EXPORT MANUAL –
A PRACTICAL GUIDE TO DEVELOPING EXPORT MARKETS

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A PRACTICAL GUIDE TO
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## CONTENTS

### INTRODUCTION

<table>
<thead>
<tr>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
</tr>
</tbody>
</table>

### 1. GETTING READY TO EXPORT

<table>
<thead>
<tr>
<th>Section</th>
<th>Description</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.1</td>
<td>The Benefits and Costs of Exporting</td>
<td>3</td>
</tr>
<tr>
<td>1.2</td>
<td>Export vs. Domestic Markets</td>
<td>5</td>
</tr>
<tr>
<td>1.3</td>
<td>The Right Approach to Export Market Development</td>
<td>6</td>
</tr>
</tbody>
</table>

### 2. PLANNING FOR EXPORT

<table>
<thead>
<tr>
<th>Section</th>
<th>Description</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>2.1</td>
<td>Managing for Exports</td>
<td>9</td>
</tr>
<tr>
<td>2.2</td>
<td>The Export Audit</td>
<td>12</td>
</tr>
<tr>
<td>2.3</td>
<td>Company Export-Readiness Assessment</td>
<td>12</td>
</tr>
<tr>
<td>2.4</td>
<td>The Export Market Analysis</td>
<td>17</td>
</tr>
<tr>
<td>2.4.1</td>
<td>Introduction</td>
<td>17</td>
</tr>
<tr>
<td>2.4.2</td>
<td>The Export Market Research</td>
<td>18</td>
</tr>
<tr>
<td>2.4.2.1</td>
<td>Phase One: Scanning Potential Markets</td>
<td>19</td>
</tr>
<tr>
<td>2.4.2.2</td>
<td>Phase Two: Assessing Priority Markets and Identifying Target Market(s)</td>
<td>21</td>
</tr>
<tr>
<td>2.4.2.3</td>
<td>Phase Three: In-depth Assessment of the Target Market</td>
<td>23</td>
</tr>
<tr>
<td>2.4.2.4</td>
<td>Estimating Market Size and Potential</td>
<td>25</td>
</tr>
<tr>
<td>2.4.3</td>
<td>Market Access Requirements and Market Entry Conditions</td>
<td>26</td>
</tr>
<tr>
<td>2.4.3.1</td>
<td>Preferential Trade Agreements, Import Duties and Regulations</td>
<td>27</td>
</tr>
<tr>
<td>2.4.3.2</td>
<td>Quality Standards, Consumer Health and Safety Requirements</td>
<td>30</td>
</tr>
<tr>
<td>2.4.3.3</td>
<td>Environmental and Labor Requirements</td>
<td>31</td>
</tr>
<tr>
<td>2.4.4</td>
<td>Identifying and Analysing Competition</td>
<td>33</td>
</tr>
<tr>
<td>2.5</td>
<td>The SWOT Conclusions</td>
<td>35</td>
</tr>
</tbody>
</table>

### 3. MARKET ENTRY STRATEGY

<table>
<thead>
<tr>
<th>Section</th>
<th>Description</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>3.1</td>
<td>Setting Export Objectives</td>
<td>1</td>
</tr>
<tr>
<td>3.2</td>
<td>Market Segmentation</td>
<td>2</td>
</tr>
<tr>
<td>3.3</td>
<td>The Export Marketing Mix</td>
<td>4</td>
</tr>
<tr>
<td>3.3.1</td>
<td>The Product/Service Strategy</td>
<td>5</td>
</tr>
<tr>
<td>3.3.2</td>
<td>Pricing Strategy</td>
<td>7</td>
</tr>
<tr>
<td>3.3.3</td>
<td>Distribution Strategy</td>
<td>13</td>
</tr>
<tr>
<td>3.3.3.1</td>
<td>Selecting the Market Entry Mode</td>
<td>13</td>
</tr>
<tr>
<td>3.3.3.2</td>
<td>Selecting Trade Partners</td>
<td>15</td>
</tr>
<tr>
<td>3.3.3.3</td>
<td>Export Logistics</td>
<td>19</td>
</tr>
<tr>
<td>3.3.4</td>
<td>Promotional Strategy</td>
<td>21</td>
</tr>
<tr>
<td>3.3.5</td>
<td>People</td>
<td>23</td>
</tr>
<tr>
<td>3.3.6</td>
<td>Process</td>
<td>23</td>
</tr>
<tr>
<td>3.3.7</td>
<td>Physical Evidence</td>
<td>23</td>
</tr>
</tbody>
</table>

### 4. EXPORT MANAGEMENT

<table>
<thead>
<tr>
<th>Section</th>
<th>Description</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>4.4</td>
<td>Managing for Exports</td>
<td>1</td>
</tr>
</tbody>
</table>
4.5. EXPORT SALES FORECASTS AND BUDGETING ........................................... 2
4.6. THE EXPORT ACTION PLAN ...................................................................... 3

APPENDIX 1: MACRO-ENVIRONMENT ASSESSMENT WORKSHEET ....................... 1
APPENDIX 2: MARKET RESEARCH ACTION PLAN TEMPLATE ............................. 3
APPENDIX 3: FACTORS TO CONSIDER WHEN SELECTING A QUALITY MANAGEMENT SYSTEM .................................................................................... 4
APPENDIX 5: SWOT ANALYSIS TEMPLATE .......................................................... 6
APPENDIX 6: GLOSSARY OF INTERNATIONAL TRADE TERMS ........................... 8
APPENDIX 6: THE EXPORT MARKETING PLAN (EMP) ....................................... 13
APPENDIX 7: USEFUL RESOURCES .................................................................... 15
INTRODUCTION

The complexities of international markets create many challenges and opportunities to businesses. Advances in information technology and communications, coupled with trade liberalization and the elimination of barriers to trade, have given goods, services and capital unprecedented mobility and created new business opportunities. These factors have increased the pressure on small- and medium-size enterprises (SMEs) in Jordan and across the world to adapt faster to changes in order to survive and be able to move outside of their trade borders.

The bilateral and multilateral agreements that Jordan is party to have created export opportunities by eliminating old barriers such as customs tariffs and tariff related quotas, and opening up new markets for domestic products and services. But the growing number of bilateral and regional free trade agreements resulted into an erosion of tariff-related benefits and competitiveness in the global market is increasingly determined by other factors, such as the effectiveness and efficiency in conducting business and the ability to meet the ever increasing requirements of quality, price, quantity, delivery standards of international markets.

Few Jordanian enterprises are in a position today to take advantage of the market opportunities provided by the preferential trade agreements. SMEs in Jordan are in large measure reactive to a particular business opportunity, especially in their export operations, and selling abroad is often done without proper planning and due consideration given to all the factors that determine successful export market development. So what can Jordanian enterprises do to capitalize on the market opportunities and improve export sales growth?

Export activities require that you take a strategic marketing approach to market development rather than just a sales approach. This means developing clear goals and objectives, and designing market entry strategies and action plans that will help you reach your goals and objectives. Going global means that you will have to change what you do, by modifying or adapting what you offer, who do you target with the offer, how you compete with other players in the market, where you allocate resources and the efficiency you allocate them.

This Export Manual is designed to provide managers and export managers with the knowledge and understanding of the export planning process and its complexities. The manual comes with practical information necessary to help them to develop export business plans and execute export operations on a sustained basis. The manual aims to enhance managers’ decision-making skills to enable them to progress through the exporting process, become more strategy oriented in their thinking and help them understand the need to develop the competencies that will not only prepare them to plan and implement sustainable exporting activities, but will also advance their general management and marketing skills.

The manual is designed for Jordanian growth-oriented enterprises, interested to learn about the process of developing international markets, and it aims primarily at: company’s senior managers and marketing directors, export managers and export marketing people and other sales and marketing staff which are involved in day-to-day export functions and provide support to export managers.

The manual consists of four chapters containing information on the fundamental components of successful export market development, as well as checklists, templates and information.
resources and references necessary to support your learning and export activities. The chapters are:

Chapter 1 - Getting ready to export – covers topics related to the benefits of exporting, the factors that an exporter needs to consider when making the exporting decision and information about the right approach to developing export markets.

Chapter 2 - Planning for Export – covers topics related to the export planning process, the situation analysis, including company export readiness assessment and export market analysis, as well as conducting the SWOT analysis.

Chapter 3 - Market Entry Strategy – covers topics related to setting export goals and objectives, market segmentation and positioning, as well as designing market entry strategies.

Chapter 4 - Managing for Export – covers topics related to management responsibilities, export sales forecasting and budgeting as well as the action plan for implementation.

In addition to the main chapters, the Manual contains useful worksheets, templates, practical information and links to information resources for exports.
1. GETTING READY TO EXPORT

Going global is a significant decision for many Jordanian SMEs, the majority of which are familiar with the domestic and, at best, with regional markets. It is estimated that the process of establishing an export business takes about three years, and requires significant resources as well as strong management motivation and commitment.

To succeed in international business, Jordanian managers must be aware of the market environment and industry forces that operate in the global market today, how these forces give rise to opportunities and challenges, and be able to adapt to these opportunities and challenges. Similarly important is to have the management and marketing skills, well-organized operations, and the knowledge and resources required to manage an international business effectively and efficiently.

The chapter covers topics such as:

- The benefits of exporting and the factors that you need to consider when making the decision to develop export markets
- Differences between export market and domestic market development
- What is export marketing and the right approach to developing export markets

1.1 THE BENEFITS AND COSTS OF EXPORTING

International trade brings economic progress by encouraging the transfer of skills and know-how, technology, products and services from one country to another. On a macro level, a country benefits from exporting because it helps reduce current account deficit and improve the balance of payments, increase foreign currency earnings, increase employment and income generation, improve productivity, develop the country’s know-how, infrastructure, production facilities and research, and, ultimately, place the economy on a more competitive footing.

At the microenvironment, or enterprise level, the benefits from exporting are associated with:

- Increased sales and higher profits
- Utilization of modern technology and increase of research and development activities
- Increased operations efficiency
- Utilization of excess production capacity
- Distribution of operating costs over a larger production output
- Maintained or expanded employment and workforce utilization
- Reduced production costs through larger volume purchases of raw materials and other production inputs
- Improved production quality
- New markets for existing product range and new opportunities for growth
- Improved understanding of how foreign markets operate, what do customers require, what do competitors do, new industry and technological developments, etc.
- Risks distributed among more than one market
- Cash generated for further new product development and improvement

On the whole, the knowledge and experience gained from exporting can build better businesses by stimulating the development of organizational capabilities and management systems that increase performance and give companies a competitive edge over the domestically oriented competitors.

While exporting to certain markets may look very attractive, the process of building a sustained export business is far from simple. Selling goods or services across borders to foreign customers is a decision that should be considered very carefully, taking into consideration all the options, risks and challenges associated with money, time, skills and dedication required. Not only is the quality of the delivered goods very important when dealing with international buyers, but it is also critical that the organization has the ability to maintain a stable and reliable flow of goods or services, at competitive prices, while meeting the ever-stricter market access, market entry regulations and standards.

In general, the costs associated with developing export markets are related to:

- Additional investments in production facility, technology, human resources, R&D, modern management systems and processes
- Additional quality control and quality assurance systems and procedures
- Compliance with the importing country’s standards and quality requirements
- Special packaging and labeling requirements
- Payment problems
- Credit and currency problems
- Investment in staff capability building for exports

**Going international requires:**
- A market entry strategy
- Ability to actively manage export activities
- Flexibility in adapting to customer needs and wants
- Systems and procedures that bring effectiveness and efficiency to operations
- Management’s long-term commitment
- Some competitive strength for the company/ product
- Internal capabilities to support exporting in the form of resources and skills.
1.2 EXPORT VS. DOMESTIC MARKETS

Developing export markets demands greater efforts to raise enterprise competitiveness and calls for extra resources compared to those needed for operating in the local market. As an exporter, you cannot treat sales to international customers as just another business opportunity, but you need to plan well in advance for resources and additional capabilities.

As you move into the global market, you are faced with increased pressure to demonstrate the value that you can add to your offer – your product or service. International marketing is about value creation, or about how you can boost the value of your product or service by focusing on your organization’s distinctive competencies and value-adding activities. International markets will require that enterprises improve productivity, the quality of products or services, the speed of their delivery, introduce and implement quality control systems and tools such as Total Quality Management (TQM), reengineering etc. Similarly important, as an export manager you must have a strategic marketing approach to exporting activities, including a written export marketing plan for the product or service to be exported. You will have to have clearly set export targets and tactics to reach those targets; you will have to have and apply new policies for pricing, packaging, labeling, product compliance, product distribution, promotion, etc.

As a manager, you have to build the necessary resources and align them to your organization’s overall goal and the export marketing objectives. Deciding how to allocate resources for marketing is particularly difficult in exporting, because decisions need to be made at many different levels—across countries, products, and all the elements of the marketing mix. The major decisions that managers will have to take are illustrated in the following figure.

