

# EXPORTING FOR SMALL BUSINESS: IS YOUR BUSINESS EXPORT READY?

Guam State Trade Expansion Program (STEP) Training Series



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# TRAINING AGENDA

- Guam STEP Program Information
- Get to know the Guam Small Business Development Center
- Why should small businesses export?
- How to assess if you're ready to export
- Resources to help you get started
- Success stories of Guam's exporters

# GUAM STEP PROGRAM INFORMATION

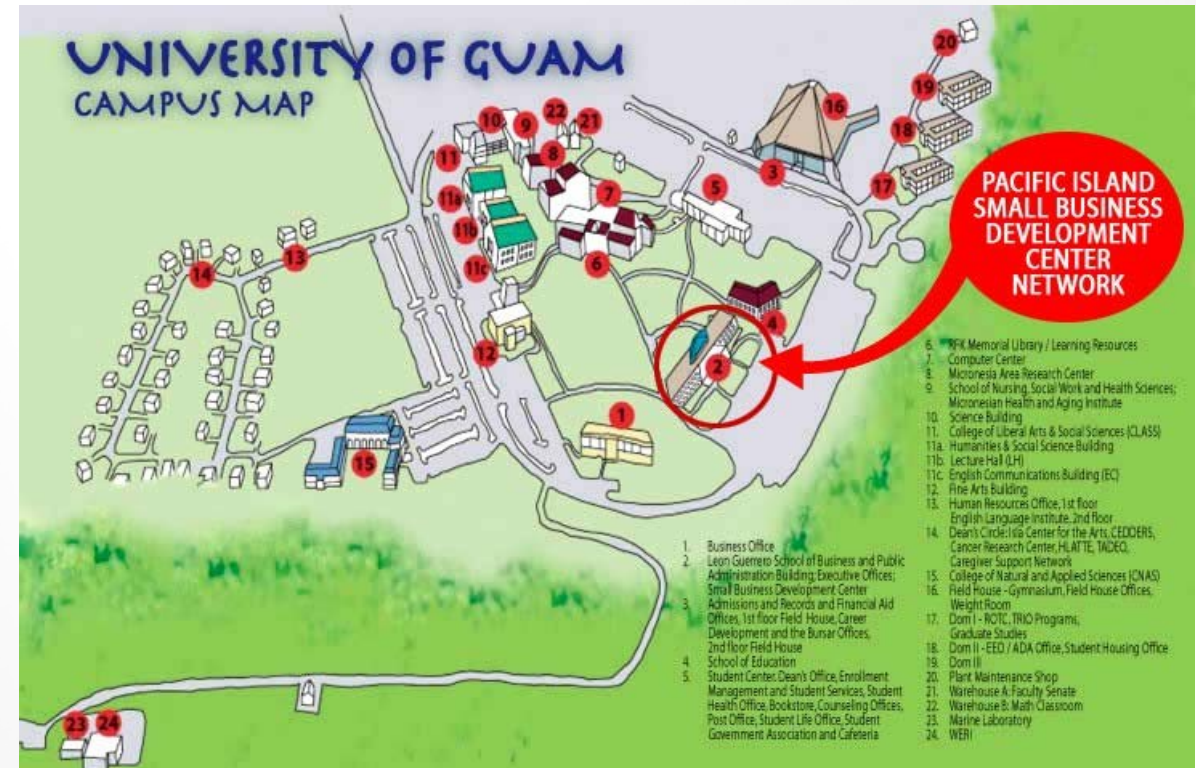


- Export Readiness Program
- International Marketing Program
- Export Market Research and Outreach Services
- Reverse Trade Mission
- Eligibility Requirements
- Application due \_\_\_\_\_

<https://www.investguam.com/step-grant/>

# ABOUT THE SBDC

- Located at the UOG School of Business and Public Administration
- In-person and virtual meetings by appointment. Walk-ins are not accepted.
- Contact 735-2590 to schedule an appointment or sign up online.
- Office Details:
  - Operations 8:00 a.m. – 5:00 p.m.
  - Email: [sbdc@pacificsbdc.com](mailto:sbdc@pacificsbdc.com)
  - [www.pacificsbdc.com](http://www.pacificsbdc.com)



# TRAINING PROGRAMS



- How to start a business
- How to write a business plan
- How to prepare a marketing plan
- How to prepare a financial plan
- Getting started with export
- How to manage a business
- Financial management
- Introduction to financial statements
- Quickbooks software training
- Cashflow budget and analysis
- Profit Soup
- Business taxation for small business
- Getting started with eCommerce
- Google tools for small business growth
- How to get your business online
- Email marketing
- Social media marketing





# STEP TRAINING INFORMATION

Training schedule and materials

## GUAM STEP TRAINING SCHEDULE

Training Topic	Date & Time
Marketing for export: Promote and sell your products online	Mar 14, 2023 9am-11:30am
Understanding the supply chain: Trade shipping and logistics	Apr 11, 2023 9am-11:30am
Financial Management and Merchant Options for Exporters	May 9, 2023 9am-11:30am

- Training is monthly on Tuesdays, from 9:00 a.m. to 11:30 a.m via Zoom. A link will be provided via email for registered participants.
- Please be advised training dates may change or be rescheduled. Check your email regularly for updates.
- Review training and advisement requirements for your STEP application.

Exporting can be direct and indirect. The first step is to determine if the goods or services you plan to export require a license.

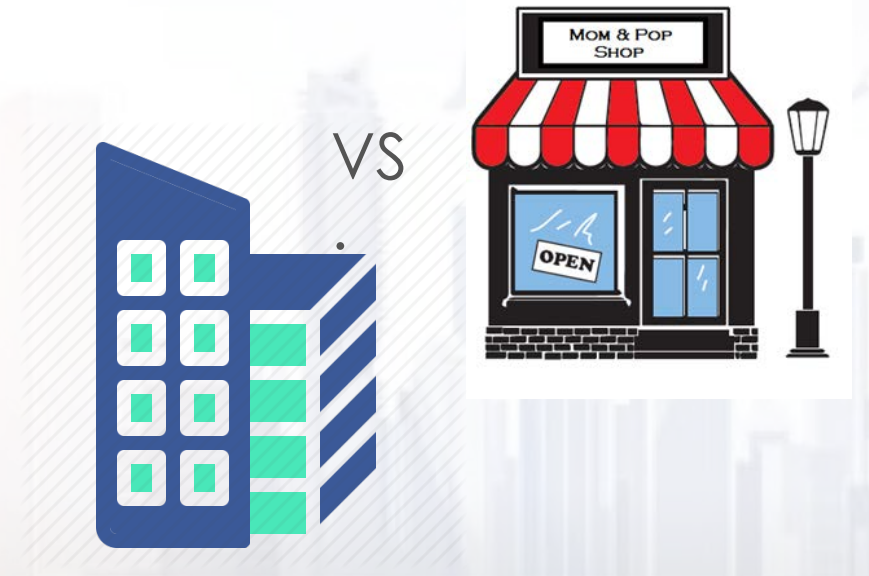


# TOP REASONS TO EXPORT

- **Grow your bottom line** (Companies that export are 17% more profitable than those that don't.)
- **95% of the world's consumers live outside of the U.S.** (That's a lot of potential customers to ignore.)
- **Large Firms = \$ volume**
- **Small Firms = Largest Numbers of Exports**

Almost 98% of all exporters are small to medium-sized businesses.

Small business exporting is big business!





# TOP REASONS TO EXPORT

- **You're already selling online!** If you have a web presence, you have a global marketing and international sales platform.
- You have strong domestic sales and want to diversify your market.
- Strong chance to franchise your business.
- Increase the value of your business should you choose to sell it or expand.
- Use your production capabilities to its fullest potential



# TOP REASONS TO EXPORT

**Global trade in goods and services will grow to add \$1 trillion to the GDP.**

- WTO calls for member countries to improve government customs processes to speed the flow of goods and services and reduce the costs involved.
- **U.S. has 20 free trade agreements** with countries and growing.
- FTAs strengthen ease movement of goods across the border and strengthens IP protections.
- FTAs generally treat foreign companies like domestic companies.



# TOP REASONS TO EXPORT

There are many federal, state, and local resources to help you. (Most of them are **FREE!**)

- Market research and development resources
- Buyer matching programs and international buyer profiles
- Direct access to potential buyers on U.S. trade missions
- Safe, low-risk payments and protecting your shipments from export risks
- Various financing options





# IS YOUR BUSINESS EXPORT READY?

What business owners should  
assess before exporting.







