

Step 4 – Market Entry

- How to Find Customers
- Localize Marketing Materials
- Globalize Your Website
- Calculate Your Landed Costs
- Additional Costs
- Product Pricing
- Where To Get Help



How to Find Qualified Customers & Partners

Description	Web Site
Gold Key Service	export.gov/salesandmarketing/eg_main_018195.asp
International Partner Search	export.gov/salesandmarketing/eg_main_018195.asp
Trade Events	export.gov/eac/trade_events.asp
Trade Leads	export.gov/eac/eg_main_017401.asp
International Buyer Program	export.gov/ibp/eg_main_018009.asp

List Changes Needed to Marketing Materials

Website Globalization Checklist

X	Updates
	Translations
	International link with contact person who handles international
	Metric conversions of sizes, weights, measurements, etc.
	Link to currency convertor
	Contract or agreement that addresses warranties, export
	Shipping estimates that include costs for import duties and
	Payment Terms (Beware of credit card fraud!)
	Regulatory Documentation (i.e. Schedule B #, etc.)
	Return Policy

Calculate Your Landed Costs?

To determine your pricing model for foreign market, you need to figure your landed costs—all the charges associated with getting your product from your facility to your buyer’s facility, including all shipping, logistics and import duties. Use the following table to calculate your landed costs.

X	Line Cost Items	Cost
	Delivery Costs	
	Freight	
	Insurance	
Total CIF Price (cost, insurance, freight)		
Landing Charges		
	Import Duties	
	Port Costs	
	Warehousing & Expediter	
	Terminal Handling Charges	
	Union/Merchant Marine Taxes	
	Custom Brokerage Fees	
	Freight Forwarder Fees	
	Letter of Credit & Bank Fees	
Total Landing Charges		
Total Landed Cost (local taxes and local distribution costs not included)		

Note: Import duties and line cost items are usually calculated based on a specific INCOTERM of delivery (see Step 6 – Transportation). The formula to estimate the cost to insure is usually CIF plus 110% (100% value + 10% profit).

Example: Goods valued @ \$12,000 + insurance @ \$1000 + freight @ \$2,000 = \$15,000 CIF. $\$15,000 \times 110\% = \$16,500$.

Additional Costs to Consider for Each Job

Please note that not every shipment will require all the components listed below and your calculations should not include domestic overhead costs.

X	Description	Cost
	Bid securities, performance or maintenance bonds (Construction)	
	Business travel	
	Consultants	
	Credit/background check for customer, partner, agent, distributor and other service providers	
	Entertainment/gifts NOT in violation of FCPA (customary to give token gifts based on company policy)	
	Additional freight charges	
	Credit insurance for non-payment by foreign buyer	
	International postage charges for shipping samples and documents	
	Communications (international faxes, long distance, etc.)	
	Market research (free or fee-based), job specific	
	Packaging that can survive international shipping and handling by multiple parties	
	Intellectual property (copyright, patent trademark filing and enforcement)	
	Testing for compliance to country-specific standards and registrations (CE Mark, etc.)	
	Pre-shipment inspections (SGS inspections)	
	Product or label modifications, size, ingredients, measurements, language, etc.	
	Documentation (Consular, notary, Chamber of Commerce, Certificate of Free Sale, etc.)	
	Freight Forwarder Fee	
	Supplemental cargo insurance	
	Translation costs (manuals, marketing materials, website)	
	Legal (contract development and review, distributor agreement, etc.)	
	Country-specific marketing	
	Sales commission	

	Volume discount	
	Licensing	
	Training (SBDC, ITAR, job specific)	



Pricing Your Products

Your landing cost is your “base point” on which to base your price.

“The price of a product or service has to do with what the market is willing to pay plus the number of people along the ‘journey’ who need to be paid. So, the longer the distribution chain, the higher the cost. It’s not unusual to have several different country-specific prices for the same item. The customer is only willing to pay a certain amount for an item. If there’s a longer distribution chain, they will not pay more. So, you will make less.”

General Rules to Follow When Setting Pricing

- Research local prices to learn what the market will bear.
- Do not duplicate domestic pricing less a discount.
- Do not begin with manufacturing costs and randomly add on a markup.
- Leave room for negotiation; it’s a cultural must in some countries.

Resources

- Gold Key Service -
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- Trade Event Search - export.gov/eac/trade_events.asp
- Trade Leads - export.gov/eac/eg_main_017401.asp
- International Buyer Program - export.gov/ibp/eg_main_018009.asp
- Bongo International (International Order Fulfillment) –
www.bongous.com
- Cybersource - <http://www.cybersource.com>
- Holmvall, Leif, "Export & Import: Winning in the Global Marketplace"
- Small Business Development Center (SBDC) –
www.cochise.edu/sbdc/