Figure 1-11: Major export marketing decisions:

Each decision involves a number of considerations. The process of developing a market entry strategy alone involves considerations related to what will you offer, where and to whom are you planning to offer it, how will you promote the product in the market and how much you will charge for it.
It is critical to begin with a thorough and realistic assessment of your organization's resources and capabilities such as:

- The resources you have to respond to potential customers
- Your flexibility in deploying the resources, including plans for back-up
- Your ability to offer an export product that is the most appropriate to the needs and wants of the export market
- How well you can adapt your promotional approach to the export market
- The design of your market entry strategy
- How realistic you are about the export development process

1.3 THE RIGHT APPROACH TO EXPORT MARKET DEVELOPMENT

The main drive behind the marketing concept is the belief that organizations are more likely to succeed if they are focused on customers and how they can better fulfill customers' needs. Nowhere is marketing more important than in the global marketplace where competition is intense, and companies are constantly fighting for more market share. Thus, export marketing should be all about thinking from the point of view of the customer – being “customer-centric” vs. being “product-centric” (making something and then trying to sell it). Export marketing is about creating customer value, it is about identifying customers’ needs and developing offers that satisfying their unmet needs. Selling starts when you have a product or service; Marketing occurs before the company makes any product or service and it continues well after the product/service is sold; sales is an activity of marketing. Differences between the marketing and sales approach to export are illustrated in Table 1-1 on the next page.

To manage exports requires managers to carry out analysis, set objectives, formulate strategies, and manage the company's marketing functions (product, distribution, pricing and promotion decisions) designed to achieve the export objectives. The marketing function includes marketing research, product development, packaging and labeling design, promotional activities, determining competitive selling prices,
selecting proper distribution channels, after-sales services, etc. In other words, the marketing function determines the marketing mix elements - the 4Ps or the 7Ps:

**Product** strategy – including the quality of the product (quality of design, quality of conformance, marketable quality, operational quality, environmental quality, human aspects of quality), benefits, attributes, design of packaging, size, etc.

**Price** of the product – the choice of pricing strategy, discounts, payment terms

**Distribution (Place)** – selection of distribution channels, transport and shipping arrangements

**Promotion** of your offer in the marketplace – includes advertising, public relations, etc.

**People** – the people within your organization who are in contact with the customers, and who represent the company to the outside world

**Processes** – the sequence of events involved in delivering the product or service to the customers/consumers

**Physical evidence** – the proof that the product has been delivered to the customer. You can treat the appearance of your offer, your staff and your premises in the same way that packaging can be used to create or enhance your image.

An important function in marketing is the continuous monitoring of the results and improving the marketing mix to better fit customers’ needs, wants and expected benefits.

Table 1-1: Approaches to Export Market Development:

<table>
<thead>
<tr>
<th>Marketing Approach: Market Driven</th>
<th>Sales Approach: Product/Service Driven</th>
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<tbody>
<tr>
<td><strong>What does the market want? How am I going to fulfill their needs, wants, and expected benefits?</strong></td>
<td>Here is what my company offers, let’s find sales in a foreign country!</td>
</tr>
<tr>
<td>Markets are identified through comprehensive market research, and selected according to logical selection criteria.</td>
<td>My company is approached/selected by the buyer.</td>
</tr>
<tr>
<td>Focused efforts are directed to target markets; trade partners are appointed according to strategic objectives and a thorough research of the market.</td>
<td>Opportunistic approach to exporting – sell anywhere or to anyone who is interested to buy.</td>
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1 The 4Ps refer to products marketing, where the additional three Ps apply to services marketing
<table>
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<tr>
<th>Hands-on management of agents and distributors.</th>
<th>Hands-off management of agents or distributors (leaves much to them, complains that are not cooperative).</th>
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<tbody>
<tr>
<td>Export prices are based on strategic product positioning.</td>
<td>Export prices are based on factory costs plus a profit margin, apply one standard price list for all markets.</td>
</tr>
<tr>
<td>Products are developed or modified based on clearly identified needs and want of buyers.</td>
<td>Export products are the same as those sold in domestic market (“sell what we make”), with limited flexibility to customize products, packaging and labelling.</td>
</tr>
<tr>
<td>Communication, promotion budgets based on strategic objectives and derived from the marketing strategy.</td>
<td>Budgets are set as percentage of annual revenues, and not derived from strategic marketing decisions.</td>
</tr>
<tr>
<td>Export marketing and sales staff are well trained in exporting.</td>
<td>No special export training provided to staff.</td>
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The nature of management activities and business tasks remains the same whether you are exporting or not. However, their content may differ significantly if you are doing business internationally. Because the risks and uncertainty of international business are much higher than in domestic operations, all tasks – from export strategy design to managing export sales transactions – get more complicated. You will be faced with challenges related to dealing with diverse import and product requirements and regulations, international distribution systems, cultural factors, the many uncertainties related to competition’s reaction or responses to changing market factors, the constant changes in consumer behavior, etc. Following are some characteristics of export marketing and difficulties you may encounter in the process:

- Research data can be difficult to obtain and understand
- The size and complexity of information collected may create difficulties in choosing clear priorities of action
- None or limited knowledge of the target markets in available in-house
- The price of market information may be too expensive
- Cultural, legal, political and economic environment differs from home markets
- Competitors are difficult to analyze and therefore less predictable
- The cost of market entry – establishing distribution channels, advertising, promotion – may be too high, sometimes unaffordable
- Risks related to exchange rate fluctuations
- Market access requirements and entry regulations may be difficult to comply with
- Marketing skills, including foreign language communication skills are required
2. PLANNING FOR EXPORT

As we discussed in chapter one, the risk and uncertainty of international business is much higher than that of domestic operations. As a result, exporting requires detailed thinking, careful planning and getting the right information at the right time.

This chapter covers key issues related to the export planning process:

- It outlines the export management process
- Provides understanding about the export audit and its importance to export planning
- Provides the knowledge and tools to assess the organization’s export readiness
- Explains the importance of market research to identify and assess export opportunities, and provides tools and information to carry out market research and competition analysis
- Describes market access and market entry requirements and the importance of compliance with these requirements
- Explains the SWOT analysis and its use

2.1. MANAGING FOR EXPORTS

As in the domestic market, in international markets managers carry out activities of:

**Analyzing and Planning:**
- Decide what needs to be done
- Justify what needs to be done in terms of expected results
- Identify how things will be done
- Determine by whom they will be done
- Determine when they should be done

**Organizing and Executing:**
- Identify the resources needed for implementation
- Acquire and allocate them to each export task

**Monitoring and Controlling:**
- Develop measures to know when things are done
- Check that they are done satisfactorily
- Assess whether they should be done differently in the future
Planning is the first and most important function in the export management process. It involves making decisions about the acquisition and allocation of resources to the various business tasks and activities. If planning is not adequate, execution will certainly not produce the expected results. During planning, management will analyze:

- Where the organization currently stands with respect to performance, competition, market opportunities and capabilities to respond to these opportunities?
- Where should the organization be with respect to exports within a period of three to five years? and
- How will it reach that position?

The first question requires the analysis of the internal and external environment and competition, whereas the second question relates to formulating sound export objectives. The last question involves designing the appropriate strategies that will define the tasks and activities as well as the resources to carry out those activities in order to reach the export objectives.

### Box 2-1: Key considerations in developing export markets

Before embarking on developing export markets, you should make sure that your answers to the following questions justify the initiative:

- Is there a market for my products or services abroad? If there is no market for your products or services, or if there is a market but you are not able to meet the customers' demands and market regulations, there is no sense in exporting.
- Are we fit to export to that market? Your company's "export fitness" or export readiness is a key element that will influence your exporting success.
- What are our specific export objectives? Are they solid objectives, such as developing broader customer base or increasing sales revenues, or are they just an excuse to travel or an issue of prestige?
- Does exporting fit with our company's overall goals? Exporting objectives and strategies must be aligned with your company's mission, corporate goals and strategy.
- What will it cost to export? You should be able to make some cost estimates.
- What will we need in terms of resources? Do we have or can we acquire the necessary resources?
- Are we capable to manage export activities? You must have the qualified staff and systems and procedures in place to manage long-term export operations.
For the export strategy to be effective, it must respond to all issues that are likely to have an impact on the business and its international competitiveness. Having the right market entry strategy means that the organization will offer the right product to the target market, at the right time, with the right quality, through the right channel and at the right price. This requires the development of those elements within the organization that relate to outperforming or doing better than competitors in the target market. Ultimately, all planning activities will be brought together in an Export Marketing Plan (EMP), which should comprise of everything you have to consider for your export operations, and which will be an important strategic and tactical document in your organization. Without an export marketing plan you will not be able to manage effectively and efficiently your organization’s resources to produce and market the goods or services that customers want (see Appendix 6 for a suggested template of an EMP). The process of managing for exports is illustrated in the following diagram:

Figure 2-2: The Export Management Process:
2.2. THE EXPORT AUDIT

The process of strategic planning for exports is similar to strategic planning for the local market and starts with the management taking a critical look at the business and carrying out an analysis at the organization’s internal situation and the external environment in which it operates. This is called an “export audit” or “situation analysis” and can be done internally by management, with the support and collaboration of key members of the staff, provided that the assessment is done in an objective manner. However, companies often employ the services of an export consultant to conduct the assessment or provide guidance and support through the exercise.

The “internal environment” refers to a set of controllable factors within an organization that affect its success in the marketplace. The process of assessing the internal environment begins with an analysis of the managerial skills and organization resources in relation to marketing and sales, product/production, systems and operations. Internal analysis helps in determining which areas of the organization’s operations present strengths or weaknesses in relation to exports, so that the organization may use that information in future strategic export planning.

The internal analysis is done against the analysis of the external environment that affects an organization’s entry into a foreign market. Given the complexity of today’s world markets and the sophistication of consumer demands, the use of marketing research is essential if you want to conduct business with a foreign partner. The data collected through market research allows you to determine your potential market and the attractive segment within that market, design your organization’s best market entry strategy, as well as allows you to properly plan for entry into the target market and make the necessary adjustments to your marketing mix.

In general, the external environment analysis covers:

- **Macro-environment**: political/legal, economic, socio-cultural, demographic, environmental, technological factors
- **Market characteristics**: size, growth, trends, attractiveness, market access and entry conditions, prices, distribution networks, opportunities, etc.
- **Competitors**: who they are, their strengths, weaknesses, core competencies and market tactics
- **Customers**: segments, unmet needs, motivations, buying habits, etc.

After the company’s internal strengths and weaknesses are assessed against external opportunities and threats, the company formulates its export objectives, based on its competitive advantage and derived from the situation analysis (or export audit).

2.3. COMPANY EXPORT-READINESS ASSESSMENT

To prepare for exporting, you must first determine if your organization is indeed ready to start an international business. This step is called “export-readiness assessment” (or gap analysis) and involves examining management and marketing skills and competencies, the financial and human resources, as well as the product and production related aspects required to meet the needs of the target market.
Sometimes, Jordanian enterprises make the decision to export not necessarily for what are considered the right reasons. Export decisions are frequently associated with the national policy of trade liberalization and the consequent opening of foreign markets to Jordanian goods; however, these considerations are not always associated with the organization enjoying distinctive strengths, having a truly competitive product or a position in the local market that is indication of potential success in foreign markets. Often, the costs associated with the time and the resources necessary to moving into export operations are not taken appropriately into consideration, nor are the management skills and company’s capabilities objectively analyzed. Furthermore, when an assessment is conducted internally, subjectivity and lack of information about the foreign market environment lead some managers to believe that the company’s skills are more relevant than they really are, and that the products or services offered in the local market will be successfully exported as they are, without any modifications.

To assess the company’s export potential, managers must carry out an objective assessment of the internal factors that will influence the decision to enter an export market, and whether the company has the means to manage the exporting challenge. This is a strength and weaknesses analysis in relation to the company resources, operations and skills. Overestimating the company’s abilities can be very costly, particularly when planning to compete in new markets. The internal audit will help you decide whether you have the appropriate resources, skills and systems available, and what capabilities and capacities do you need to build before venturing into developing an export business. In general, export-readiness is assessed against the following criteria:

- **Management competencies and commitment to exporting:**
  - What is determining your decision to export? Do you have clear and achievable export objectives?
  - Are you committed to exporting? Are you aware of the risks and costs of exporting and are you prepared to commit the extra time and resources to develop export markets? Can you accept and apply changes in the company?

- **Competitive products/services, production capabilities and operations:**
  - International markets are very competitive, especially those in developed countries such as the United States or the European Union. What advantages does your product or service have that will set it above its competition?
  - Can the company keep up with the potential demand for products or services? How much can you produce? How reliable are your suppliers, and how efficient are the logistics? Going international means that goods have to be shipped across borders, and that will increase the risks and challenges
related to logistics, transport and suppliers. Do you have quality assurance systems on place?

- Adequate resources (financial, human, assets, informational):
  - Is the company financially stable? Export business will involve additional costs and delays in cash flow, and therefore the company must be able to build a relatively strong financial position in order to carry out exporting. Can you obtain the financial resources needed for any necessary expansion, such as production capacity or staff? Do you have enough cash flow to sustain you until the payment for your goods or services is received?
  - Does the company have the necessary staff for international operations? In order to manage the export operations effectively and efficiently the company must have the dedicated staff with experience and capabilities (foreign language skills, oral and written communication skills, education, contacts, etc) to conduct successful exporting operations.