## IS YOUR BUSINESS EXPORT READY?

What business owners should  
assess before exporting.

## Export Plan

- Market Research
- Management and Production Resources

# WHY PREPARE AN EXPORT PLAN?

**Understand the facts, goals, and objectives around your international strategy.**

- Your export plan helps you:
  - Create specific objectives
  - Develop implementation schedules
  - Mark milestones
- An export plan is valuable to your business:
  - Identify specific steps to take to assure export commitment for long-term success
  - Without a plan, you may overlook better long-term growth opportunities

# WHY PREPARE AN EXPORT PLAN?

## **What information is in an export plan?**

- Determine your potential markets
- Will your product need special registration or licenses?
- FTA countries are usually the first stop for exporters
- Identify your potential customers
- Identify marketing and distribution channels
- Pricing your product
- Production capacity
- How will you finance your exports?
- Identify resources you need at point of destination and domestically

# WHY PREPARE AN EXPORT PLAN?

**A clearly written export plan offers immediate benefits:**

1. Identify strengths and weaknesses
2. Those charged with executing the plan cannot ignore necessary steps
3. Easy to communicate to others and less likely to be misunderstood
4. Allocate responsibilities and evaluate results
5. Indicates to lenders you have a serious approach to exporting
6. Give management a clear understanding of what is required of them and help to ensure a commitment to exporting



# STEP 1: IS YOUR PRODUCT FIT FOR EXPORT?

- sold well domestically and is likely to sell well overseas
- Modifications to colors, sizes, and packaging have been made to meet local conditions and consumer preferences.
- Company has resources to train distributors or agents.
- Company can provide after-sales support
- Your product's unique features give it a competitive advantage (patents, cutting-edge technology, adaptability).

# IS YOUR PRODUCT FIT FOR EXPORT?

**When you export from Guam, the worldwide recognized label “Made in the USA” can attach to your product.**

- Innovative, creative, cutting edge
- High quality, durable, safe
- Reputation for after-sales service and warranty coverage
- Creative marketing materials
- Easy to reach and communicate with
- Honest, ethical business dealings



# IS YOUR PRODUCT FIT FOR EXPORT?

**A “Made in Guam” seal attracts foreign and local buyers to your product.**

- GEDA oversees this program:
  - Target products made for the tourism industry and that have export potential
  - Substantially transform the material(s) so final product has a different and distinguishable commercial use or character
  - Must add at least 50% to product value during production in Guam if using imported items to produce your product.
  - Must possess a valid business license.



# IS YOUR PRODUCT FIT FOR EXPORT?

**Locally produced products being sold in DFS, JP Superstore, ABC stores are usually:**

- Varieties of cookies and candies made with local ingredients
- Lotions, oils, soaps made from local plants
- Island flavors such as jams, spicy sauces, or signature Micronesia flavors
- 2 of 5 products are processed foods; may be low cost to get started
- Demand by tourists for local products to take home as gifts





# IDENTIFY YOUR PRODUCT'S HARMONIZED CODE

- 10-digit product identifier also known as an HS code or a Schedule-B number
- Global product classification system
- Simplifies the process to determine tariff rates when goods enter a country and for export market intel.
- Coffee beans: 090121
- Coffee beans: 090111



# IDENTIFY YOUR PRODUCT'S HARMONIZED CODE

Not secure | uscensus.prod.3ceonline.com/#!/current-question-pos

Neoserra Pacific Island Small... Neoserra • Guam S... Google

Search Engine

Schedule B Legal Notes

Please read all 10-digit descriptions to find the one that best matches your product

U.S. Census Bureau - Foreign Trade Schedule B (2021)

Chapter 19

CHAPTER 19 - PREPARATIONS OF CEREALS, FLOUR, STARCH OR MILK; PASTRYCOOKS' PRODUCTS

SCHEDULE B NUMBER	DESCRIPTION	UOM
19.01	<input type="checkbox"/> Malt extract; food preparations of flour, groats, meal, starch or malt extract, not containing cocoa or containing less than 40 percent by weight of cocoa calculated on a totally defatted basis, not elsewhere specified or included; food preparations of goods of headings 0401 to 0404, not containing cocoa or containing less than 5 percent by weight of cocoa calculated on a totally defatted basis, not elsewhere specified or included:	
1901.20	<input type="checkbox"/> - Mixes and doughs for the preparation of bakers' wares of heading 1905:	
1901.20.0005	-- Cookies (sweet biscuits), waffles, and wafers	kg
1901.20.0015	-- Pastries, cakes and similar sweet baked products, including gingerbread and the like; puddings	kg
1901.20.0025	-- Other	kg

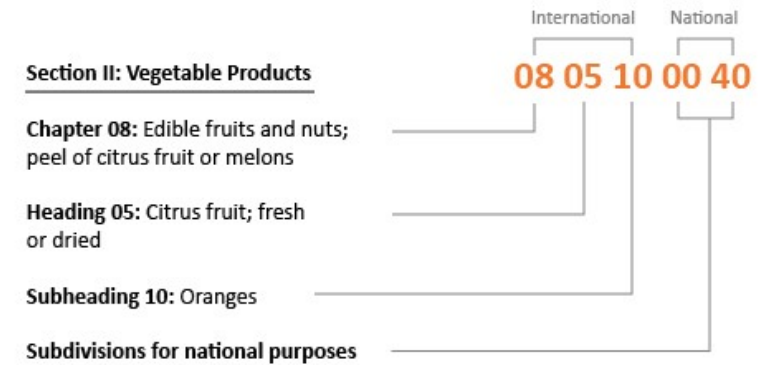
Broader  
category of  
product

Specific  
product  
category

# STEP 1: IDENTIFY YOUR PRODUCT'S HARMONIZED CODE

## ACTIVITY

- Visit: <https://www.census.gov/foreign-trade/schedules/b/index.html>
- Search the HS Code for your product. Answer product specifics.
- Enter your HS Code in your export plan
- Keep that number to see if it requires an export license.
- HS codes fit precisely 80% of all product, but there are gray areas.



# STEP 2: DO YOU NEED AN EXPORT LICENSE?

- Determine if your product fits any of the designations used in the Bureau of Industry and Security's Commerce Control List (CCL).
- If the product has a specific Export Control Classification Number (ECCN) you'll need a license.
- If your item is not on the CCL, it is designated as EAR99. Most commercial products won't need an export license.



**Bureau of Industry and Security**  
U.S. Department of Commerce  
*Where Industry and Security Intersect*



# DO YOU NEED AN EXPORT LICENSE?

## Commerce Control List Categories

0 = Nuclear materials, facilities and equipment (and miscellaneous items)  
1 = Materials, Chemicals, Microorganisms and Toxins  
2 = Materials Processing  
3 = Electronics  
4 = Computers  
5 = Telecommunications and Information Security  
6 = Sensors and Lasers  
7 = Navigation and Avionics  
8 = Marine  
9 = Propulsion Systems, Space Vehicles, and Related Equipment

## Five Product Groups

A. Systems, Equipment and Components  
B. Test, Inspection and Production Equipment  
C. Material  
D. Software  
E. Technology

<https://www.bis.doc.gov/index.php/licensing/commerce-control-list-classification/export-control-classification-number-eccn>



# FILING FOR EXPORT DOCUMENTATION

- Export classification and any license numbers must appear on export documentation such as the Commercial Invoice and the Automated Export System (AES) filing.
- For certain exports, BIS requires AES filing regardless of value or destination.
- USPS and major freight carriers may require you to enter “NLR”
  - No license required – for certain EAR shipments.

