# EXPAND YOUR BORDERS: AN EXPERT GUIDE

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*This is the first article in a three-part series on how to manage important stages in a product's life cycle when doing business internationally. Learn how to identify the right market for your product, how to get your product into the hands of your international customers and how to provide convenient returns processing.*

You've likely read the stats and done the research. You probably know that global online buying behavior amounted to more than $1 trillion in 2014, and that it's forecasted to nearly double by 2018.[1] Savvy small-business owners are making big splashes in the international market.

What's the next step? Determine whether your products are export ready or if you can export more products.

Mike Stone knows exporting. He's the president of Stone & Associates, a management consulting firm that works in international trade. He's also national facilitator for the ExporTech program, which works with small and medium-size businesses across the country to help with accelerating the exporting process.

Stone says that any business looking at new global markets should consider five crucial questions:

### 1. Is there anything about my business that's regional in nature?

Some companies, by definition, can only flourish in a local market. For instance, Stone points out that some products can simply be too heavy to ship long distances cost-effectively. This is usually in cases where the cost of shipping is very high relative to the value of the product. An example might be heavy concrete products. Some food companies may also run into problems if they rely on extremely perishable ingredients or compete based on freshness. "Some of these regional businesses can't even ship to California, much less out of the country," he says. However, he notes that some regional businesses do have opportunities to sell in Canada or Mexico since they are close by. So export opportunities exist even for regional businesses — they may just be more limited.

### 2. Is there demand for my product?

If regional limitations aren't holding you back, the next step is to get a sense of the market in your target country. Your chances of success are, of course, much greater if there's already demand for what you’re selling.

"The easiest and most obvious way is to find out if anybody’s asking for your product,” Stone says. Many businesses didn’t originally plan to export until the international buyers found them and started placing orders online. Stone also recommends checking your web traffic. If many consumers overseas are paying visits to your site, that’s a good sign.

If not, that doesn’t necessarily mean you have limited opportunities. However, you’ll need to do outside research to know for sure, and get a sense of how your industry operates in your target country. Are the needs of overseas customers similar to those in the U.S. market?

You may consider contacting the U.S. Commercial Service (USCS), the trade-focused arm of the U.S. Department of Commerce. The USCS has domestic trade specialists throughout the country, as well as officers stationed in most foreign markets for a ground-level view of the local economy and culture.

**3. What makes my product special?**

Once you know your product is in demand, the next step is to determine what sets you apart from your in-country competitors. “A foreign customer will buy locally unless a U.S. company can give a reason to buy from them,” Stone says.

When it comes to price, the cost of exporting — shipping, tariffs, taxes — may not allow you to compete on an even footing. You’ll need to prove what makes your items unique or superior to others.

What’s the story of your product? Why is it worth any extra effort and cost?

You may have something nobody else can offer. For instance, Stone recalls a company that manufactured a specialized, patented bolt with an indicator that turned red if the bolt came loose — a useful safety measure not available anywhere else and, thus, an excellent candidate for exporting.

**4. What changes will I need to make to appeal to a foreign market?**

Consumers in London and Lima might have slightly different needs. If you can anticipate this, you’ll be one step ahead.

The most basic part of this process is making sure your goods comply with local regulations. As a starting point, Stone recommends checking export.gov, the federal government’s web portal for exporters (click on "Opportunities — by Country"). He also suggests companies review the Country Commercial Guide for each target country, developed by the USCS and found on export.gov.

And there are other considerations. Any measurements associated with your product will likely need to be converted from U.S. customary units to the metric system. In some very crowded urban areas, space in people's homes and businesses is at such a premium that you may find more success with a smaller version of your product.

You also may need to factor in local conditions. For instance, Stone worked with a manufacturer of powdered detergent used for cleaning medical equipment. It was designed to be mixed with water on-site, which became an issue when they wanted to export to a country with a history of water quality problems. The company decided to focus on other countries until they could develop a formula that didn't rely on water.

**5. How much will it cost?**

In some countries, the tariffs and taxes can increase the total cost of an imported good by as much as 300 percent. This varies tremendously by region. Stone recommends using the website FedEx® Global Trade Manager to look into the import duties and landed cost in your desired country. Once you understand the total overhead involved, you'll have a much better sense of how much you'll need to charge to cover your expenses.

**Want to know more?**

For additional export help, visit the international section of the FedEx® Small Business Center. Find the perfect new market with our handy country profiles, get in-depth business info, and discover tools and resources to translate your international dreams into reality.

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[1] "Seizing the Cross-Border Opportunity," (December 2014). Forrester Research.