- Sound management and marketing systems and methods:
  - Are your organizational and marketing practices suitable for exporting? What research are you doing to identify the market you’re going to enter?

Note: The above is not a comprehensive list of questions for assessment, but an example of the issues you must consider before embarking on export operations. For assessing your company's export-readiness, you may use the online “export readiness checker” provided by the CBI (The Centre for Promoting Imports from Developing Countries, The Netherlands) (you have to register to access online export tools or download market reports).

The results of the company's export-readiness audit will be entered in the strengths and weaknesses (S-W) matrix and will represent the basis for identifying ways to build on strengths, eliminate weaknesses and improve your chances of export success.

Motivated management is the primary key to export success. Starting from the premise that "where there's a will, there's a way", if the will exists then ways can be found to make a product or service better, acquire the necessary resources and qualified staff, quality assurance systems, develop better promotional tools, set up proper export operations, etc. Managers must be willing to commit longer time and more resources to develop an export business.

Products or services will not sell if they are not competitive in the target market. To compete, your product or service must match customers’ needs, but, more importantly, they must perform better than those available in the target market in meeting customers’ needs in relation to quality, price, or speed of delivery, service, etc. Are your products export-competitive? Though not a rule, if your product or service sells reasonably well in the domestic market, it may have more chances to sell in foreign markets. However, the foreign markets are likely to be more competitive, and therefore it is expected that you will need to
adapt your product/service, packaging and pricing to comply with regulations and compete in specific markets.

As a manufacturing or service provider, you will need experienced staff, modern equipment and machines to operate the business, and working capital to finance activities. You will have to research and develop potential markets abroad, and will need enough production capacity to be able to service export orders, as well as enough raw material, spare parts and other inputs to service the production needs. You will have to absorb added marketing and shipping costs, and may have to offer credit terms and wait longer for payments.

An export readiness assessment methodology that focuses on the company’s resources and the commercial instruments that it uses is the “Five Ms” audit method: Men, Means, Methods, Machines and Measurables, used in the CBI’s Export Planner.

☑ Checklist 2-1: The 5M Export Readiness Audit

<table>
<thead>
<tr>
<th>Parameter</th>
<th>Issues</th>
<th>Yes</th>
<th>No</th>
</tr>
</thead>
<tbody>
<tr>
<td>Men</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
| human resources and their skills | • Does management have the required motivation, mentality and qualifications to lead the company into exporting activities?  
• Is the know-how and experience necessary for exporting available in the company?  
• Are export skills and talent available at staff level? Is there any previous experience in exporting?  
• Will the staff be able to dedicate the time that export operations will require?  
• Does the export marketing and sales staff have the necessary oral and written communication and English language skills required?  
• Could the workforce be expanded at short notice? Does loyalty exist amongst the workers? |     |    |
| Means     |        |     |    |
| financial resources and performance | • How sound is the company’s financial situation? What is the liquidity and solvability? Is the return on investment healthy?  
• Could bank credit be obtained easily? Can the company ensure enough financial resources to provide for operational expenses for export? |     |    |
| Methods   |        |     |    |
| management methods, marketing skills and knowledge, operations, quality assurance and performance | • Is management committed to modern management techniques? Does it use modern management systems and methods?  
• How is the organization structured? Do suggestions and ideas from lower levels reach top management? How smoothly does the communication run through and reach all corporate levels? Is there a Management |     |    |
<table>
<thead>
<tr>
<th>Information System in place?</th>
</tr>
</thead>
</table>
| • How well does management exert control over operations: day-to-day or sporadically? How fast can management react to changes in demand? How often does the company benchmark against the competition?  
| • For which system of standards is the company certified? Does that include ISO 14000, SA8000?  
| • What about marketing tools, image, etc.  
| • Operations and logistics?  
|  
| Machines |  
| production process, machines, equipment, technical infrastructure |  
| • To what degree is the production capacity utilized? How large is it presently? Could it be expanded? Is skilled manpower available, or should they be hired and trained?  
| • How flexible is the production facility? Could expansion of the production be realized fairly quickly after the decision to start exports? Is it easy to switch from one product to another? Can goods be manufactured at a constant quality? To what extent is the equipment automated? How “accident-proof” is the machinery? Could it be quickly repaired?  
| • Is there quality assurance and performance monitoring?  
|  
| Measurables |  
| quantifiable situations or results of business |  
| • Does the company use ratios for measuring productivity, efficiency etc.? How do these ratios compare with the competition or the common standards?  
| • How are sales developing? Are they developing steadily or are there sudden up- or down-turns? Are the profits reasonable?  
| • Is there a cost-price calculation system in place? Are the costs higher, par or lower than the standard costs in the industry? How about the costs for storage, for cooling, or for energy: are they exceptionally high, normal or low?  

Source: Adapted from CBI's Export Planner
2.4. THE EXPORT MARKET ANALYSIS

This subchapter will emphasize the importance of understanding the external environment in which an organization operates and the factors – beyond the control of the organization – that influence the business and to which the organization must respond. It will address the following:

- what is export market research and analysis and why is it important
- what is the approach to market research
- what is the focus of market research
- sources of market research

2.4.1. Introduction to Market Research and Analysis

The key to export planning is market research and analysis conducted with the purpose of obtaining the market intelligence that you will need throughout the export planning process, starting from the point of setting your export objectives to the time of developing the market entry strategy and monitoring and evaluating your strategy. The more knowledge you have about your prospective markets and your potential customers and competitors, the more able you will succeed in your export activities. Market research helps you to identify export opportunities and it allows you to select and target only those markets that you can satisfy. Through market research you will be able to make informed decisions and appropriately design your marketing mix.

Box 2-2: The process of transforming data into intelligence during marketing research:

During the research process, you collect and organize the data and information according to your objectives, and by adding value at each step. Data is the “raw material” from which information is derived. It includes all kinds of facts in various forms and can be formal and informal (e.g. import/export data, economic indicators, sales, buyers, suppliers, etc.). After it is collected, data is sorted, filtered and converted into information. The information obtained is not enough in that form, but needs to be analyzed to arrive at a more complete picture of the market, with its opportunities and challenges. Adding value to information by further analyzing it to understand what it means and how it may affect you, will result in knowledge. Further, by predicting how the market will develop and what action to take, we transform knowledge into business intelligence. The following diagram illustrates the process of transforming data into intelligence:
Market intelligence is the result of gathering and analyzing information about the foreign market environment, identifying import regulations, standards, and other market access requirements, determining the economic, demographic, socio-cultural and technological factors, knowing consumer attitudes and behaviour, evaluating market size and demand, competitors’ activities, the distribution, logistics and legal aspects of doing business, as well as the pricing and financial implications involved in export transactions.

When selecting a target market, you have to take into consideration the company’s own resources or the potential to acquire them in the future. That means that markets should be selected not only with respect to how big an opportunity they present, but also considering whether the company has the resources to meet those market opportunities. Given the generally limited resources of an SME, you will have to prioritize markets in order to be able more effectively allocate these resources, and focus on the most attractive market to target.

Before you start market research, you must determine what exactly is that you want to know – in other words, what are your information needs and research objectives. This will determine the scope of the activity, its duration and, most importantly, the resources that you will need to dedicate to this activity. The process can and should be formalized, and carried out by using a ‘research action plan’ (see Appendix 2 for a suggested market research action plan template). As the planning and implementation of an export marketing strategy are processes that need constant evaluation and fine-tuning according to new developments in the markets, market research must be a regular activity, conducted continuously.

### 2.4.2. The Export Market Research

The export marketing environment constitutes a collection of factors – largely uncontrollable – that would affect your exporting activities. These factors may provide opportunities but may also present risks and obstacles to your exporting activities. Figure 2-3 provides an overview of the factors that are likely to have an impact on the company’s export activities.
The ultimate objective of market research and analysis is to understand the markets, identify opportunities and select your potential export market. To achieve that, the common approach is a three-phase process, detailed in the following pages. It begins with a broad view of the macro-environment in a number of markets to help identify a few countries that show most promising potential for your products. These will be analyzed further to help select one or more target markets presenting the best potential for your product. Then, you will have to segment the target market and focus your research further on details about competitors and customers. Graphically, the process of market research is represented in Figure 2-4.

The market research approach described above is used during the strategy design and the planning phase of the marketing mix (the 4 or 7 Ps). The most relevant outputs of this stage of the research, together with key relevant factors identified through subsequent detailed research described in the following pages, will represent the inputs for the Opportunities and Threats columns of the SWOT matrix. The SWOT analysis, as it will be shown later in this guide, constitutes the basis for defining clear export objectives and developing the strategies and plans to achieve those objectives.

2.4.2.1 Phase One: Scanning Potential Markets

This first phase consists of preliminary market research for gathering information on the macro-environment in a broader range of markets. These “macro-factors” can be grouped into areas such as: political/legal, economic, socio-cultural, and technological. The examination of these factors is usually called PEST² analysis. PEST is an appropriate strategic tool for understanding the “big picture” of the export market environment.

The result of this phase of market research will tell you whether there are exports opportunities for your product and which markets are more promising, will allow you to prioritize and rank a number of three to five countries that show more potential for your product or service and which are relatively easy to enter (these markets will be the scope of further assessment during the next phase).

What do we mean by opportunities and threats? Opportunities are current and future conditions in the respective markets that your organization might be able to take advantage of, while threats relate to present and future conditions that might pose a challenge for your

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² PEST is also known as: PESTE, PESTEL, PESTLIED etc., according the various factors added for analysis
exports. Existing government policies and import regulations can create barriers to entry, but healthy economic conditions may provide opportunities as consumers have higher purchasing power. If a country or a region is economically healthy that is likely to increase consumers’ purchasing power, while various population age-groups, for example, will affect how you position your product in the market. General factors that may impact the exports of your products or services and which may indicate the potential level of demand for your product or service in a country may include:

- Market size and market growth over several years
- Trade flows (indicating which countries are importing your type of product)
- Regulatory issues that impact on exports of your product (e.g. tariffs and non-tariff barriers such as product certifications, quality, safety and health requirements, etc)
- Economic issues such as levels and distribution of income, economic climate, interest rates, taxation
- Demographic factors – population characteristics and variables (sex, age, size of family, occupation, etc.)
- Level of technological development (e.g. R&D, innovation, knowledge)
- Cultural factors such as: education, business culture, language, cultural diversity
- Ease of exporting to or doing business in the market – proximity/freight costs, appropriate distribution channels, etc.
- Political stability and risks

A more detailed list of potential factors that may impact your exports is listed in the PEST diagram (see Figure 2-5). Depending on your product or service, some of the factors may play a more important role than others, and therefore, you may want to weight the relative importance of some factors over others. The macro-environment worksheet in Appendix 1 can be used for scanning the global market and comparing a number of potential countries according to the above criteria. You can add or delete criteria, according to its relevancy to your product, as you need to focus on markets that are most likely to bring promising results.

**Box 2-3: The PEST Analysis**

The PEST analysis is a widely used tool for understanding the macro-environment of the markets in which you may operate in the future, and to identify the opportunities and threats that lie within these markets. Figure 2-5 shows a PEST analysis diagram, with the potential factors that may affect a business.
2.4.2.2 Phase Two: Assessing priority markets and identifying target market(s)

From the results of your preliminary macro-environment research, you should now narrow down your focus to the three-five priority countries and conduct a more detailed research of these markets to select the most favorable one for your product or service. First, you should list the criteria relevant to your products to help you rank and prioritize markets.

It is useful to consider markets in terms of the potential size and the related reward, against the relative ease of access of different markets by your organization. While large markets are important and may provide more opportunities, they may be less accessible for a small or medium sized company, requiring considerable resources and time to develop. Therefore, a smaller, “easier” market could be more attractive and more worthwhile for you to focus on. This discussion leads to the concept of identifying the appropriate or optimum market size, or target market segment, and which will be addressed in the next chapter.

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3 You may have already concluded – based on some previous research - which market offers the best opportunities for your products or services. In that case, you can skip the first and second phase of market research and concentrate on the third one, which will cover a detailed analysis of the factors that you need to know.
Following is a checklist of criteria used in prioritizing and identifying countries and selecting the target market(s). You can rate each factor on a scale of 1–5 with 5 being the best, and then select a target market based on your ratings.

☑ Checklist 2-2: Criteria for prioritizing markets

<table>
<thead>
<tr>
<th>Criteria</th>
<th>Ratings (1-5)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Market size</strong> (what is the estimated market size for your products? You may start with the product group and then focus on the specific product; use figures on domestic production + imports - exports)</td>
<td></td>
</tr>
<tr>
<td><strong>Market developments and trends</strong> (How has the total market volume developed during the last 3-5 years? How have imports developed over the past 3-5 years?)</td>
<td></td>
</tr>
<tr>
<td><strong>What is the regulatory environment affecting your product’s access into the market</strong> (import regulations, duties, product, packaging and labeling compliance, any professional registration and certification that may apply to your product)</td>
<td></td>
</tr>
<tr>
<td><strong>Strength of competition, their advantage</strong></td>
<td></td>
</tr>
<tr>
<td><strong>Consumer attitudes and buying behaviour</strong></td>
<td></td>
</tr>
<tr>
<td><strong>What distribution channels have you identified for your product?</strong></td>
<td></td>
</tr>
<tr>
<td><strong>The range of product pricing in the market</strong></td>
<td></td>
</tr>
<tr>
<td><strong>The cultural environment of doing business in the target market, language</strong></td>
<td></td>
</tr>
<tr>
<td><strong>Political environment, risks</strong></td>
<td></td>
</tr>
</tbody>
</table>

**Information Resources for Macro-Environment Research:**

Most of the macro-environmental data is available on-line at official government sites, international development organizations, chambers of commerce, industry and trade associations, or may be obtained through the economic or commercial attachés of the respective Embassies in Amman.