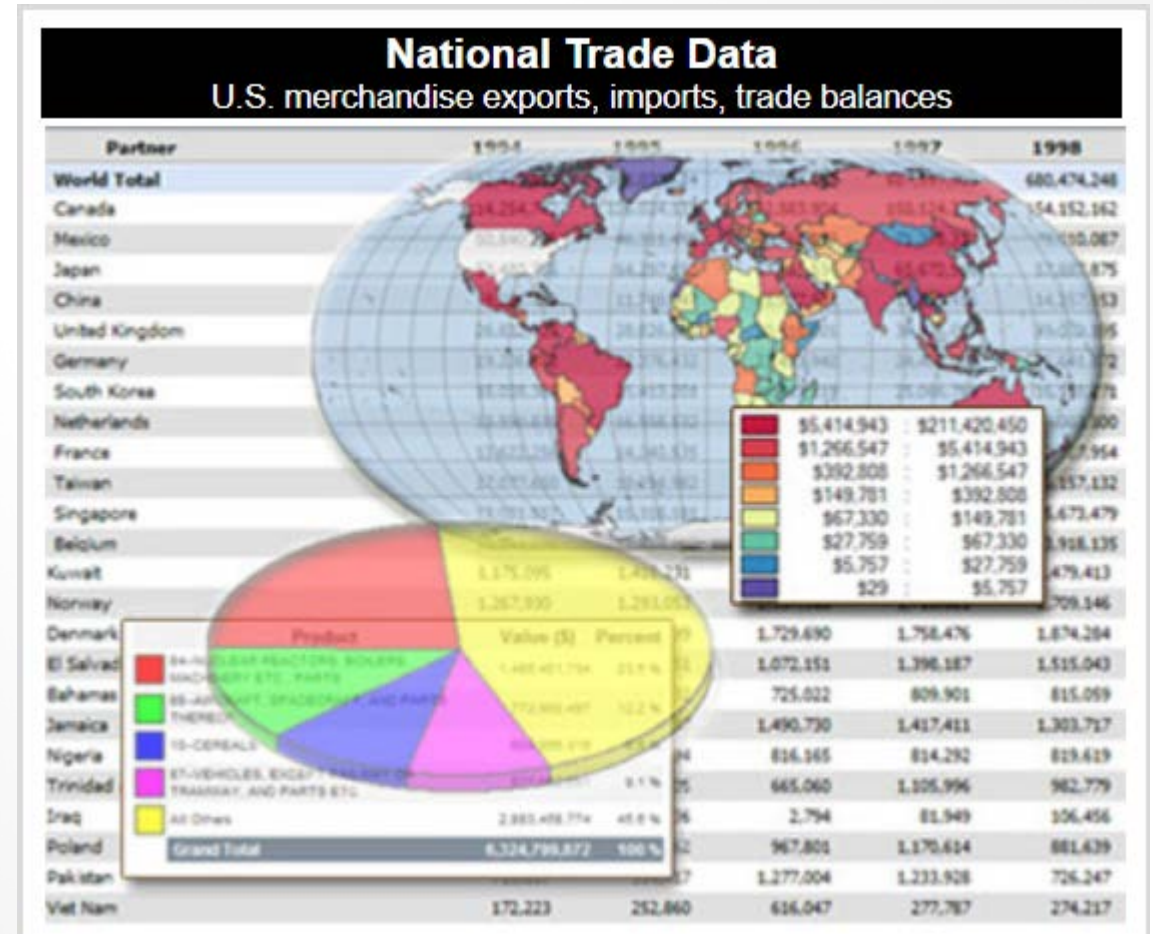


**Bureau of Industry and Security**  
U.S. Department of Commerce  
*Where Industry and Security Intersect*

# STEP 3: MARKET RESEARCH

## Trade Stats Express

- Visit:  
<http://tse.export.gov/tse/TSEhome.aspx>
- Find data in the form of charts, graphs, and color-coded maps to see trends of countries the U.S. exports specific products to.
- Only searches based on broad 4-digit product categories
- Shows bi-lateral trade with the U.S.



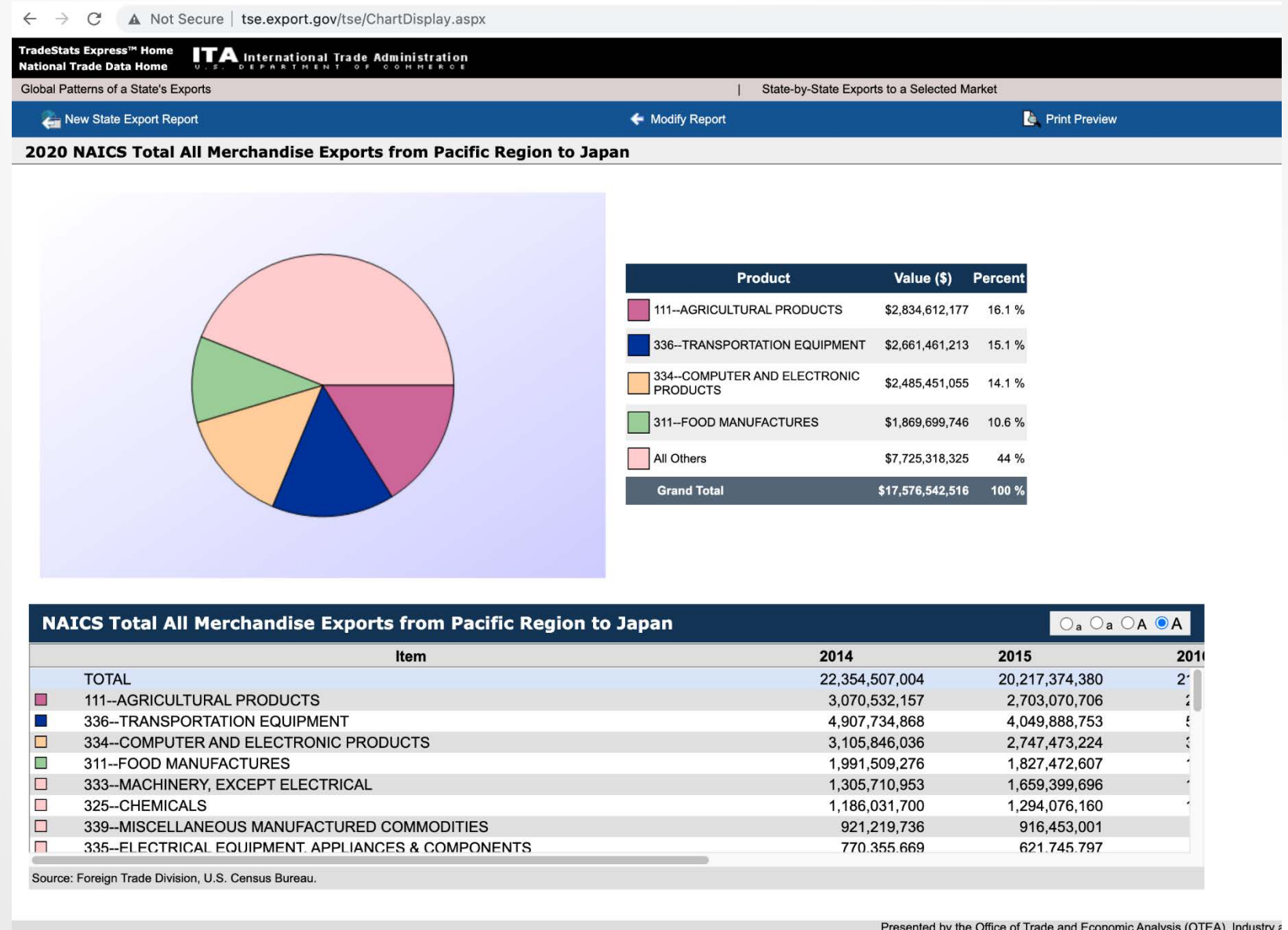
# TRADE STATS EXPRESS

Example:

All types of products being exported from states in the Pacific Region to Japan.

Data comparison from 2014 to 2020 to determine what the trends are.

