michelle Rogowski
Deputy Director
mrogowski@foodexport.org

Teresa Miller
International Marketing Program Manager
tmiller@foodexport.org

Molly Burns
Branded Program Manager
mburns@foodexport.org

FOOD EXPORT-NORTHEAST
tel: 215.829.9111 • www.foodexport.org

Joshua Dillard
Deputy Director
jdillard@foodexport.org

Suzanne Milshaw
International Marketing Program Manager
smilshaw@foodexport.org

Howard Gordon
Branded Program Manager
hgordon@foodexport.org

Food Export-Midwest and Food Export-Northeast administer many services through Market Access Program (MAP) funding from the Foreign Agricultural Service (FAS) of the USDA. Persons with disabilities who require alternate means of communication of program information should contact us. Food Export Midwest and Northeast do not tolerate fraud and are vigilant in preventing fraud in any of our programs. Food Export does not discriminate, and we reserve the sole right to accept or deny companies into our programs. For complete participation policies and our code of ethics, visit: www.foodexport.org/termsandconditions.

Global Food Marketer © is published by Food Export-Midwest and Food Export-Northeast.

CONTINUED ON BACK

STATE AGRICULTURAL PROMOTION AGENCY CONTACTS

Midwestern States

Illinois-Kim Hamilton
217.782.5809

Indiana-Robert Warner
317.607.9797

Iowa-Mark Fischer
515.725.3140

Kansas-Robert Ryan-Numrich
785.564.6704

Michigan-Jamie Zmitko-Somers
517.281.5738

Minnesota-Jeffrey Phillips
651.201.6220

Missouri-Brenda Verslues
573.522.9560

Nebraska-Stan Garbacz
402.471.4876

North Dakota-Michelle Mielke
701.328.4759

Ohio-Padmini Roy-Dixon
614.466.4996

South Dakota-Bob Weyrich
605.431.8002

Wisconsin-Lisa Stout
608.224.5126

Northeastern States

Connecticut-Jamie Lizee-Smith
860.713.2559

Delaware-David Smith
302.698.4520

Maine-Jeff Bennett
207.541.7400

Massachusetts-Bonita Oehlke
617.626.1753

New Hampshire-Gail McWilliam-Jellie
603.271.3788

New Jersey-Christine Fries
609.292.5537

New York-Sue Santamarina
518.457.7229

Pennsylvania-Thomas Mainzer III
717.783.1394

Rhode Island-Katherine Therieau
401.278.9100 ext. 139

Vermont-Lauren Masseria
802.505.5413



Food Export Association of the Midwest USA
309 W Washington St, Ste 600
Chicago, IL 60606
Address Service Requested

PRESORT STD
U.S. POSTAGE PAID
Permit 433
BISMARCK,
ND 58501



YOUR 2018 EXPORT STRATEGY CONTINUED...

Aim to offer a service that equals or surpasses local expectations

- Reply promptly to any enquiries and sign any letters personally.
- Make sure you have customer service support.
- Don't disappoint importers by failing to ship as promised.
- Keep your contacts informed of any changes to the arrangement.

FINANCE

Guard yourself against non-payment

- Complete a credit check of all overseas customers.
- Decide how much credit you are prepared to extend or take out insurance.
- Always ask whether a prospective customer is a properly formed company and can pay its bills.
- Have a back-up plan for re-selling your goods if the customer refuses to accept them.

Negotiate a method of payment to reflect the risks that you are running

- Advance payment is safest. You are paid before the goods are shipped.
- Letters of credit confirmed by a bank are highly secure, but you must ensure that your documentation is absolutely correct. Any error and the bank will turn down payment.
- If you sell on open account, you offer credit of 30 days or more, so only use it with customers you know well.
- If you have a series of contracts, rather than a single project, consider setting up a line of credit with your bank.
- Be punctilious of foreign currency fluctuations.

Take care about how funds are transferred

- Checks can bounce and are slow to clear. Banker's drafts and international money orders are safer, but they are more expensive and can still be lost in transit.
- Your customer can arrange payment through SWIFT, the standard for inter-bank transfers, to any account you choose.

Before dispatching any goods, think about insuring yourself against common risks

- Credit insurance offers protection against non-payment.
- If you are being paid in local currency, guard against any fluctuations in foreign exchange rates by setting up a forward contract with your bank.
- Take out cargo insurance to cover any damage or loss to goods in transit.

Review the inserted 2018 Food Export Activity calendar to plan activities that will help you achieve your goals!

HIGHLIGHTS OF OUR 2018 ACTIVITY SCHEDULE

New! Pet Food Buyers Mission at **Petfood Forum** – April 22, Kansas City, Missouri

BAR 18 Buyers Mission in Chicago, Illinois May 21

Food Ingredient **Focused Trade Mission to Brazil** August 20 – 23rd in São Paulo

Bringing back our **Focused Trade Mission to Panama for Retail and Food Service Products** in October of 2018

United Kingdom & Ireland! **Focused Trade Mission to the UK and Ireland** for Healthy and Natural Products in March

Three new Trade Missions to Asia! In January 2018 our Focused Trade Mission to Vietnam and Thailand for Feed Ingredients and Additives. In July in a Focused Trade Mission to Shanghai, Chengdu, and Chongqing, China. And in November our Focused Trade Mission to South Korea on Emerging Trends in Seoul, South Korea.

And a first time Mission to Australia in September for our **Focused Trade Mission to Australia and New Zealand!**