- United Nations [http://www.un.org](http://www.un.org) and UN agencies e.g. UNCTAD, ILO, UNESCO, UNICEF, etc)
The U.S. Census Bureau [http://www.census.gov](http://www.census.gov) provides a variety of economic, social, demographic, and trade indicators on the U.S.

The U.S. Census Bureau’s International Data Base, IDB: [http://www.census.gov/ipc/www/idb/index.html](http://www.census.gov/ipc/www/idb/index.html) provides demographic data on countries and user-selected regions, years, population trends, estimates.


### 2.4.2.3 Phase Three: In-depth Assessment of the Target Market

Having identified the most attractive market for your organization during the previous phase, you will now carry out an in-depth research with a focus on the market identified as most attractive. While phase one and two can be conducted through desk research (either in-house or outsourced to professionals), the next phase usually cannot rely only on desk research, and has to involve visits to the market to learn first-hand and in detail about the situation there. You should gather information on:

- The market size (in units of value or volume), potential growth and predicted demand for your product or service.
- Market structure: supply chain participants, relationships between importers, distributors and suppliers, supply routes to consumers/end-users, etc.
- Competitors, their tactics, strengths and weaknesses and how they fit into that market.
- Potential for market targeting and segmentation, including describing market segments and which are the segments likely to be worth targeting.
- Consumers/customers (end-users and business buyers) needs, buying criteria, expectations for service, delivery, or technical support.
- Market trends that are likely to influence demand.
- Business practices, cultural habits, behaviors.
- Health, safety, technical, environmental and labor regulations that apply to your product.

Depending on your product, you may modify some criteria or add new ones if necessary. You may also use the following criteria for in-depth market research:
Checklist 2-3: Criteria for in-depth market research

<table>
<thead>
<tr>
<th>Factors</th>
<th>Comments</th>
</tr>
</thead>
<tbody>
<tr>
<td>Want are the market segments? (Description of the target group of consumers or potential buyers, geographical spread, other characteristics)</td>
<td></td>
</tr>
<tr>
<td>What is the size of the target market segment and growth?</td>
<td></td>
</tr>
<tr>
<td>What is the demand for your product in target market (segment)? Is it growing, mature, or declining?</td>
<td></td>
</tr>
<tr>
<td>Who provides the product in the market? Is it locally manufactured?</td>
<td></td>
</tr>
<tr>
<td>What distribution channels are available? Importers, distributors, agents wholesalers, retailers?</td>
<td></td>
</tr>
<tr>
<td>Who are the main importers, distributors?</td>
<td></td>
</tr>
<tr>
<td>Where are the products bought (by end-users)?</td>
<td></td>
</tr>
<tr>
<td>What product characteristics are most important for potential buyers?</td>
<td></td>
</tr>
<tr>
<td>Which factors influence the purchasing process (e.g. product quality, brand, image, price, convenience, support, etc.)</td>
<td></td>
</tr>
<tr>
<td>Who are the main competitors, and what are their strengths and weakness?</td>
<td></td>
</tr>
<tr>
<td>What changes will you have to make to your product for this target market (in terms of quality, size, packaging design, size, labelling, etc.)</td>
<td></td>
</tr>
<tr>
<td>Are there special regulations for packaging, safety, health and transport requirements?</td>
<td></td>
</tr>
<tr>
<td>What are the prices and the mark-ups at different distribution levels?</td>
<td></td>
</tr>
<tr>
<td>How products are usually transported to and in the market?</td>
<td></td>
</tr>
<tr>
<td>What are the normal promotion and advertising methods of these products?</td>
<td></td>
</tr>
<tr>
<td>What similar products (substitutes) are in the market?</td>
<td></td>
</tr>
</tbody>
</table>

Information Sources for In-Depth Market Research:

The most useful in-depth market information can be obtained through direct visits to the market. This includes: close observation of the market, the products of the competitors, consumers buying habits, and meeting with potential buyers, who can provide more accurate information about the product and packaging, labelling, size, pricing, promotional tools, advertising etc.
• The ITC’s Market Analysis and Research portal provides tailored market research and trade analysis through a number of web-based applications including: Product Map, Trade Map, and Market Access Map (registration is required, but free for developing countries): http://www.intracen.org/mas/?mn=0&sm=0?

• The CBI also provides a wide range of market information products related to the EU Market: www.cbi.eu

In some cases, trade associations in Jordan and in the country of interest are able to assist you with more specific information on product trends.

Useful sources for information on market developments are international trade magazines, which can be relevant for exporters who want to develop a better insight into the markets.

2.3.2.4. Estimating Market Size and Potential

Market size and market potential estimates are important for forecasting export sales data. Export sales forecasting is about predicting sales volumes and sales values based on the estimated potential in the target market. Market size estimates can be derived by obtaining data on the target market import statistics, industry production figures and agents or distributors sales performance. A good source for market size estimates are the distributors in the market, which can provide data on sales volumes of existing similar products in the market and consumers’ or users’ purchase and consumption trends.

Examining the growth of the market over the last few years will tell you if it is consistently growing or shrinking. Look at the last three to five years of production and import history for your product within the target market. Also look at trends and growth forecasts available in market research reports. Check what the industry or market research reports project about market potential and growth. Are imports increasing or decreasing? If the import numbers are increasing, this indicates that the market is expanding.

Making estimates on potential sales is more difficult for industrial products. If you are a supplier of industrial goods, a good estimate of the market size could be provided by your potential customer. Some starting points for developing sales estimates to industrial buyers are: trade associations data, organization accounts (if available), market research studies, import and local production statistics, etc.
Information Sources for Market Size and Demand:

There are many useful market surveys available on the Internet. The CBI has a large number of market information reports and surveys covering industrial and consumer products, available for free download. These contain information on total market size, market trends, growth patterns, buyers, distribution channels, market segments. To download a report, go to http://www.cbi.eu/marketinfo/cbi/.

The ITC’s Product Map http://www.p-maps.org/Client/Index.aspx provides information for effective international market research and business development on 72 industries ranging from agriculture machinery to cut flowers and wood products; overall, 5,300 products (HS 6-digit) traded by over 180 countries.

Sources for market intelligence are various industry associations, market research reports, industry sources, trade journals, etc. Paid market intelligence and consumer data reports are available at:

- Business Insights: www.globalbusinessinsights.com
- Mintel: www.mintel.com
- Frost and Sullivan: www.frostandsullivan.com
- Euromonitor: www.euromonitor.com

2.4.3. Market Access Requirements and Market Entry Conditions

As an exporter, it is important that you find out as early during the course of the research as possible whether there are any barriers to your products or services in any particular market. You may find out that some markets have strict regulations that would be very difficult to meet. Others, like the United States, the European Union and Arab countries for example, have free trade agreements with Jordan, which provides some advantages for Jordanian exporters. Yet the same countries may present difficult market entry conditions for a number of products (e.g. food and drugs).

Knowledge about the market access requirements for your products is important at all stages of the market research process beginning from prioritizing various markets and identifying the most promising ones, as well as during the later, more focused phase of market research when you will need to learn as much as possible about the specific target market. If a barrier does exist, you should determine how it may affect your access to the market, the pricing of your product or service, and the general costs of doing business in that market. Such information will help you choose one market over the other. In addition, the understanding of market compliance requirements and meeting those requirements can give you a competitive advantage among other suppliers.

Foreign market access regulations refer to tariff and non-tariff restrictions. Governments may impose these restrictions for a variety of reasons: to protect domestic industries from foreign competition, to protect the health and safety of their citizens, and to force importers to comply with environmental controls or meet local industry standards.
Market access conditions (i.e. legal and administrative conditions imposed by the importing countries under internationally agreed trade rules) determine the possibility of a product to enter foreign markets, and as such are a prerequisite for market entry to occur. On the other hand, market entry conditions (e.g. the relative cost and quality of the product, including environmental, health, safety etc. aspects) determine the actual ability of products to enter a market. The difference between market access and market entry conditions is illustrated in table 2-1 below.

Table 2-1: Difference between market access and market entry measures

<table>
<thead>
<tr>
<th>Market Access</th>
<th>Market Entry</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Multilaterally or bilaterally agreed measures:</td>
<td>• Multilateral, or unilaterally set by governments and/or industry: sanitary and phytosanitary measures, technical barriers, different rules of origin, and intellectual property protection.</td>
</tr>
<tr>
<td>tariffs, quotas, TRQs (tariff-rate quotas),</td>
<td>• Mostly privately instituted in the importing</td>
</tr>
<tr>
<td>import licensing procedures, anti-dumping</td>
<td>countries and outside the WTO: product and</td>
</tr>
<tr>
<td>measures and customs and administrative</td>
<td>quality standards, health and safety requirements, environmental measures, social and eco-labelling, etc.</td>
</tr>
<tr>
<td>procedures</td>
<td></td>
</tr>
</tbody>
</table>

Source: UNCTAD

It is very important that you know in advance and are able to comply with the market entry conditions as well. In fact, as a result of trade liberalization under the multilateral, regional and bilateral trade agreements and the subsequent elimination of tariffs, market entry conditions are becoming more strict and complex, and an increasing burden to exporters. As a result of Jordan being a WTO member and party to several multilateral and bilateral trade agreements, Jordanian exporters enjoy preferential market access to many markets (see table 2-2 on trade agreements). As such, concerns related to tariffs and quotas are of less relevance, and are being replaced by focus on how to meet the ever increasing and complex market entry regulations, which impact on the your product’s competitiveness and the ability to actually enter the target markets. The market access and market entry requirements will be discussed in the following pages.

2.4.3.1 Preferential Trade Agreements, Import Duties and Regulations

Jordan is party to several regional, bilateral and multilateral trade agreements for goods and services. These agreements cover topics such as market access, rules of origin, intellectual property rights, dispute settlement, antidumping and countervailing duties. A list of Jordan’s major agreements as well as ongoing negotiations for potential trade arrangements with specific countries is available in table 2-2. Detailed information on these agreements is available through the Foreign Trade Policy Directorate at the Jordanian Ministry of Industry and Trade.
Table 2-2: Jordan’s Trade Agreements

<table>
<thead>
<tr>
<th>Agreement</th>
<th>Date of Entry into Force</th>
</tr>
</thead>
<tbody>
<tr>
<td>Jordan-U.S. Free Trade Agreement, JUSFTA</td>
<td>December 17, 2001</td>
</tr>
<tr>
<td>Jordan-EU Association Agreement, Jordan-EU FTA</td>
<td>May 2, 2002</td>
</tr>
<tr>
<td>Pan-Arab Free Trade Area Agreement, GAFTA (Egypt, United Arab Emirates,</td>
<td>January 1, 1998</td>
</tr>
<tr>
<td>Bahrain, Jordan, Tunisia, Saudi Arabia, Sudan, Syria, Iraq, Oman,</td>
<td></td>
</tr>
<tr>
<td>Palestine, Qatar, Kuwait, Lebanon, Libya, Morocco, Yemen)</td>
<td></td>
</tr>
<tr>
<td>European Free Trade Agreement, EFTA (Iceland, Liechtenstein, Norway and</td>
<td>January 1, 2002</td>
</tr>
<tr>
<td>Switzerland, and Jordan)</td>
<td></td>
</tr>
<tr>
<td>Jordan-Singapore Free Trade Agreement, Jordan-Singapore FTA</td>
<td>August 22, 2005</td>
</tr>
<tr>
<td>Agadir Agreement (Jordan, Egypt, Tunisia and Morocco)</td>
<td>July 6, 2006</td>
</tr>
<tr>
<td>FTA with Canada is completed, pending official enforcement</td>
<td></td>
</tr>
<tr>
<td>FTAs with Turkey and MERCOSOUR countries are under negotiations</td>
<td></td>
</tr>
</tbody>
</table>

The benefits to trade that emerge as a result of the country's trade liberalization policies, make exporting your products to those countries appear more attractive, as it is the case with two of Jordan’s important free trade agreements: the Jordan – U.S. FTA and the Jordan – EU Association Agreement. However, these agreements not only eliminate duties and other barriers to free movement of goods and services, and thus provide preferential access of Jordanian goods to those markets, but they also regulate trade, setting the rules and provisions that will govern the flow of goods and services between the parties.

If you plan to export your products to those countries, you should first familiarize yourself with these agreements, their annexes and provisions to determine the tariff status for your products, understand the rules of origin requirements that apply, as well as determine other non-tariff requirements such as labor and environmental issues, intellectual property rights protection, etc.