Top OTHER product being exported:  
333-Machinery, except electrical



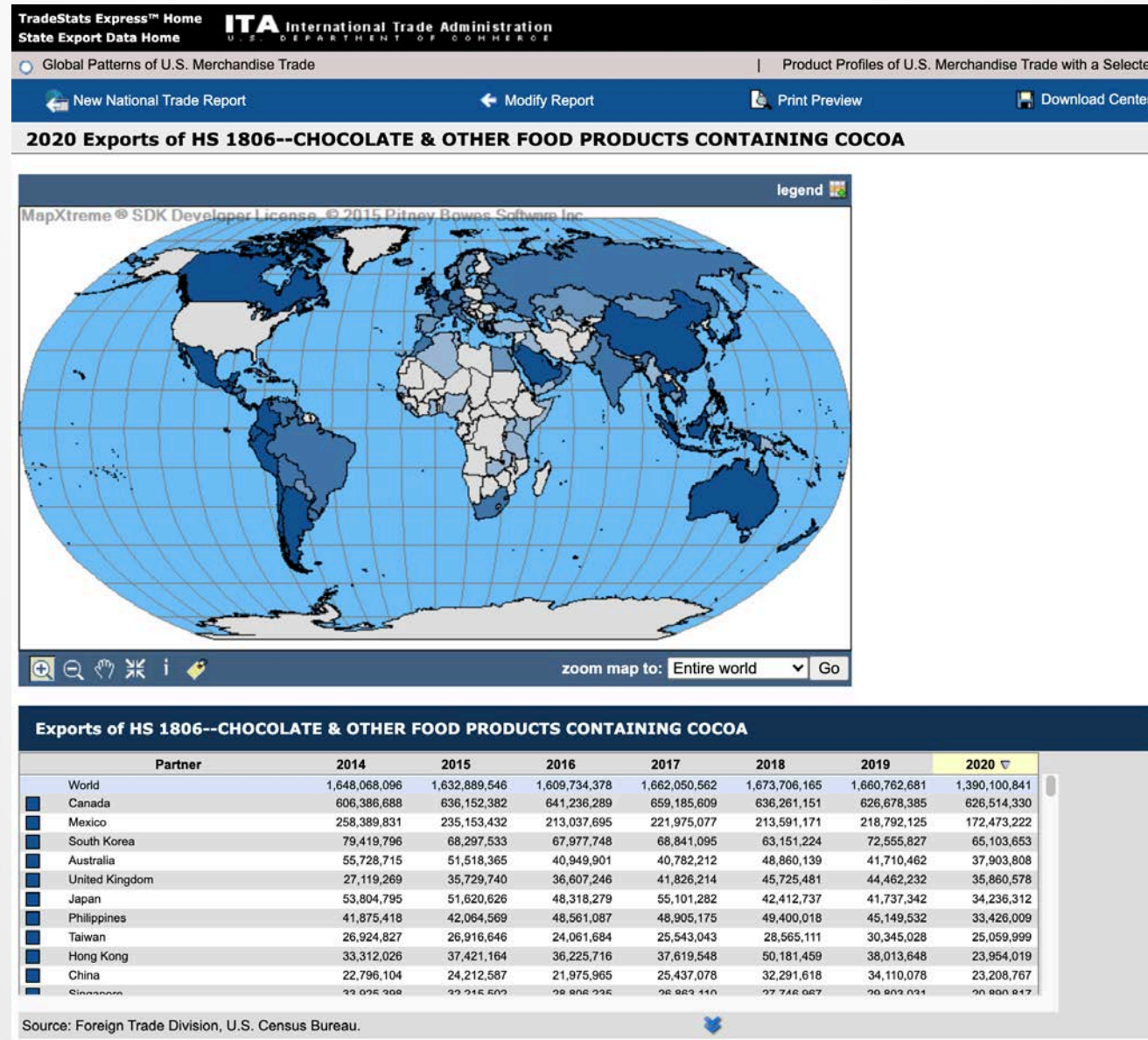


# TRADE STATS EXPRESS

Example:  
2020 Exports of  
chocolate and other  
food products  
containing cocoa

Data comparison from  
2014 to 2020 to  
determine what the  
trends are.

Top 3 exporters of  
chocolate:  
Canada, Mexico, South  
Korea



# TRENDS AND STATS USING YOUR HARMONIZED CODE

## ITC TradeMap

- Visit:  
<http://trademap.org/Index.aspx>
- Organization within the U.N. called the International Trade Center
- Collects trade data from 200 countries, organizes it, make it available online
- Considers target country's imports based on HS Code.



### TRADE MAP

Trade statistics for international business development  
Monthly, quarterly and yearly trade data. Import & export values, volumes, growth rates, market shares, etc.



Home & Search Data Availability Reference Material Other ITC Tools More

Mrs. Angelica Paulino English

Trade Map provides - in the form of tables, graphs and maps - indicators on export performance, international demand, alternative markets and competitive markets, as well as a directory of importing and exporting companies.  
Trade Map covers 220 countries and territories and 5300 products of the Harmonized System. The monthly, quarterly and yearly trade flows are available from the most aggregated level to the tariff line level.

Imports Exports

Service Product

☒ Single ☐ Group

190120 - Mixes and doughs of flour, groats, meal, starch or malt extract, not conta

[Advanced search](#)

☒ Country ☐ Region

Japan

[i](#)

☒ Partner ☐ Region

Please enter a country/territory or region name (optional)

[i](#)

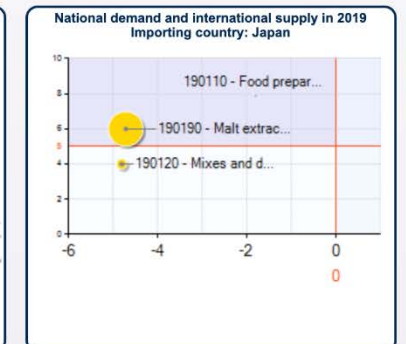
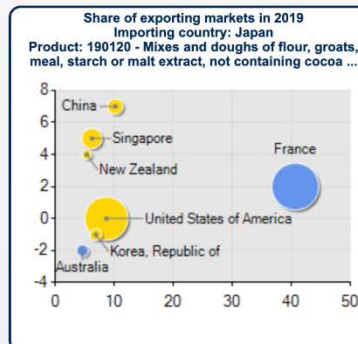
Trade Indicators

Yearly Time Series

Quarterly Time Series

Monthly Time Series

Companies



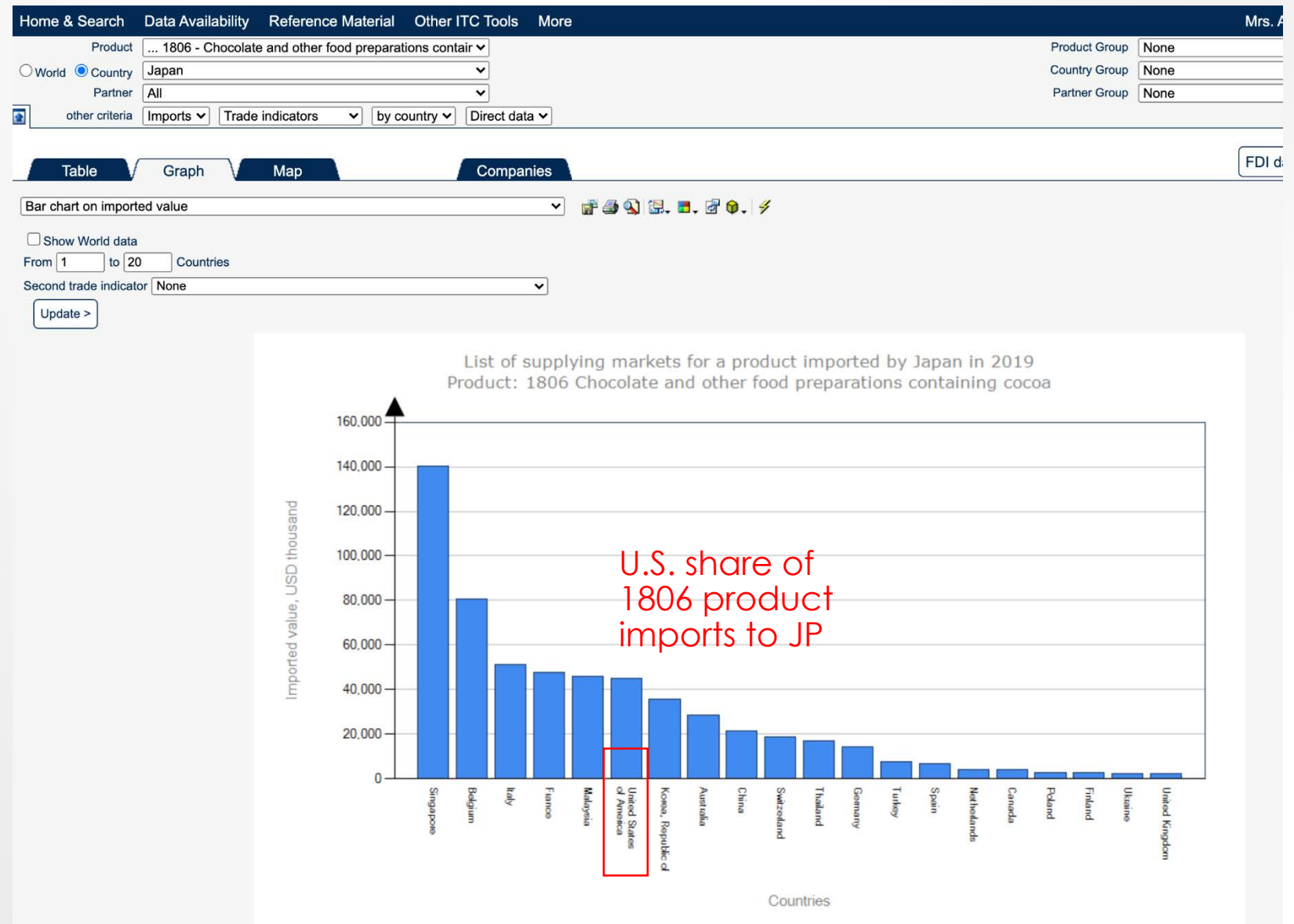


# ITC TRADEMAP

Example:  
Graph of supplying  
markets for 1806  
chocolate and other  
food preparations  
containing cocoa

Japan's imports  
represent 2% of world  
imports of this product.

