



Conducting Market Research

Key market data will give you insight into potential demand for your product or service.



Conducting Market Research

International market research is a key piece of successful export planning. It is important to critically review and assess if the potential export destination is suitable for your product or service. You need to determine if there is a market, if your product is competitive after determining the landed cost, and then the most cost-effective and time-efficient export strategy.

There are many resources available to help U.S. exporters.

[Download Video: Exporting Basics - Research The Global Marketplace](#)
[12MB]

Research Process

Start by collecting trade data to gauge market size. Look for where opportunities may exist, whether demand is increasing or decreasing, and if there is competition.

For smaller companies, identifying 3 to 5 potential markets might be a good number to explore. You may also group potential countries by largest markets, fastest growing markets, and smaller markets with high growth.

Then review country and industry reports to assess market conditions, opportunities and challenges. This will help you decide which markets represent the best opportunities and are worth the investment of additional resources.

Step 1: Develop Your Research Questions

If you are a **new exporter**, consider:

- How large are your potential markets?
- What countries/markets are currently buying products like yours?
- Who are your competitors, from which countries do they come, and how large are they?
- What are the required standards, testing, and certifications?
- Do your products (or their labeling or packaging) need to be modified for one or more markets?
- What duties, taxes, and other costs apply? What are the shipping costs and partner margins? What is the landed cost, or total export price?
- Is your price point appealing within the market? If not, what can you do to make it more appealing?
- What distribution channels are available?

If you are an **active exporter** considering a new export market, or re-assessing a current market, it is equally important to conduct this market research as conditions frequently change. For example, there could be different shipping costs, tariffs, and regulations affecting your business. The goal of market research is to learn about:

- The largest markets and/or fastest-growing markets for your product.
- The market trends and outlook for your industry in that country.
- The competitive landscape for your industry/product in that country, and potentially in region.
- The costs associated with getting your product from your facility to customers in another country, i.e. the landed cost.
- Any required product changes (and associated costs) to comply with the destination country's regulations and standards.

Step 2: Conduct Research

Primary market research is information collected directly from the foreign marketplace through interviews, surveys, and other direct contact with representatives and potential buyers. Attending trade shows (in the U.S. or in international locations), conferences, or other industry venues can be useful places for many primary market research conversations.

The advantage of primary market research is that you tailor it to your company's needs and specific questions. However, it can be time-consuming and expensive — and may not be comprehensive.

Secondary market research is information obtained from other sources, such as trade statistics or reports for a country or a product. This information tends to be less expensive, and in some cases, free.

Sources

Trade Data

To get a complete picture, look at both U.S. export statistics and a foreign country's import statistics for the past few years.

There are a number of resources online to help exporters find and use export and import data. These resources range from U.S. government sites to multinational organizations such as the United Nations, to foreign government sites. Additionally, industry associations may collect and compile trade data and make it available to members.

Many trade data resources use the [Harmonized System \(HS\) Code](#) to provide details on growth or decline of exports in general, as well as data related to specific products.

Foreign Import Statistics

Find and analyze foreign import statistics by country to see which countries are importing your type(s) of products. Also consider complementary products, especially if your HS code is very general. Foreign import statistics will help you get a better sense of the broad demand for your product(s) than U.S. export statistics typically will.

- Take note of which countries are importing the most of your type of product(s). You can look at overall value and the volume of imports.
- Look for trends to see if the import market is expanding or declining over the last few years.
- Identify smaller markets that are experiencing high growth despite lower import values. They may be emerging markets with less competition.

U.S. Export Statistics

Find and analyze U.S. export statistics by country to see which countries are importing your type of product(s) from the U.S. Again, use complementary products if your HS code is very general. U.S. export statistics can help you to identify markets that are more favorable markets for U.S. companies.

- Compare U.S. export statistics for your product(s) with the foreign import statistics. If the U.S. exports represent a larger percentage of the imports, it might be an indicator that the market has a preference for U.S. products and that market conditions are favorable to U.S. companies. For countries where U.S. exports represent a lower percentage, it could mean that there are market conditions that make it a more challenging market for U.S. companies. That does not necessarily mean it is not a good market for your products, but that additional research is required to look at market conditions.
- U.S. export statistics can also help to identify to which markets your domestic competitors are exporting, which can be helpful as you plan your market entry strategies.
- Review U.S. and state export level data, available through [TradeStats Express](#) to identify the largest export markets, which may reflect the competitive advantages of your state and/or historical trading partners. The data you find may help you also develop a competitive pricing strategy.
- If you are in a service industry, some [services trade data](#) is available.

Country-Specific Research

For countries, look up data on population size and makeup, per capita income, and production levels by industry. These are important indicators of market potential for your company's products. Resources for this type of information include, among others:

- U.S. Commercial Service [Country Commercial Guides](#) (CCGs)
- U.S. Commercial Service [Market Intelligence](#)
- [United Nations Statistical Yearbook](#)
- [The World Bank Data Catalog](#)
- CIA [World Factbook](#)
- [International Monetary Fund \(IMF\) Data](#)

Industry-Specific Research

For specific industries, find market information at:

- U.S. Commercial Service [Market Intelligence](#)
- U.S. Department of Commerce [Top Markets Reports](#)
- U.S. Department of Agriculture [Foreign Agricultural Service](#) (FAS)
- U.S. Department of Commerce [Office of Textiles & Apparel](#) (OTEXA)
- [Alcohol & Tobacco Tax & Trade Bureau](#) (ATTB)
- U.S. Department of Commerce [National Travel and Tourism Office](#)

Step 3: Review Potential Markets

For most small businesses, 3-5 foreign markets are enough - initially. You may want to test one market and then move on to secondary markets as your experience level develops. Additionally, it can be more cost-effective to focus on geographic regions rather than markets scattered around the globe.

Using the resources from your primary and secondary market research, evaluate the potential based on your research questions (above) and these additional factors:

- Consistent market growth, and/or industry sector growth in the other country
- Free Trade Agreement with the U.S.
- Specific region within the country to target instead of the whole country
- Demand for your type of product or related products to gauge overall consumption trends
- Presence of local or other international competitors
- Environment for your marketing material (costs of translation, does your product's name translate accurately?)
- Tariff or non-tariff barriers that might affect your product ??

Step 4: Develop an Export Plan

Once you have decided that your company is able to export and committed to it, develop your export plan with the data and insights you found. A customized export plan is a valuable strategic and operational tool for growing your export business.

You may conclude that your marketing resources would be applied more effectively to a few select countries. Exporting to a manageable number of countries allows you to focus your resources without jeopardizing your existing U.S. sales efforts.

Also, there are other items you should consider when [Selecting Your Initial Markets](#).

It takes time to build an international business - often months, and sometimes years, to see a return on investment. By committing to the written plan, you can help ensure that your company continues to work towards long-term goals.