Jordanian goods exported to the U.S., the EU, the GAFTA member countries and Singapore benefit from preferential treatment provided they comply with the preferential rules of origin requirements. For example, exports of goods to the U.S. are governed by Annex 2.2 on Rules of Origin of the Jordan-U.S. FTA. Under the agreement, the gradual tariff elimination

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4 For information on Jordan’s bilateral and multilateral trade agreements, text of the agreement and annexes, please visit the Ministry of Industry and Trade’s Foreign Trade Policy Directorate website: http://www.mit.gov.jo/Default.aspx?tabid=695

for all goods traded between the two parties started in 2001. Currently, virtually all exports from Jordan to the U.S. are duty-free. The remaining tariffs will be eliminated by January 1, 2010, when tariffs on all goods exported from Jordan to the U.S. and vice versa will become zero (exception is tobacco and products of tobacco and alcohol).

**Box 2-4: The Jordan-U.S. FTA Eligibility Criteria**

Eligibility Criteria:
“An article imported into the customs territory of the United States is eligible for Jordan-U.S. FTA preference if:

- It was wholly obtained or produced entirely in Jordan with no foreign inputs; or
- It is a “product of” Jordan, and the sum of (1) the cost of the materials produced in Jordan, plus (2) the direct costs of processing performed in Jordan is not less than 35 percent of the article’s appraised value at the time it enters the commerce of the United States. Materials produced in the United States that do not exceed 15 percent of the article’s appraised value may be applied toward the 35 percent threshold; and
- The article is imported directly into the United States.”

(Source: Jordan-U.S. FTA Annex 2.2 on Rules of Origin)

**Information Sources for Market Access Information:**

In order to determine the duty rate that applies to a particular product, you will need to know the Harmonised System code (HS code) that applies to it. The international Harmonised System uses a 6-digit number to classify goods.

In Jordan:
- To classify your product, you can obtain your product’s HS code from the Jordan Customs Department, either by contacting Jordanian Customs directly or by searching the Integrated Tariff System available at: [http://www.customs.gov.jo/](http://www.customs.gov.jo/)

In the U.S.:
- The Harmonized Tariff Schedule (HTS) of the United States available at the Tariff Information Center of the U.S. International Trade Center, USITC: [http://www.usitc.gov/tata/hts/bychapter/index.htm](http://www.usitc.gov/tata/hts/bychapter/index.htm). It provides a chapter-by-chapter listing of the HTS and general notes (including information about the Jordan-U.S. FTA)
- To find out what tariff applies to Jordanian goods exported to the U.S., visit: USITC Tariff Database: [USITC Tariff Database-Interactive (data current through January 1, 2009)](http://www.usitc.gov/tata/hts/bychapter/index.htm) or, Future Tariffs Lookup – Scheduled U.S. Tariff Reductions – which, in addition to the JUSFTA schedule, also contains future U.S. tariff rates under individual programs and agreements for comparison with other exporting countries.
- The USITC Interactive Tariff and Trade DataWeb provides international trade statistics and U.S. tariff data to the public free of charge [http://dataweb.usitc.gov/](http://dataweb.usitc.gov/)
If you plan to export to the United States, the U.S. Customs and Border Protection (U.S.CBP) provides all the information that you need to know about import regulations and compliance standards before shipping your goods. The U.S. CBP has a number of Informed Compliance publications (ICPs) in the "What Every Member of the Trade Community Should Know About: ..." series available at: [http://www.cbp.gov/xp/cgov/trade/legal/informed_compliance_pubs/](http://www.cbp.gov/xp/cgov/trade/legal/informed_compliance_pubs/).


In the EU:

- To learn about the EU market access requirements such as tariffs, taxes, rules of origin, customs documents and trade statistics, the European Commission provides the Export Helpdesk, a free online service to facilitate market access for developing countries to the European Union. [http://exporthelp.europa.eu/](http://exporthelp.europa.eu/)

- EU Customs Tariffs are also available on TARIC database: [http://ec.europa.eu/taxation_customs/dds/tarhome_en.htm](http://ec.europa.eu/taxation_customs/dds/tarhome_en.htm) where you can search EU import tariffs by product code and country of origin.

- Information about the market access aspects of exporting to the EU are available for download in CBI's Market Information Database: [www.cbi.eu](http://www.cbi.eu)

- The ITC’s Market Access Map ([http://www.macmap.org](http://www.macmap.org)) covers import tariffs and other measures applied by 185 importing countries.


2.4.3.2. Quality Standards, Consumer Health and Safety Requirements

Non-tariff barriers to trade in the form of quality requirements – both mandatory and voluntary –, the so-called “business-to-business standards” and conformity assessment systems are on the rise in global markets, especially in the developed countries. The need to comply with these standards creates additional concerns and burdens to exporters as compliance and certification can generate important additional costs with meeting these requirements and demonstrating compliance.

Foreign customers and consumers are demanding ever-higher levels of product quality, compliance with safety standards, performance, reliability and sustainability. Most buyers require their suppliers, especially those from developing countries to have a Quality
Management System (QMS) based on ISO 9001:2000. ISO 9001 specifies the requirements for a quality management system which enables you to demonstrate your ability to provide products that fulfill customer and applicable regulatory requirements. The Quality Management System (as described in ISO 9001:2000) requires the organization to have a quality policy, quality objectives and the processes needed to achieve these objectives. Quality management systems provide confidence to customers that your organization is well run and that your products will meet the specified requirements, including any product related regulatory requirements. Management is responsible to develop and maintain a quality system within the organization, and must provide adequate resources and operational processes to be able to realize the product according to customers’ expectations. Appendix 3 provides a list of factors to consider when selecting the quality management system that best applies to your organization.

Prior to doing any business with a supplier, foreign buyers are very likely to perform an initial supplier assessment and product safety review. They may conduct company audits, product testing and product specification compliance. Therefore, as a manufacturer or service provider, you should have in place programs and systems that show compliance with the importing country’s regulatory agencies. Moreover, these should be documented in order to be able to prove that the proper practices are carried out.

Some countries, such as the U.S. have product liability legislation which makes manufacturers, distributors and/or retailers legally responsible in front of consumers. To protect your organization from claims of defective manufacture of products, you must meet the regulations covering safety and quality standards, and may be required to get a product liability insurance policy. You have to consider these costs when you do your pricing.

2.4.3.3. Environmental and Labor Requirements

In addition to aspects related to product quality and consumer safety, environmental and social issues represent important determinants for success in accessing markets, especially the EU and the U.S. A growing sensitivity and awareness about labor, environmental and social issues (waste disposal, recycling, packaging, pollution, animal welfare, worker safety and welfare, child labour) determines the market’s acceptance of products. Voluntary ethical and environmental standards such as SA8000 and ISO 14000 can be regarded both a challenge and an opportunity: on the one hand, they may have a negative impact on producers/ manufacturers from developing countries such as Jordan due to the high costs of compliance, while on the other, improving the environmental performance of products and processes as well as workforce conditions can lead not only to improved production efficiency, but can also bring advantages to companies by projecting a positive image in the market and winning the trust of the buyer.

Care for the environment is becoming an integral part of international commerce. Environmental legislation has been developed to minimize and even ban certain substances and practices, while the industry, pushed by environmental pressure groups and consumer organisations, have developed ‘voluntary’ environmental standards. Environmental requirements can be both product- (product legislation and labels) and process-related (such as process labels and management systems). Implementing an environmental management system or becoming certified to label a product with a specific label may provide a competitive advantage. Some companies even demand this from their suppliers, while others may consider it an added value. Green marketing tools such as eco-labels and fair trade labels have also been developed, and labelling a product organic, may open up new opportunities in niche markets.

Social issues are also becoming increasingly relevant in developed markets and companies are being held accountable for their acts, as they are considered to have a moral obligation towards their workers and the society as a whole. Social issues refer to general labour conditions, such as minimum wage and maximum working hours, as well as health and safety of the employees. European trading partners in particular are increasingly requesting compliance with social requirements from their suppliers in developing countries. This is done through suppliers' declarations, social responsibility and social accountability schemes. As a consequence, social issues and social accountability - "social responsibility" - have become new elements in the importers’ and retailers’ assessment of suppliers.

Occupational Health and Safety (OHS), is related to the risks for employees in specific processes. It involves management and control of hazardous substances to protect employer’s health, and is a part of cleaner production process to prevent emissions to the environment.

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7 “Corporate Social Responsibility (CSR) is the continuing commitment by business to behave ethically and contribute to economic development while improving the quality of life of the workforce and their families as well as of the local community and society at large” (definition used by The World Business Council for Sustainable Development)
The Canadian Centre for Occupational Health and Safety: [http://www.ccohs.ca/](http://www.ccohs.ca/)
2.4.4. Identifying and Analysing Competition

Competitors will have a direct effect on the potential success of your export opportunities in a certain market. Knowing your competitor(s) is therefore an important part of your research and your export strategy because you need to know exactly who you will be competing against. To understand your competition, you should first identify who your main competitors are, learn about their products, their pricing, their distribution channels, who are their customers, what are their promotional methods, etc.

You can start by desk research to collect available data on the internet from market reports and various industry publications about local and foreign suppliers. After you identify your major competitors, you can search further to find useful information about their company, products, strategies, etc. Some information can be obtained from market reports, industry studies and articles, and from visiting company websites.

However, the most valuable information you can obtain through visiting the market and talking to distributors and buyers in the market; these can help you get a good insight into who the major competitors are, what trade channels do they use, are they local or foreign, how do they promote their products, how do they work with their customers, etc. Visits to the market should include and observation of the products in stores and on the shelf, to learn about their positioning – are they better quality than yours, is packaging more attractive or convenient? Distributors or retailers are actually the ones that can best describe the present competition in his area (of distribution) or store.

Trade shows can be also helpful for gaining contact with new customers and checking out the competitors. Once you gathered the information, you can then compile a list with your main competitors’ strengths and weaknesses. A competitor analysis is conducted by evaluating and rating their capabilities on the factors of the marketing mix. A checklist of important questions to be answered about competitors is available below:

☑ Checklist 2-4: Competitor analysis checklist

<table>
<thead>
<tr>
<th>Factors</th>
<th>Competitor A</th>
<th>Competitor B</th>
<th>Competitor C</th>
</tr>
</thead>
<tbody>
<tr>
<td>Who are your main competitors?</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Are they small firms or large corporations?</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Are they local manufacturing companies or foreign suppliers?</td>
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<td></td>
<td></td>
</tr>
<tr>
<td>What is the quality of their products?</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>What are their pricing strategies and tactics?</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>What are their brands or trade names? What is their reputation?</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>How do they position themselves in the market?</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>How is their packaging, advertising?</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
What trade channels do they use? Are they the same of what you are targeting?

What promotion tools do they use?

How are they supporting the distributors?

Do they have export or distribution house in the target market?

Information Sources for Competition Analysis:

The Internet is an excellent tool to conduct a competitive analysis. Use Google or Yahoo search engines and search by company name (company name.com). You can also try accessing on-line Yellow Pages and type in the company name or you can access companies’ website for various information on their products, services and reports. Industry data and market analysis can be obtained by subscribing to industry (e) newsletters.

Some general business directories are:

- Kompass: [http://www.kompass.com/](http://www.kompass.com/) - A business directory listing 1.8 million companies in 75 countries
- Thomas Net: [www.thomasnet.com](http://www.thomasnet.com) - A directory of US manufacturers and distributors organized by state and type of service/product. Brief company profiles include annual turnover, number of employees, product description, and online contact details.
- Yellow Book USA: [www.yellowbook.com](http://www.yellowbook.com)
- Kellysearch - Search over two million companies worldwide for product, service and company information: [http://www.kellysearch.com](http://www.kellysearch.com)
- Europages: [http://www.eubusiness.com/europages](http://www.eubusiness.com/europages) - the European B2B search engine, with over 900,000 European and international suppliers, manufacturers and distributors listed in its business directory
- CBI database of suppliers to EU form developing countries: [http://www.cbi.eu/?pag=4](http://www.cbi.eu/?pag=4)
- Demographic and competitive reports can be attained for a fee at Dun and Bradstreet's Web site [www.dnb.com](http://www.dnb.com).

Some widely used U.S. research sources include:

- The U.S. Department of Commerce [www.doc.gov](http://www.doc.gov) publishes the U.S. Industrial Outlook each year in January. It provides a general economic outlook by forecasting growth rates for the coming year and reporting on the production of the last year.
• The U.S. Census Bureau [www.census.gov](http://www.census.gov) publishes more than 100 current industrial reports on 5,000 manufactured products. Consumer Information Reports, better known as CIRs, provide information on production, shipping, inventories, consumption and the number of firms manufacturing each product.

For the Middle East: AME Info Business Directory [www.ameinfo.com/db/](http://www.ameinfo.com/db/) allows searching and browsing of database containing 300,000 companies.

Major business news providers are:
• CNN Financial News: [www.money.cnn.com/news](http://www.money.cnn.com/news);
• The Wall Street Journal: [http://online.wsj.com/public/us](http://online.wsj.com/public/us);
• Financial Times: [www.ft.com](http://www.ft.com)
• Business Week Magazine: [www.businessweek.com](http://www.businessweek.com)
• Entrepreneur Magazine: [www.entrepreneur.com](http://www.entrepreneur.com)

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You have now concluded the painstaking work of assessing the organization’s export readiness and analyzing the external market environment. The results of your findings are summarized in four lists, corresponding to one of the four quadrants of the SWOT matrix. You will probably have quite long lists of issues that you identified as relevant, so you will need to prioritize and select only those really important to your organization.