Japan buys most of the  
1806 products from  
Singapore. Imports  
50,424 tons of 1806  
products.



# ITC TRADEMAP

Example:  
Companies tab can help you identify competitors in the product category as part of your marketing research

Number of importing companies in Japan, broken down by product categories, for the following product  
Product : 1806 Chocolate and other food preparations containing cocoa

Companies

Product category	Number of importing companies available in Trade Map
<a href="#">Chocolate and cocoa products</a>	6
<a href="#">Chocolate bars</a>	2
<a href="#">Chocolate blocks</a>	1
<a href="#">Chocolate chips</a>	1
<a href="#">Chocolate, bitter</a>	1
<a href="#">Chocolate, bulk liquid</a>	1
<a href="#">Chocolate, cooking</a>	1
<a href="#">Chocolate, filled</a>	1
<a href="#">Chocolate, flavoured</a>	1
<a href="#">Chocolate, milk</a>	3
<a href="#">Chocolate, plain</a>	2
<a href="#">Chocolates, by packaging type</a>	3
<a href="#">Cocoa and chocolate products</a>	14
<a href="#">Groceries and related products, nec</a>	1,098
<a href="#">Groceries, general line</a>	80

List of importing companies in Japan for the following product  
Product category : Chocolate bars

Table

Graph

Map

Companies

Download:    

Rows

Company name▲	Number of product or service categories traded	Number of employees	Country	City	Website
<a href="#">Lotte Co., Ltd.</a>	12	1000-4999	Japan	Shinjyuku-Ku, Tokyo	<a href="https://www.lotte.co.jp/english/">https://www.lotte.co.jp/english/</a>
<a href="#">Orion Co., Ltd.</a>	2	20-49	Japan	Osaka, Osaka	<a href="http://www.orionstar.co.jp/">http://www.orionstar.co.jp/</a>

Sources: [Kompass](#)

# STEP 3: FIND TRENDS AND STATS

## ACTIVITY

- Choose one of the market research tools. Register for a free TradeMap account.
- Using the first 6-digits of the HS code for your product, search how it would do in Japan, South Korea or Canada
- Is there any U.S. state currently exporting?
- Is there a market for U.S. products with that HS code?
- What is the U.S. current market share?
- Is it a growing or declining demand in those markets?

# ASSESS THE MARKET OPPORTUNITY

Now that you've identified some trends and statistics about your product, let's get more specific:

- Identify demographics and who your target customers are
- Special product-related factors to be aware of
- What is the risk to do business with the country you've identified?
- What does the data mean and how can it be turned into an actionable plan

<https://www.trade.gov/ccg-landing-page>

The screenshot shows the 'South Korea - Country Commercial Guide' page. The header includes the International Trade Administration logo and navigation links for U.S. and International Businesses, About ITA, and Contact Us. A search bar is located in the top right. The main title 'South Korea - Country Commercial Guide' is displayed in a blue banner. Below the banner, there are social media icons for Facebook, Twitter, LinkedIn, Email, and RSS. A left sidebar contains a table of contents with links to 'Doing Business in', 'Leading Sectors for US Exports & Investments', 'Customs, Regulations & Standards', 'Selling US Products & Services' (which is expanded to show sub-links like 'Distribution-and-Sales-Channels', 'eCommerce', 'Selling Factors and Techniques', 'Trade Financing', 'South Korea - Intellectual Property Protection', and 'Selling to the Public Sector'), 'Business Travel', 'Investment Climate Statement', and 'Political & Economic Environment'. The main content area is titled 'Selling US Products & Services' with a 'Last published date: 2020-09-21'. It features four content cards: 'South Korea - Distribution-and-Sales-Channels' (discussing the distribution network), 'South Korea - eCommerce' (describing e-commerce usage and primary sectors), 'South Korea - Selling Factors and Techniques' (identifying common practices), and 'South Korea - Trade Financing' (discussing payment methods). Each card has a 'LEARN MORE' button.

# COUNTRY COMMERCIAL GUIDES

**The U.S. Commercial Service has created several country commercial guides which you can use to identify:**

- Factors associated with doing business in the country you've identified
- Leading sectors for U.S. Exports and Investments which includes market overview and trade data by product types
- Customs, regulations and standards so you know import requirements, documentation, duties and taxation, and any trade barriers to be aware of
- Common practices to sell in the market, IPP, trade eCommerce, and other items affecting selling of your products and services
- Business travel, etiquette, and business customs
- Investment climate statement
- Assessment of political and economic environment



# COUNTRY COMMERCIAL GUIDES - SOUTH KOREA

## PROFILE

Population (as of May 2020): 51.27 million

Capital: Seoul

Government: Democratic Republic

<b>ECONOMY</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>
GDP (\$ billions) *	1,624	1,720	1,642
GDP per capita (USD) *	31,617	33,340	31,682
GDP Growth (% change) *	3.2	2.7	2.0
Average Consumer Prices (% change)	1.9	1.5	0.4
Unemployment (% of labor force)	3.7	3.8	3.8

Source: \*OECD/Bank of Korea

## TRADE

<b>Foreign Merchandise Trade (\$ billions)</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>
Exports to World from ROK	542.23	604.86	573.69
Imports from World to ROK	503.34	535.20	478.48
U.S. Exports to ROK*	49.28	57.62	57.89
U.S. Imports from ROK*	71.81	75.01	78.09
U.S. Trade Balance with ROK*	-22.53	-17.39	-20.20
<b>Position in U.S. Trade</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>
Rank of ROK in U.S. Exports*	7	7	7
Rank of ROK in U.S. Imports*	6	7	7
ROK Share of U.S. Exports (%)*	3.1	3.2	3.2
ROK Share of U.S. Imports (%)*	3.0	2.8	2.9

\*bea.gov

# COUNTRY COMMERCIAL GUIDES - SOUTH KOREA

## **Best Prospects/Services**

- Cosmeceutical cosmetics
- Multi-functional products
- Organic Cosmetics

## **Opportunities and Challenges**

Strong potential subsectors for U.S. exporters to South Korea include cosmeceuticals and derma-cosmetics. Cosmeceutical is a cosmetic that has or claims to have medicinal properties, for example a product with anti-aging property may be classified as a cosmeceutical. Korea's domestic cosmeceutical market, about \$430 million in 2014, experienced 15 percent annual growth since then to reach \$1 billion in 2019. Currently, the hottest trends are products that claim anti-pollution, anti-aging, and antioxidant related technologies. When it comes to ingredients, natural/organic/stem cells/probiotics, and peptides ingredients are the focus of attention these days.

Two South Korean companies, Amore Pacific and LG Household and Healthcare, dominate local production market. In addition, Korean consumers are purchasing more products directly from overseas markets. Customers can now buy foreign brands at the same prices as in the U.S., and an increasing number of brands are offering overseas shipping services. Overseas direct purchases represented more than \$3 billion in 2019, up 22.3 percent from the previous year. Clothes/fashion (38.7%), food and beverages (25.1%), electronic products (12.7%), and cosmetics (5.3%) are very popular among overseas online Korean buyers.

## **New Trends**

In March 2020 the South Korean government introduced the world's first customized cosmetics system, which mixes cosmetics at stores according to individual skin condition and preference. For example, a local cosmetics flagship store now offers a tailored 3D mask. The skincare product utilizes a smartphone app, which measures customer's facial dimensions, generates a skin diagnosis, and sends the information to a special 3D printer, which then prints a hydrogel facial mask that is tailored to the user's face shape and skin conditions.

## **Regulatory Environment**

In South Korea, cosmetics are regulated by the Ministry of Food and Drug Safety (MFDS).

Cosmetics fall under two categories: functional cosmetics and regular cosmetics. Functional cosmetics, which previously comprised whitening, anti-wrinkle, and sunscreen and tanning products, were extended in 2017 to 10 categories by the MFDS. The new categories include hair colorants, hair nutrients, and cosmetics that help protect damaged skin. MFDS only reviews functional cosmetics for pre-market approval. For all other regular cosmetics, the Korea Pharmaceutical Traders Association (KPTA) has been authorized by MFDS to review and certify import permission requests submitted by the Korean importer.



# COUNTRY COMMERCIAL GUIDES - SOUTH KOREA

## Labels and Packaging

View the entire document:

[https://apps.fas.usda.gov/newgainapi/api/Report/DownloadReportByFileName?fileName=Food%20and%20Agricultural%20Import%20Regulations%20and%20Standards%20Country%20Report\\_South\\_Korea%20-%20Republic%20of\\_12-31-2019](https://apps.fas.usda.gov/newgainapi/api/Report/DownloadReportByFileName?fileName=Food%20and%20Agricultural%20Import%20Regulations%20and%20Standards%20Country%20Report_South_Korea%20-%20Republic%20of_12-31-2019)

## Section V. Labeling Requirements

### A. MFDS Labeling Standards for Food

MFDS's Food Safety Labeling and Certification Division develops labeling standards for food including livestock products, while the regional offices inspect imported foods and enforce labeling requirements upon arrival. As an aside, provincial authorities also have the authority to verify labeling of domestic and imported goods in the marketplace.

All imported food products are required to carry legible **Korean** language labels. Stickers or tags may be used, but should not be easily removable nor should they cover the original label. Labels must contain the following information listed below.

- **Product name.** The product name should be identical to the product name declared to the licensing/inspection authority.
- **Product type.** This is the minimum unit of food product categories according to the Standards & Specifications for Food.
- **Importer's name and address,** and the address where products may be returned or exchanged in the event of defects.
- **Name of manufacturer.** The foreign manufacturer name shall be stated. If it is written in a foreign language (e.g. English), no Korean translation is necessary.
- **Manufacture date (year, month and day).** This is mandatory for specially designated products, such as boxed lunches, rice roll in seaweed, hamburgers, sandwiches, sushi, sugar, edible salts frozen dessert (ice candies) and alcoholic beverages (excluding beer and Korean traditional rice liquor since they are required to indicate shelf life or best before date). For alcoholic beverages, a manufacture number (lot number) or bottling date may substitute for the manufacture date.
- **Shelf life or best before date.** Food product labels should indicate the manufacturer-determined shelf life. Products that are subject to a manufacturer date may be excluded from the shelf life labeling requirements. Products including jams, saccharide products (e.g. dextrin, oligosaccharide, fructose, and sugar syrup), sterilized liquid teas and coffee, sterilized beverages, bean based sauce and paste, sterilized curry products, vinegar, kimchi, salted and fermented seafood (*jutgal*), pickled products, sterilized hard boiled products, beer, starch, honey, wheat flour, products with long shelf life such as retort foods or canned products may use either a best before date or a shelf life date on the product label. If various kinds of products are packaged together, the shelf life expiration date of the product with the shortest life should be noted on the label.
- **Contents (Calories).** Weight, volume or number of pieces should be indicated. If the number of pieces is shown, the weight or volume must be indicated in parentheses. Calories are only required for food products subject to nutritional labeling.

# COUNTRY COMMERCIAL GUIDES - SOUTH KOREA

## **DIGITAL MARKETING STRATEGIES**

Korea is known for having one of the fastest Internet networks in the world and the Internet penetration numbers reach 96 percent. The number of mobile connections was equivalent to 118 percent of the total population and social media penetration stood at 87 percent in 2020. The proliferation of Internet use has contributed to the increased usage of social media channels. The country's search traffic is dominated by local search engine platforms such as Naver and Daum, which control 93% of the market. Use of Google is growing in the market. The most popular social media sites for students in Korea are Facebook, YouTube, Instagram, Twitter, Band, and Kakao Story. Kakao Talk is the most popular messaging app and social network that Korean students use to interact. The increasingly hyper-connected student population uses mobile devices during the exploration phase of seeking out education programs and the majority make their first visits to websites on their mobile devices.

U.S. schools should create new channels of engagement with Korean students by utilizing the popular local platforms and social media channels to share valuable information on their programs and increase their visibility to this audience. Digital marketing is very relevant for the higher education sector since students have the highest Internet consumption rate of any other group.

# COUNTRY RISK SCORE

## How risky is it to do business with the country you're considering to export to?

- Determine the country risk score with the HS Code for your product.
- How much of this product has the country historically imported from the U.S.?
- Is the market primed for more exports from the U.S.?
- What tariffs might you face in the market?
- Can you depend on the logistics of the infrastructure in the country?
- How difficult is it to resolve contract disputes?
- How costly is it to get a shipment through customs?

### Product-Specific Indicators

1. Historic Trade
2. Potential Trade Growth
3. Maximum Average Tariff

### Country-Level Indicators

4. Distance
5. Cost to Import (Border and Documentary Compliance)
6. Enforcing Contracts (Cost as % of Claim)
7. Rule of Law
8. FTA with U.S.
9. Landlocked
10. Language Match
11. Logistics Performance Index

<https://beta.trade.gov/marketdiversification/Market-Diversification-Tool#1>



# COUNTRY RISK SCORE

## South Korea - 85.0

Average Imports from the U.S.: \$201,894,300  
Maximum Average Tariff: 16.7

### Trade Statistics:

Average Imports From The World	U.S. Import Share	Import Share Gap	Import Growth	GDP Growth	Distance
\$214,312,099	94.2%	0.0%	4.3%	2.9%	11065.7km
Cost To Import (Border And Documentary Compliance)		Enforcing Contracts (Cost As % Of Claim)		Rule Of Law	
\$342		12.7%		1.19	
International Logistics Performance Index Score	Language Match	Free Trade Agreement With US		Landlocked	
3.61	NO	YES		NO	

[Click here for more information on the indicators used in the calculations](#)

## Japan - 20.0

Average Imports from the U.S.: \$73,837,762  
Maximum Average Tariff: 24.0

### Trade Statistics:

Average Imports From The World	U.S. Import Share	Import Share Gap	Import Growth	GDP Growth	Distance
\$120,098,731	61.5%	0.0%	3.4%	3.7%	10855.6km
Cost To Import (Border And Documentary Compliance)		Enforcing Contracts (Cost As % Of Claim)		Rule Of Law	
\$422		23.4%		1.54	
International Logistics Performance Index Score	Language Match	Free Trade Agreement With US		Landlocked	
4.03	NO	NO		NO	

[Click here for more information on the indicators used in the calculations](#)