This approach helps you during the strategy design and the planning for the marketing mix (the 4 or 7Ps). The results of the market analysis will represent the Opportunities – Threats inputs for the SWOT (Strengths-Weaknesses-Opportunities-Threats) analysis, which will represent the basis for defining clear export objectives and developing the strategies and plans to achieve those objectives.

2.5. THE SWOT CONCLUSIONS

At this point, you should start drawing the conclusions of your export audit, by refining the results of your initial analysis and focusing your attention on the most relevant issues – no more than six to eight key strengths, weaknesses, opportunities and threats (use the SWOT template in Appendix 5). The SWOT analysis is a tool that you use as you move through the process of analyzing the organization's internal and external environments, identify new market opportunities and assessing your organization's competitive situation vis-à-vis the target market and competitors.

You need to determine what your organization’s strengths are in order to build on those things that your organization does well or has an advantage in, so that you can use them to build your value proposition to your customers. Weaknesses need to be determined in order to know clearly what they are and begin to eliminate or even turn them into strengths. It is important that the analysis is conducted without any bias to ensure that the conclusions are
reached objectively and they can be used to making sound decisions in relation to your export objectives and strategies to achieve those objectives. Only by correctly and objectively identifying the gaps between the market and customers’ requirements on one side and the organization’s current capacity and capabilities to meet those requirements on the other, will you be able to begin closing those gaps by allocating the resources across elements of the marketing mix. Given the highly competitive character of international markets, the organization should be always alert to any new developments and so it can adapt its tactics to keep ahead of competition.
3. MARKET ENTRY STRATEGY

A critical pre-requisite of any successful export market development is the design of a market entry strategy. This needs clear targets and tactics, based on the previous situation analysis, where the organization strengths and weaknesses, as well as the market opportunities and threats were analyzed.

The process of formulating the market entry strategy comprises of several steps illustrated in the following figure:

Figure 3-1: The Market Entry Strategy Formulation Process:

This chapter addresses a number of key issues in the development of a organization's market entry strategy and export market plan. These relate to:

- Setting export objectives
- Segmenting markets, targeting and positioning
- Approaches to entering foreign markets
- The elements of the market entry strategy and adapting the export marketing mix to international markets
- Organizational aspects related to export marketing

3.1. SETTING EXPORT OBJECTIVES

Before you start designing the market entry strategy, you must set the objectives that you want to achieve. Objectives are a set of clear, measurable targets or measurable outcomes to be achieved within a specific period of time.

A practical starting place when setting objectives is to imagine what success looks like in three to five years. Are you seeking to double your business? What are your objectives in terms of sales? What do you want your revenues and profits to be? Objectives must be closely based on the previously identified market opportunities and not simply as a response to the organization’s financial goals, and should be also consistent with the organization’s mission, objectives and capabilities.
Setting a target must be followed by thinking about the ways to achieve those targets and the resources needed. Determine the gap between where you are and where your projections suggest you will be in some years, and then think of the tactics that can be used to reach your targets.

After setting the objectives, you will determine the target market segment and decide how you will position your offer in the targeted segment. Then, you will develop your market entry strategy. The market entry strategy is important because it provides you with a strategic roadmap to follow when developing export markets. Key decision areas related to the market entry strategy development are related to the four elements of the export marketing mix: the product, pricing strategy, distribution strategy and promotional strategy.

3.2. MARKET SEGMENTATION

Before you go into developing the export marketing mix, you will have to identify a group of buyers to sell your offer to. Unless you have unlimited resources, your target market is not everyone who can pay and for your product or service. In other words, you cannot be everything to everybody, and therefore, you should identify a market segment which offers the best opportunities for your product and where you can best satisfy customers and consumer needs. Segmenting the markets into smaller groups to target will enable you to better match you offer with the customers’ needs, easier identify new opportunities and make more efficient use of your limited resources. Segmentation is based on the concept that customers in a specific segment have similar needs, purchasing habits and benefits they expect from the product.

Segmentation is a critical step in strategy design, as it will determine how the marketing mix elements are planned. A segment is worth targeting only if you can meet the needs and wants of your customers better than your competitors. When you look to identify a market segment, you should make sure that the segment:

- Consists of buyers who have the same needs, wants, purchasing habits and expect the same benefits
- It is of optimum size, meaning that is large enough for you to be profitable, and small enough for you to be able to serve effectively and become the only or preferred supplier.

- Competition should be either weak or nonexistent.

While segmenting markets, you need to keep in mind that there is difference between segmentation of consumer markets (business-to-consumer or B2C) and industrial/organizational markets (business-to-business or B2B). For example, if you are producing consumer goods, you might divide up your customers by age group and decide to target people aged 20 to 40 with your offer. You may divide them up by family size and find that you will better sell your products to married couples with young children. You may divide them up by economic status and target the group with an annual income between $25,000-50,000. You may also divide them up by geographic location and find that you sell most of your products to people living within one country, a region or city etc. It is possible to divide larger segments into smaller size segments to enable you to better design the offer to their needs. For example, you can start with a geographic variable such as France, then use socio-demographic variable, gender and income - career men between the ages of 35-45 with high disposable income -, and then use the lifestyle variable such as health consciousness. The segment you indentified is “French career men between the ages of 35-45, with high disposable income which are health conscious”.

Segmenting your market will not only give you a better chance to serve it, but you will be better able to make estimates on the target market size and potential sales, as well as better understand their needs and wants.

Segmentation Parameters:

**Consumer Markets (B2C)**

<table>
<thead>
<tr>
<th>Demographic</th>
<th>Age group : Children, teenagers, adults under 25, 25-34, 35-64, 65+</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Gender: Male, female</td>
</tr>
<tr>
<td></td>
<td>Occupation: Student, business person, manager, worker, farmer, other</td>
</tr>
<tr>
<td></td>
<td>Family size: Single, married, divorced, children under six, over six, married with no children home, etc.</td>
</tr>
<tr>
<td></td>
<td>Income: Under $30,000,$30,000-$50,000, $50,001-$75,000, &gt; 75,001</td>
</tr>
<tr>
<td></td>
<td>Other: education, ethnicity, religion, composition and distribution of population, trends in households</td>
</tr>
<tr>
<td>Geographic</td>
<td>Regions, countries, states, urban, rural</td>
</tr>
<tr>
<td>Psychographic</td>
<td>Consumer lifestyle (e.g. health conscious, physically active, opinions and beliefs, special habits: eating, cooking, shopping, exercising)</td>
</tr>
<tr>
<td>Behavioral</td>
<td>Occasions, usage, benefits sought, brand loyalty, price conscious, etc.</td>
</tr>
</tbody>
</table>

**Organizational buyers (B2B)**

<table>
<thead>
<tr>
<th>Size</th>
<th>Small, medium, large business</th>
</tr>
</thead>
<tbody>
<tr>
<td>General business type</td>
<td>Private, public, NGO Agricultural, industrial, consumer goods, etc.</td>
</tr>
<tr>
<td>Specific industry</td>
<td>Agriculture food, chemical, electrical, computer, financial services, professional services, education, engineering etc.</td>
</tr>
<tr>
<td>Buying decisions</td>
<td>An individual, a buying department or a buying team</td>
</tr>
</tbody>
</table>
While you will keep the needs of the consumer/end-user in perspective, you will be most likely selling to buying agents, importers, distributors, or wholesalers, and you will be in fact operating as part of someone else's business. Your buyer has a contract with his customer(s) and he needs to be sure that he will get a product at the quality required, at the right time and cost.

In business-to-business (B2B) markets, customer needs are different from those in consumer markets. In B2B markets segmentation is usually done based on geographical location or on organization size, purchasing behaviour or needs. Some businesses may want low cost and thus buying needs are price driven, others may need certain technical services, other may need them both, or are focusing on reliable delivery time, etc. When dealing with organizational buyers, you should also consider whose needs are you going to fulfill: the purchasing person's needs, the manager's, or the business needs of the organization?

For a newly exporting small- or medium-size enterprise with limited resources, finding an optimum size of the segment is particularly important. When you target foreign markets you will have to go after the buyers of your competitors or non-buyers. Both strategies will need significant resources, and make segmentation and identification of an optimum size market the more important.

In Jordan, most SME managers are defining markets according to geographic locations, such as the United States, the European Union, Gulf countries, etc. However, these markets are very large and complex, and therefore you must go some steps further and segment them according to various segmentation criteria until you obtain your optimum size segment.

3.3. THE EXPORT MARKETING MIX

After you have carefully segmented the markets and decided on the most attractive segment in terms of the opportunities it presents, you will design your offer – develop your export marketing mix according to what your target market wants. To be able to best match the company's competencies with the requirements of the target segment you must identify those value creation activities that you have or need to develop in order to best address the needs and requirements of the consumers in the target market. Ask yourself how can the company’s offering satisfy the needs of the target customers better than established market players? What is your value proposition in relation to your target market segment and vis-à-vis the products of competitors? You may have distinctive features of your product to consider as a value-proposition. As a new player in the market, you will be faced with challenges to create a good brand image through which to communicate the quality of your company's products and their distinctiveness vis-à-vis the products of established players in the market. On the other hand, you may promote yourself as a private label manufacturer, in which case you will have to cope with other challenges related to time to market, cost, quality, and larger quantity requirements.
Decisions related to your offer are crucial to your market entry planning. Your export marketing strategies will describe how you will position your product, how will you motivate your customer to purchase it, and how will you make the target market aware of your product. Positioning is the deliberate manipulation of the elements of the marketing mix to match the needs, purchasing habits and expected benefits of the selected group of customers. The strategies, therefore, will represent the most effective combination of the four or seven Ps —product, price, place, promotion, in addition to people, process and physical evidence if you are a service provider.

### 3.3.1. The Product Strategy

Your product or service is the most important element of the export marketing mix. What will make a foreign customer choose your product over the other available options in the market? Is it the quality, the design, the brand or image that it projects, is it the price or the convenience of purchasing or use, the after sales service, etc.? At this stage you should describe the characteristics of your product or service that meets the needs of customers.

By “product” we mean the product range or product portfolio that you will offer to customers, as well as the value-added factors that are needed to differentiate the offer from that of the competitors. Value-added factors refer to features that you as a manufacturer and supplier can build into the product:

- **Product design:** relates to product functionality, durability and ease of use. It also includes packaging and labeling design, as well as other features and designs to fit consumers' lifestyles, functional needs and esthetic pleasures.

- **Product quality:**
  - Consistency in quality, product performance, durability and reliability.
  - Marketable quality that brings customers satisfaction: image, unique features, benefits (formulation, ingredients, technology, performance, etc.)
  - Conformance with standards and specifications and compliance with industry and market requirements, whether in terms of the product itself, or the packaging and labeling.
  - Operational, process quality.
  - Quality can also include environmental quality that pertains to things such as ecology, clean air, waste, unpolluted waters, etc., or to the human aspect of quality such as quality of work life, quality of health, ethical and moral values, quality of education, culture, etc.
  - Ease of use and availability of servicing, warranties, and after sales support.
  - Brand and corporate image – confidence in brand and supplier.

Product quality is one of the key strategic elements of competitiveness in both domestic and international markets, along with price and delivery factors. Quality is also the pre-requisite for successful market access and for achieving continued customer satisfaction. You can
emphasize on the quality of the product, and the image associated with it by improving the production process, introducing new technology, new product development, new designs, formulations or applications. It is very important that you keep the quality of your offer consistent with the other elements of the marketing mix, in particular the pricing strategy.

One of the most important decisions will be about branding. Brands convey a message of quality, confidence, and reliability to the target market, and therefore, decisions about branding are very important. A brand is a tool which is used by an organization to differentiate itself from competitors. However, branding is a very expensive tool, especially for new exporters that need to establish a brand and promote it in a foreign market. Brands are built up over many years and with great investments in both marketing and production.

An alternative to branding is private label manufacturing, which is widely accepted by consumers in the global market, especially in the U.S., and the EU. The private label market is growing fast and presents good opportunities to exporters. In either case — selling under your own brand or manufacturing under private label — your focus should be on ways to differentiate you offer from those of the competitors.

The product strategy also includes packaging. Packaging is an important way for you to get your positioning message across, as well as a valuable promotion tool. This is particularly true in consumer goods marketing, where you will not only have to comply with government and industry regulations in terms of packaging, but also address customers’ buying motivations and habits, where you can use packaging to create an element of exclusivity to your offer. In developing your packaging strategy, you must be flexible to incorporate in the design of the packaging knowledge collected during your market research in terms of who will buy the product, what will be the purchasing occasion, where will the product be purchased, etc.? It is very important that you ask advice of your local distributor on aspects of packaging and presenting your product including the unit sizes, shapes, design and labelling. Your distributor should be a good and reliable source for information that needs to be included on labels, such as instructions on use, care and maintenance.