<https://beta.trade.gov/marketdiversification/Market-Diversification-Tool#1>

# WHO ARE YOUR CUSTOMERS?

## ASSESSMENT

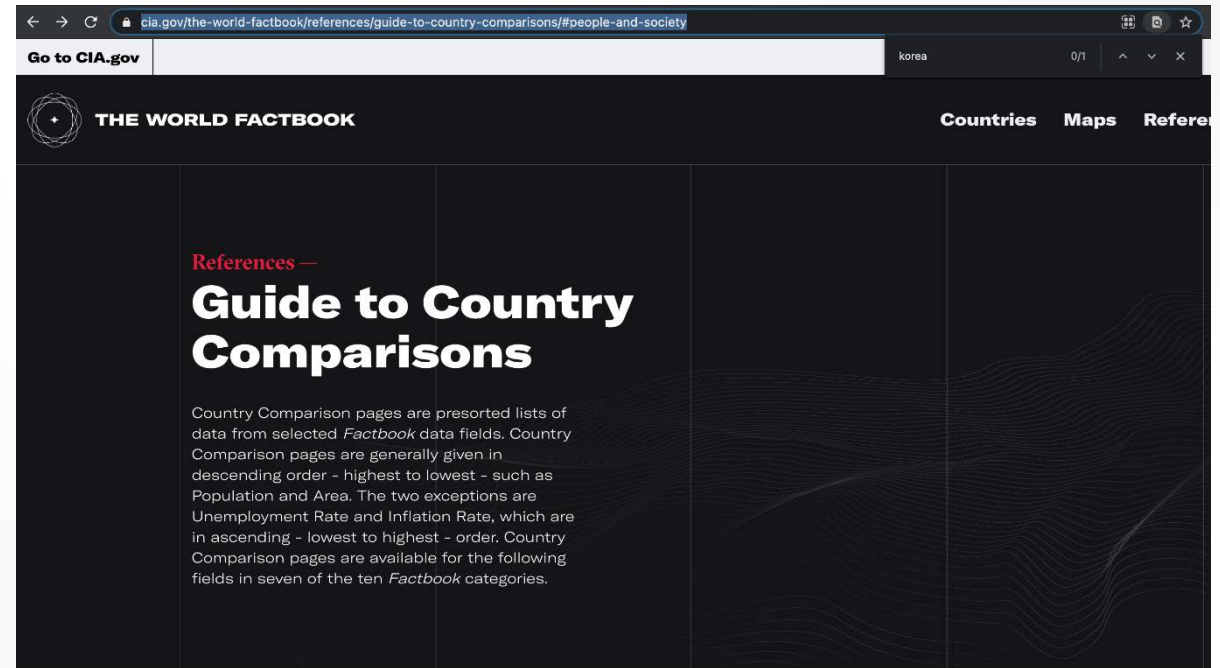
- Are your customers consumers or businesses?
- What are the cultural factors you need to be aware of?
- What are the demographics of your target market?
  - Age
  - Gender
  - Family Size
  - Income
  - Education
  - Occupation
  - Marital Status
  - Social Class

# WHO ARE YOUR CUSTOMERS

## Tools to help you find more customer specifics:

- CIA World Factbook – provides country comparison data on demographics, economy, communications, and defense.

<https://www.cia.gov/the-world-factbook/references/guide-to-country-comparisons/#people-and-society>



# WHO ARE YOUR CUSTOMERS

## Median age

**total:** 43.2 years

**male:** 41.6 years

**female:** 45 years (2020 est.)

country comparison to the world: 29

## Credit ratings

**Fitch rating:** AA- (2012)

**Moody's rating:** Aa2 (2015)

**Standard & Poors rating:** AA (2016)

## Real GDP (purchasing power parity)

\$2,211,315,000,000 (2019 est.)

\$2,167,119,000,000 (2018 est.)

\$2,105,893,000,000 (2017 est.)

**note:** data are in 2010 dollars

## Inflation rate (consumer prices)

0.3% (2019 est.)

1.4% (2018 est.)

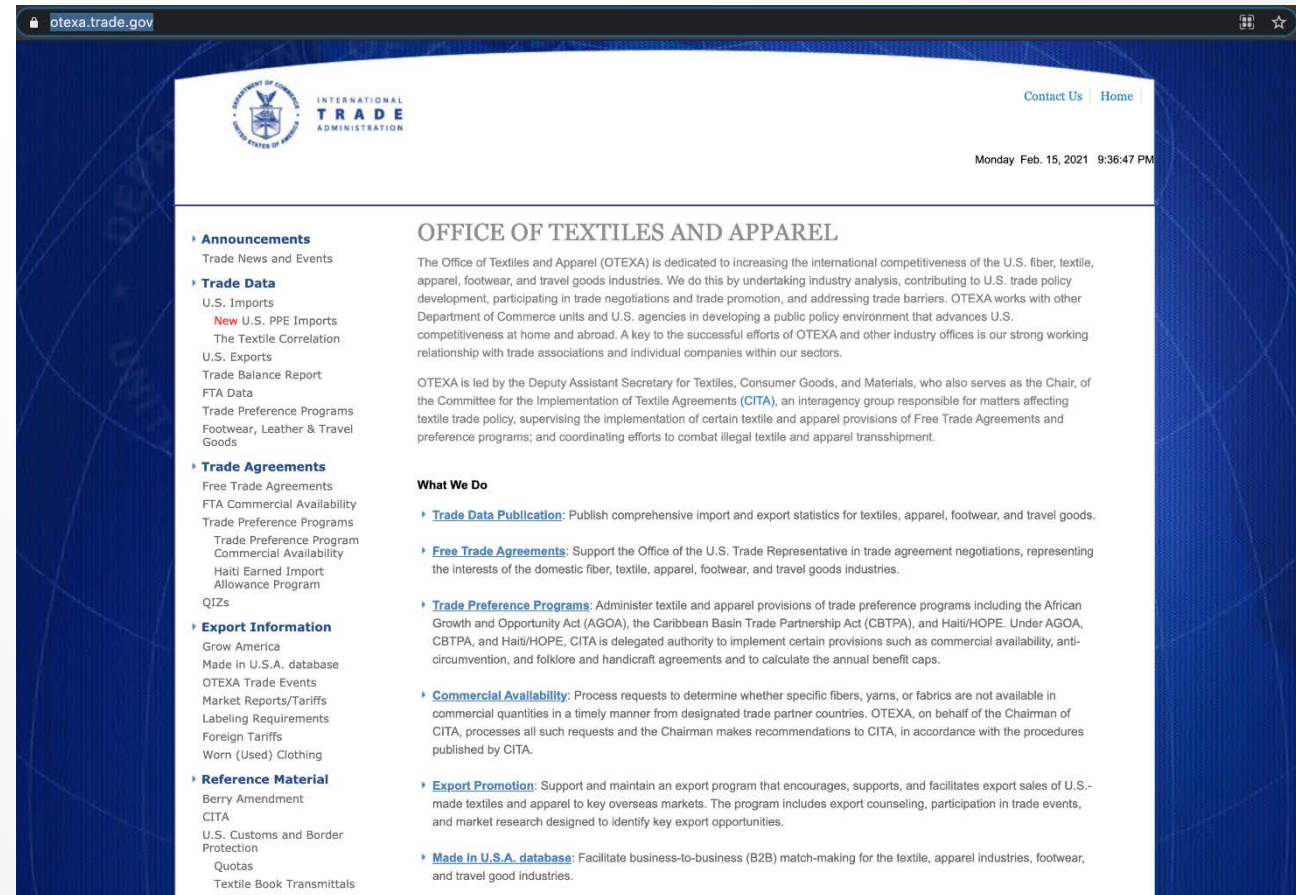
1.9% (2017 est.)

<https://www.cia.gov/the-world-factbook/countries/korea-south/#people-and-society>

# WHO ARE YOUR CUSTOMERS

## Tools to help you find more industry specifics:

- Office of Textiles & Apparel – provides information on overseas markets and rules and regs affecting US exports
- Labeling requirements, shipment and entry procedures, marketing and distribution
- Potential buyers and supplier information