Customers will have certain product requirements and packaging specifications that will have to be made clear during negotiations. Therefore, you will have to check with your customer on all relevant points concerning the offer such as details on product and packaging and labelling, but also on issues such as size/volume and method of shipment.

The mode of packaging for export is different from selling in the local market, as you have to protect the products to reduce the risks of damage during transit and handling through the distribution chain. As you will have to adapt your product to fit customers’ needs and expected benefits, you will also need to consider if the packaging suits the market needs and if there is a possibility to improve packaging by improving the ease of handling and storage, such as through providing a convenient size of the shipping unit, improve the handling of the shipment, and provide clear information to help identify the product in warehouses.

Whether you sell consumer goods or industrial products, make sure that you provide added-value to your customer, and that you focus on what is special and different along the lines of your product benefits. Product benefits are the characteristics of a product that best address the needs and purchasing motives of the customer, or, simply put, product benefits are the
reasons why the customers would choose your product in the first place. You express your offer’s special benefit or uniqueness through your unique selling proposition (USP). There are many ways for an offer to be unique – from product features, to packaging, pricing, product support or after-sales services, fast and reliable delivery time, etc.

Production capacity is also a very important issue related to your product strategy because it affects delivery lead time, your responsiveness to buyers’ demands, the production unit costs, and ultimately your product’s competitiveness. If your organization is a small or medium enterprise already utilizing most of its existing production capacity to meet the demands of your current buyers, you will clearly face capacity constrains due to expanding your operations in overseas market. Therefore, you will have to plan to expand your production capacity to the level of estimated demand in the target market. Depending on the type of product and the resources that you have or will have to acquire, there are different options to deal with expanding your current production capacity:

- you can build extra space, and/or allocate resource for additional machinery, extra labour and production materials (most costly option),
- produce at a constant rate and use inventory as needed to meet demand (use the inventory to absorb fluctuations in demand, especially for seasonal demand),
- increase or decrease working hours, common when demand fluctuations are not very high,
- subcontract with other local producers – especially for farm products – while keeping control over quality and consistency.

3.3.2. Pricing Strategy

Pricing is a critical factor in the marketing mix and in achieving your export objectives. Pricing policies have strategic implications as prices affect marketing considerations such as product positioning in relation to consumers’ needs as well as the products of competitors.

When developing an export pricing strategy, you must consider what are the objectives that you are trying to achieve? Is it to maximize sales or to maximize profits (is volume more important than profit)?; is it to establish a market quality leadership (in which case there should be considerations for building the image of quality, so buyers will pay a premium price for a perceived extra value)? In terms of product positioning, the pricing decision will depend on whether the product is a luxury product that demands a high-price image, or it is a mass-market product that targets a less brand-conscious group of buyers, or it is an industrial product used as a component in other manufactured goods? In any case, you cannot set your company’s pricing objectives reactively when an export enquiry is received; it must be a proactive, well-thought business decision done well in advance and based on thorough market research and proper costing methods.

To come up with a price you need to consider factors such as: what customers are willing to pay for the offer, what is the market demand for the product, your production costs and the prices of competitors’ products, as well as your profit goals. During your market analysis you will ideally have identified your target customers’ profiles and found out how much you can
charge for your offer from these customers. Then, you should be well aware of the costs of producing your offer. Your prices need to be within a certain range compared to your competitors; it makes no sense to offer your offer much below the prices of your competitors.

How much are customers willing to pay? Generally, new exporters are in a situation when prices are already set in the market by competitors, and therefore they don’t have too many choices but to adapt to the existing prices. Prices levels of the competitors are determined based on similar criteria as your own, as well as the level of competition and existence of substitute products.

What prices do competitors charge? The intensity of competition usually puts pressure on pricing. Try to gain knowledge of your competitors' pricing policies during the competition analysis, to find out what do they charge for similar products and why they charge what they do. Based on that information, develop the upper limit of your price range. If you can differentiate your product from that of competitors, through quality or a unique selling feature, you should be able to price the offer at the higher end or above the existing price range. High quality or unique product may be able to obtain a higher price, as quality differences often result in price differences greater than the product costs will require. The product image is also an important price factor, and can increase the value of the product in the eyes of the customers.

How much does it cost to make your product? The cost of making a product includes all expenses incurred with its production and packaging (direct materials and direct labor, manufacturing overheads, administrative and management costs), as well as costs incurred with obtaining product certification, distribution (trade margins) in the market and sales promotion expenses.

What are your profit goals? You set your profit margins as a percentage above the production costs, or set the total profit figure for the entire business. A profit goal can guide decisions on the amount of your production and the price you will charge.

What is the market demand for your product? To price your goods according to demand you have to know more about the size and nature of your customer base and the intensity of demand for similar products, understand how customers may perceive the value of your offer and how much are they willing to pay for the perceived benefits, as well as the changes that may occur to these factors under the influence of various market factors.

To set your export price level you may use several pricing strategies:

1. **Cost-based pricing strategy**: is based on production and marketing costs. After the total costs have been determined, a percentage is added in order to provide a certain profit margin. The disadvantage is that it is focused on costs and does not take into consideration other factors such as customers' needs and demands. The focus in cost-based pricing is more in selling rather than sustainable, long-term export marketing. Cost-based pricing includes cost-plus and market-down pricing (see details on the following pages).

2. **Market-based pricing strategy**: in today's price sensitive markets it is more suitable to use a strategy based on demand and competitive factors in the
markets, than using a cost-based strategy. The main market-based pricing strategies are *penetration pricing* and *skimming pricing*.

- **Penetration pricing**: a penetration pricing strategy means charging a low price (applying a low profit margin) in order to gain market share. Companies using this strategy are focusing on achieving volume sales and gaining market share. The strategy is most appropriate when facing a price sensitive and growing market. A negative aspect is that you will also receive a low quality image which may hinder upward marketing later on.

- **Skimming pricing strategy** – it is opposed to penetration pricing and it is supposed to attract the most price-insensitive customers in the market. These customers are willing to pay more for the status connected to the product, but your product features such as quality and image must support the high price of the offer. This is the case for specialty goods, such as organic products for which consumers are willing to pay a premium price associated with the image.

3. **Competition-based pricing strategy**: it is based on the fact that markets are constantly changing and that it is important to benchmark against competitors and differentiate your offer from theirs in terms of the marketing mix. The more differentiated is your product, the more flexibility you are given to the pricing strategy because buyers will value your offer’s unique benefits (see USP). When choosing this strategy, it is very important to keep constant track of the changes in the market and in consumers’ buying habits and decisions, which can be quite difficult when dealing with overseas markets.

Among the possible pricing policies, the most common approaches used by exporters are the *cost-plus*(*bottom up*) and *top-down* (*or market-down*) pricing:

a) **Cost-plus pricing**: involves accurately assessing the cost of developing and producing a product or a service, and then adding the profit margin to give your company an acceptable return. Cost-plus pricing is the simplest and most widely used pricing policy. The principle is that the cost is calculated for each unit of production, and a mark-up is then added to this base cost to determine price, as illustrated in Table 3-1. This is a relatively low-risk approach, providing that all relevant costs and a fair distribution of overheads are included.

New exporters often set their prices to their distributor or agent on this basis, allowing the distributor to benefit from additional profits gained in the market. The major limitation of the cost price approach is that it may overestimate or under-estimate what the market will bear, resulting in reduced sales in the first case, or lost profits in the second.
### Table 3-1: Export Price Structure – Cost- Plus Method

<table>
<thead>
<tr>
<th></th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td>Factory cost of product</td>
</tr>
<tr>
<td>2.</td>
<td>Producer/ manufacturer’s profit</td>
</tr>
<tr>
<td>1+2 =</td>
<td>price ex-factory gate (or ex-work = EXW)</td>
</tr>
<tr>
<td>3.</td>
<td>Export documentation costs (certificate of origin, bill of lading or air waybill, etc.)</td>
</tr>
<tr>
<td>4.</td>
<td>Inland loading, transportation and handling costs</td>
</tr>
<tr>
<td>1 to 4 =</td>
<td>FOB price (Jordan port/ airport)</td>
</tr>
<tr>
<td>5.</td>
<td>Insurance</td>
</tr>
<tr>
<td>6.</td>
<td>Sea or airfreight charges</td>
</tr>
<tr>
<td>7.</td>
<td>Destination country dock, airport handling charges and fees</td>
</tr>
<tr>
<td>1 to 7 =</td>
<td>CIF price</td>
</tr>
<tr>
<td>8.</td>
<td>Import duties and taxes</td>
</tr>
<tr>
<td>9.</td>
<td>Clearing fees</td>
</tr>
<tr>
<td>1 to 9 =</td>
<td>Landed duty-paid price (DDP)</td>
</tr>
<tr>
<td>10.</td>
<td>Transport to importer/distributor’s warehouse</td>
</tr>
<tr>
<td>11.</td>
<td>Importer/ distributor’s mark-up covering:</td>
</tr>
<tr>
<td></td>
<td>• Sales and marketing</td>
</tr>
<tr>
<td></td>
<td>• Distribution</td>
</tr>
<tr>
<td></td>
<td>• Overheads</td>
</tr>
<tr>
<td></td>
<td>• Promotional activity</td>
</tr>
<tr>
<td></td>
<td>• Product support</td>
</tr>
<tr>
<td></td>
<td>• Profit margin</td>
</tr>
<tr>
<td>12.</td>
<td>Wholesaler’s margin or mark-up</td>
</tr>
<tr>
<td>13.</td>
<td>Retailer margin or mark-up</td>
</tr>
<tr>
<td>1 to 13 =</td>
<td>Price to consumer (retail price)</td>
</tr>
</tbody>
</table>

A note on mark-up or mark-down pricing: the profit margins of all intermediaries in an export transaction - importers, wholesalers, retailers - make up a large component of a product’s price, thus a small change (reduction or increase) in the FOB or CIF price may result in a much larger reduction or increase in the final price to the consumers.

**b) Top-down pricing:** this is achieved by making a top-down calculation, deducting all the elements of the assessed market price (price to consumer or end-user) of your product in order to arrive at the ex-factory price (similar to above table, but in reverse order). The ex-factory price less all your costs of producing and packing the goods for export will give a gross margin contribution. Obviously, after all these reverse calculations, the gross margin must be positive, as it is the profit that you will make. If the gross margin is negative, it means that you are selling at a loss. This method requires that you clearly establish all the elements of the market price, such as freight
and insurance costs, import duties and other taxes such as VAT, as well as margins of the importers, distributors, wholesalers and retailers.

A useful technique used for developing a pricing strategy is the break-even analysis, which determines the minimum product quantity the company needs to sell at a given price in order to cover total costs incurred with making the product. Any quantity sold in excess of the break-even point generates a profit, while any quantity smaller than break-even results in a loss. The technique is based on a separation of fixed and variable costs:

\[
\text{Break-even point in units} = \frac{\text{Fixed costs}}{\text{Unit price} - \text{Variable cost per unit}}
\]

Fixed costs are not directly related to the level of production and remain the same regardless of changes in level of production. Fixed costs include rent, insurance, depreciation on equipment, maintenance and repair and general overhead expenses. Variable costs change directly in relation to volume of production. Variable costs include: cost of materials and other production inputs, direct labor, electricity costs, and expenses directly related to the production of the particular goods.

As discussed in the previous subchapter on product strategy, the more special or unique is the offer and the more it is valued as providing benefits to the consumers, the higher is the flexibility you have in setting your export price. Conversely, the closer is your offer to a commodity-type product, the less is your leverage to set the price that you want, and the more is the market dictating what you may charge. An illustration of the various points on the price scale related to values that consumers see in a product in available in Figure 3-2:

![Price scale illustration](image-url)

**Product differentiation attributes:**
- Quality (performance, fit for use, durability, reliability)
- Design (uniqueness, features, packaging design)
- Image, brand
- Packaging/presentation
- Availability and convenience of purchase
- Service, support

**Commodity-type, non-differentiated product:** with price determined by basic features, and supply-demand factors
Appropriate pricing policy is important to positioning your product in the market, finding the right trade channel partners and ultimately achieving your revenue and profit goals. As such, when selling through a distributor you need to consider not only what the consumers or end-users want and are willing to pay, but, very importantly, consider what you trading partner’s objectives and buying motivations are. Distributors are usually very cost conscious, and they look at the costs incurred with supporting the product market, after-sales technical support, physical distribution, etc.

The best way to set export prices is by using a combination of cost-, market- and competition-based strategy: start from product development and manufacturing costs plus gross margins as the base for setting the price, but take into account and adapt prices to customer demand and perceived market value, while monitoring competitors’ prices and adapt your price accordingly.

The price is an essential tool in the marketing mix, but it is only one factor in customers buying decisions, and there needs to be consistency between product pricing and other aspects of the marketing mix. The price needs to reflect the position that you want to adopt in the marketplace. If you adopt a position of quality, you will need to charge a higher or premium price. If your product or service is regarded as mass-produced, and therefore of basic quality, then the price should be lower.

The negotiated price is dependent on the INCOTERM, the means of payment, credit terms and currency risk and agreed quantities, and the mode of the transport – shipping versus air. When negotiating the price of your goods, you will need to understand exactly what obligations and costs fall on you as an exporter, and on your buyer. You should obtain and study the International Commerce Terminology, commonly referred to as INCOTERMS, published by the International Chamber of Commerce. Appendix 4 lists all standard Incoterms with explanation on their meaning in terms of transfer of ownership and responsibility.