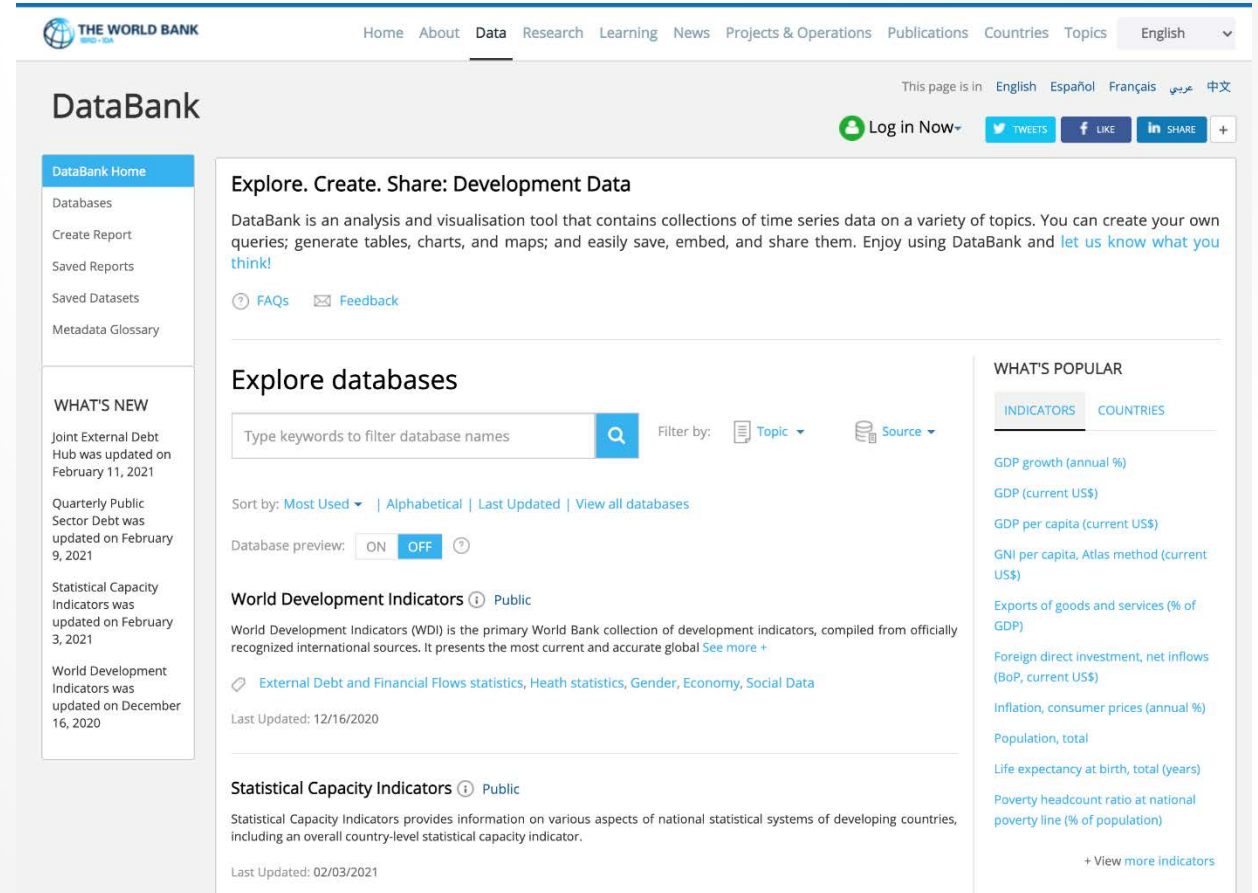
<https://otexa.trade.gov/>



# WHO ARE YOUR CUSTOMERS

## Tools to help you find more industry specifics:

- World Bank Development Indicators
- Very detailed data includes national, regional and global estimates
- Per capita income, population, downloaded info



The screenshot shows the World Bank DataBank website. The header includes the World Bank logo and navigation links: Home, About, Data, Research, Learning, News, Projects & Operations, Publications, Countries, Topics, and a language dropdown set to English. Below the header, the page is titled 'DataBank' and includes a 'Log in Now' button and social media links for Twitter, Facebook, and LinkedIn. The main content area is divided into three sections. The left sidebar contains a 'DataBank Home' menu with links to Databases, Create Report, Saved Reports, Saved Datasets, and Metadata Glossary. The middle section, titled 'Explore. Create. Share: Development Data', provides an overview of DataBank's capabilities and includes links to FAQs and Feedback. Below this is a search bar with the placeholder 'Type keywords to filter database names' and a search button. To the right of the search bar are filters for 'Topic' and 'Source'. Below the search bar, there are sorting options: 'Most Used', 'Alphabetical', 'Last Updated', and a link to 'View all databases'. The 'Database preview' section shows 'ON' and 'OFF' buttons. The right sidebar, titled 'WHAT'S POPULAR', lists various indicators under the 'INDICATORS' tab, including GDP growth, GDP, GDP per capita, GNI per capita, Exports of goods and services, Foreign direct investment, Inflation, Population, Life expectancy, and Poverty headcount ratio. A link to 'View more indicators' is at the bottom of this list.

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- Metadata Glossary

**WHAT'S NEW**

- Joint External Debt Hub was updated on February 11, 2021
- Quarterly Public Sector Debt was updated on February 9, 2021
- Statistical Capacity Indicators was updated on February 3, 2021
- World Development Indicators was updated on December 16, 2020

**Explore. Create. Share: Development Data**

DataBank is an analysis and visualisation tool that contains collections of time series data on a variety of topics. You can create your own queries; generate tables, charts, and maps; and easily save, embed, and share them. Enjoy using DataBank and [let us know what you think!](#)

[FAQs](#) [Feedback](#)

**Explore databases**

Type keywords to filter database names

Filter by: [Topic](#) [Source](#)

Sort by: [Most Used](#) | [Alphabetical](#) | [Last Updated](#) | [View all databases](#)

Database preview: ☐ ON ☒ OFF

**World Development Indicators** [Public](#)

World Development Indicators (WDI) is the primary World Bank collection of development indicators, compiled from officially recognized international sources. It presents the most current and accurate global [See more](#)

[External Debt and Financial Flows statistics](#), [Health statistics](#), [Gender](#), [Economy](#), [Social Data](#)

Last Updated: 12/16/2020

**Statistical Capacity Indicators** [Public](#)

Statistical Capacity Indicators provides information on various aspects of national statistical systems of developing countries, including an overall country-level statistical capacity indicator.

Last Updated: 02/03/2021

**WHAT'S POPULAR**

[INDICATORS](#) [COUNTRIES](#)

- GDP growth (annual %)
- GDP (current US\$)
- GDP per capita (current US\$)
- GNI per capita, Atlas method (current US\$)
- Exports of goods and services (% of GDP)
- Foreign direct investment, net inflows (BoP, current US\$)
- Inflation, consumer prices (annual %)
- Population, total
- Life expectancy at birth, total (years)
- Poverty headcount ratio at national poverty line (% of population)

[+ View more indicators](#)

<https://databank.worldbank.org/>

# STEP 4: GATHER MARKET INTEL

## ACTIVITY

- Register for a free export.gov account.
- Using the links to the tools discussed in previous slides, research one or two markets you are interested in exporting to.
- What is the country risk score? Based on the information you find, how easy is it to enter that market and do business in that country?
- What factors do you need to find more information about?
- What information do you not know about your target market?

# DISTRIBUTION – DIRECT OR INDIRECT

**After analyzing data decide if you'll pursue direct or indirect exports.**

- Indirect market entry strategy means you turn export activities to a third party.
- Piggyback exporting with domestic distributors who purchase your products then sell and export on your behalf.
- Find export management companies that act as external exporting division for your company.
- Direct exporting involves selling directly to a foreign buyer.

# MARKET ENTRY STRATEGY – DRAWING CONCLUSIONS

## **After analyzing data:**

- Personnel and financial resources to have a direct impact on your company's ability to enter international markets
- What is your pricing strategy, given an estimate of the costs of getting your product to market?
- Do you have experienced personnel to manage the exporting division? Will you need to hire export consultants?
- What general and specific lessons have been learned from past export attempts or experiences?
- How are the initial expenses of export efforts to be allocated? What amount of capital can be committed to export production and marketing?

# **Sample Outline of an Export Plan**

Table of Contents & Executive Summary

## **I. Introduction and Export goals**

## **II. Situation or Background Analysis**

- Product/Service for export
- Operations
- Personnel and export organization
- Resources inside the company
- Resources outside the company
- Industry Structure, competition, and demand
- Export License (if needed)
- Export control compliance
- Product classification(s)
- Products that qualify under FTAs

## **III. Marketing Component**

- Identifying, evaluating, and selecting markets
- Product selection and pricing
- Distribution methods
- Terms and conditions
- Internal organization and procedures
- Sales goals (P&L forecasts)
- Pricing including consideration of duties, taxes, freight costs, and logistics

## **IV. Tactics – Action Steps**

- Primary target countries
- Secondary target countries
- Indirect marketing efforts
- Quarterly accomplishments



# Sample Outline of an Export Plan

## V. Export Budget

- Pro-forma financial statements
- Website enhancements
- Trade show visits
- Marketing materials
- Travel
- Other costs

## VI. Implementation schedule

- Follow-up
- Periodic operational and management review  
(Measure results against the plan)

## Addenda: Background data on target

- Basic market statistics (historical and projected)
- Background facts
- Competitive environment



SUCCESS

EXPORTS FROM GUAM:  
HOW DID THEY DO IT?





# IN SUMMARY

- It takes a village to raise an export!
- You're not in this alone. Reach out to the Guam SBDC to help you with your export plan.
- Attend next STEP training and do market research. It's informative and you could get export funding.
- Scan the QR code below to schedule a counseling session and/or sign up for other business training.
- Thank you and have a great day!



# QUESTIONS?



## FOR QUESTIONS ABOUT GUAM STEP PROGRAM AND INFORMATION

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