To support your export business, you will need to ensure that you have the money necessary. If most of your sales will be credit sales then payment could be delayed one to two months or even longer after the sale. Therefore, make sure that you plan and continually monitor your cash position to identify cash flow difficulties so you can make the necessary arrangements to secure the cash needed. To protect yourself against customer’s failure to pay, use payment methods that provide you with some security. Your bank will be able to provide advice on various payment options and their relative advantages, in addition to advice on the reputation of overseas banks that may be involved in the process.

In terms of payment, the following are the most common modes of payment in international trade:

- **Payment in advance (cash):** not common in international trade; risky to the buyer (e.g. the buyer makes a part payment in advance in order to cover for some expensive design work).

- **Payment on open account (O/C):** is risky to the seller; however, it is a common approach to payment, and it is based on trust that shortly after receiving the invoice, the buyer will pay. This mode may be accepted by the seller if additional security is
provided such as an export credit insurance or a payment guarantee is issued by a bank (the buyer or ‘principal’ asks the bank or the ‘guarantor’ to make a promise to the seller or the ‘beneficiary’ to pay money to him if the buyer fails to pay).

- **Payment by collection:** provides a certain degree of security, depending on the type of collection; the exporter passes the documents (i.e. bill of lading) that give ownership of the goods, through the banking system, to the importer’s bank.

- **Payment by letter of credit (L/C):** most international transactions are subject to payments by letter of credit; it offers exporter’s the greatest security and places greater risk on the buyer (if the goods are defective and have to be rejected on arrival, how is the buyer going to recover his money?) As soon as the seller delivers the goods (or at an agreed time afterwards), he can collect the money directly from the bank.

### 3.3.3. Distribution Strategy

#### 3.3.3.1. Selecting the Market Entry Mode

There are various modes for an organization to enter a foreign market to sell its products or services, based on the organization’s objectives, its resources, particularly the financial resources, the risks and benefits presented by various modes, and the particularities of the products and markets.

The least costly of all is indirect exporting carried out through a domestic export marketing house, individual trading companies, or consortia - groups of small or medium-sized enterprises that group together to market related products in international markets. Many small exporters, with limited staff and financial resources may find this modality as a good option in the early stages of the exporting process. Such a company functions as an export sales department representing your product along with various other manufacturers. An exporting organization normally performs market research services, identifies foreign distributors for your products, takes title of the goods and operates on a commission basis. These indirect modes of market entry usually require less marketing investment, but you could lose substantial control over the marketing process, and it is a less profitable method for market entry. Sales through an intermediary, however, may be a better alternative to the complex tasks and risk involved in direct exporting.

Direct exporting through market intermediaries such as importers/distributors or agents is the most common mode of entry into foreign markets by new exporters. It requires larger investment in marketing, but your degree of control over export strategies and operations is greater. In order to sell directly to customers in the foreign market, you will have to establish an export department within your organization. Selling through this export department creates an opportunity to better manage the whole exporting process and also establish a closer relationship with partners in the foreign market. In general, you cannot sell directly to the end-user, and therefore you must use a local representative an agent or distributor. The large majority of new exporters choose to work through agents and distributors.
Agent: An agent can represent your organization in the foreign market, and is responsible for making the sale and taking orders. Agents assume no risks or responsibility for your products. They are paid through sales commissions. You retain the customers, and you are responsible for the costs incurred by your agent. Agents do not import your product or hold stock. Some well-established agents have their own customer base, and some wholesalers may only buy through a certain agent. In most cases, a representative agent will be servicing both local and import accounts, as well as selling complimentary lines that do not compete. The agent utilizes the product literature and samples that you supply to him.

Distributor: A distributor buys the product from you and sells it to its customers, usually adding a margin or a mark-up to your export price. Distributors import and hold stock of your product. They also assume financial risk and generally provide support and service for the product. They tend to concentrate on products which are the easiest to sell and/or have the highest margins, so if your distributor carries a large range of products, sometimes yours may not get much attention. Distributors must maintain adequate facilities and staff for day to day operations. Investigate this option if your product requires maintenance or spare parts so you can make sure that conditions are met. A distributor normally may request territorial exclusivity.

Take time to select the right representative as changing a partner can be difficult and costly. It is important that you and your representative build a strong, positive relationship based on good communication. As an exporter, you are interested in strong market representation and a reliable distribution system that can function well. It is important to ask your potential partner what other product lines he represents. If these are too similar to your own there could be a conflict of interest, and your products may suffer at the expense of competitive brands.

Direct selling via Internet
Depending on the type of product or service you are exporting, you may consider selling directly to your target customers via the Internet. This method is becoming easier as consumers feel more comfortable making purchases over the Internet. The benefit of this method is that it allows you to test the markets without significant investment. It also avoids third party related costs and mark-ups and allows you to maintain direct control over your marketing. However, before deciding to use this method, you must decide if your product can be sold online and you must identify your target customers, and whether they buy online. Your must also check the costs of establishing an on-line export business and whether your freight costs may also be high if you choose to use this approach.

Establishing an overseas office
Establishing an office overseas can offer both increased control and efficiency. The office acts as importer and distributor, and provides a convenient point of communication for overseas customers. However this is a very expensive method and it is not normally the choice of new exporters. (Setting up a dedicated sales or marketing office in one market can cost several hundred thousand dollars per year or more. The costs can be even higher in markets such as the United States and Europe where costs of setting up a business are higher.)

Strategic alliance
Refers to different forms of collaboration between two firms including:

- Distribution arrangements
• Marketing or promotional collaboration agreements
• Design contracts
• Technology transfer agreements
• Joint product development
• Research and development (R&D) arrangements

A strategic alliance is often a less formal arrangement. Alliances do not result in the creation of a separate organization so each partner maintains its business independence. Each business contributes with some strength, such as technology or market access, so that the partners benefit from working together.

**Joint venture**
A joint venture usually refers to a company which is jointly owned by two or more businesses. Joint ventures normally have a higher level of commitment (e.g. funds, time). They are often used to get around a trade barrier that prevents your entry into a target market by your own. Instead of trying to establish a wholly-owned manufacturing or assembly subsidiary in an overseas market, you may prefer a joint venture where the local venture partner probably does the manufacturing. Access to technology, to distribution channels or even management skills are common forms of joint venture.

**Contract manufacturing**
Contract manufacturing refers to manufacturing all or part of a product under contract to the specifications of the customer. The relation is basically a customer-supplier one, except that the product is made under customer’s special specifications. The sales and marketing of the finished product remain the responsibility of the customer.

**Licensing**
Licensing involves making your products or services available, through a contractual arrangement, for another organization to produce or replicate. Licensing usually includes manufacturing and marketing rights, backed by intellectual property rights. Licensing can cover manufacturing systems and processes, software and technologies, products innovations, etc. This avoids the capital costs of manufacturing yourself, but the negative side is that you may have little control over who they sell to and may end up with a smaller profit.

**Franchising**
Franchising involves licensing your business format. This method particularly suits fast food, retail and service firms. The franchisee agrees to strict operational rules and you receive a royalty payment based on percentage of sales. Franchising can be a good way to expand your business rapidly with someone else providing the capital. You will need well-documented business systems and training manuals for potential franchisees. Consistent product, service delivery, branding and marketing are all vital when you sell the concept and product.

**3.3.3.2. Selecting Trade Partners**
Choosing the right distribution option depends in large measure on your product or service, the conditions in the target market and the long-term cost effectiveness and expected returns on each option, as each link in the distribution chain increases the final price to the end-user. Based on your type of products and its end-user, the distribution chain may be
very short – in case of industrial goods supplied directly to the customers, or long, as in the case of consumer goods, which require handling, storage by importers or agents, redistribution to wholesalers or retailers by (in-market) distributors, and final sales to end-users. In some cases, an importer can also be a distributor and a wholesaler, or it may resell to other distributors (sub-distributors) who in turn sell goods down the chain to wholesalers and retailers.

Examples of some distribution networks are illustrated in Figure 3-3 below:

Figure 3-3: Typical distribution channels

a) Example of industrial exports through agents or distributors:

Source: Adapted from CIM Handbook of Export Marketing

b) Example of consumer product exports through agents or distributors:

Source: Adapted from CIM Handbook of Export Marketing
Some important factors to consider when studying your product’s distribution needs are:

- Whether you can price the product for the end-user at the price he/she is willing to pay. The profit margins of all intermediaries in an export transaction (importers, wholesalers, retailers) make up a large component of a product’s price, thus a small change – reduction or increase in the landed price (FOB or CIF) may result in a much larger reduction or increase in the final price to the consumers.

- The physical distribution capabilities of the distributor – if the distributor is able and willing to handle the product, and the availability of various modes of transport (truck, rail, ship, refrigerated storage).

- The size of the distribution coverage, the number of distribution points (wholesalers, retailers) and geographic coverage.

- Traditionally established distribution infrastructures that may be available for certain type of products, and which could be mandatory.

- The distributor’s availability of after sales service or support if the product requires so.

- The promotional capabilities and the willingness of the distributor to promote the product.

Finding the right trade partner that best suits your needs and objectives and with whom you can establish a long lasting partnership built on trust and loyalty is a critical step in the development of your export market. You’re relying on trade partners to sell your products. If they prove to be poor performers, you could be stuck with them indefinitely. Therefore, it is necessary that you adopt a formal approach to selecting the right agent/distributor. It is also very important that you personally visit your target market to evaluate prospective partners and select the ones that can perform best for you. The following checklist includes some essential considerations in selecting an agent or distributor:

☑ Checklist 3-1: Factors to consider when selecting agents /distributors (partners = P)

<table>
<thead>
<tr>
<th>Factors to consider</th>
<th>Score</th>
</tr>
</thead>
<tbody>
<tr>
<td>Well established company with good reputation, credibility in the market</td>
<td></td>
</tr>
<tr>
<td>Company’s prior experience with target customers, good customer knowledge</td>
<td></td>
</tr>
<tr>
<td>Company carries similar product lines, has good sales track record</td>
<td></td>
</tr>
<tr>
<td>Does not carry products of competitors</td>
<td></td>
</tr>
<tr>
<td>Has good quality of its product lines</td>
<td></td>
</tr>
<tr>
<td>Has good distribution capabilities (good market coverage, national or regional</td>
<td></td>
</tr>
<tr>
<td>Company’s facilities are compatible to your product requirements (availability of storage facilities to carry inventory,</td>
<td></td>
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<td></td>
<td></td>
</tr>
</tbody>
</table>
good distribution to local outlets, e.g. cold storage, refrigerated trucks, etc.)

Has strong financial position (to finance sales and sales growth, to support or perform promotional and advertising campaigns, etc.)

Has after-sales service capabilities for customers/ consumers (for products that may need after sales service, distributor is able to service repairs)

Has the capabilities and willingness to support the company with regular marketing information (knowledge of market trends and demand, feedback on product performance and customers’ needs, buying habits)

Has the marketing capabilities and experience (staff skills, customer relations, sales planning activities, performance monitoring, etc.) to promote your product in the market, target potential customers, cooperate to formulate and implement your marketing plans

To identify potential distributors, you have to conduct research in your target market. The best way to locate distributors is through personal visits to the market, but before going to the market you can locate distributors through Internet search of databases and directories, trade publications, visit to trade fairs, membership in trade associations, participation in trade missions and the use of external consultants. Having selected a number of potential distributors, the evaluation of these and the final choice in selection is made by comparing distributors against the selection criteria in Checklist 3-1 above.

Once the trade partner is identified, you should develop strong, reliable and efficient channels of communications, and should regularly visit him in order to monitor his performance, but also monitor the markets and learn about new market trends, new product development, new compliance requirements, prospects for expanding the distribution of the produce to other, more attractive markets or developing other offers. There are various ways that you can support your trade partner:

- Set up regular and reliable communication channels
- Invite potential partners to field visits in Jordan
- Provide materials for promotional support (brochures, product catalogues, price lists, etc.)
- Provide technical support (if needed)
- Provide training (for product use)
- Motivate them through rewards.

**How to find foreign buyers**

- Exhibit at trade shows
- Participate in trade missions
- Pursue trade leads
- Advertise in magazines, trade journals
- Register with local trade promotion organizations and trade support institutions
- Targeted country visits
- Contact trade institutions, chambers of commerce in the target market
• Assist with product information, samples, etc.

Selecting the right distributor and signing a contract is obviously not enough. You will be concerned with your product’s sales performance, and therefore it is your responsibility to monitor and control the performance of your trade partner against the commonly agreed targets and objectives such as sales volumes and stock levels.

Often distributors and agents will ask for exclusivity and coverage of as many markets as possible. While it is understandable that a representative in a market will be upset to find a competitor taking advantage of the product development efforts already carried out by him if the arrangement is not exclusive, exclusivity agreements are not always to your benefit. If you give a distributor regional exclusivity and he cannot perform as expected in terms of volume of sales, it may be difficult to disengage later from the exclusivity agreement. When you agree to give exclusive rights to a distributor in a certain territory, you must balance this decision with your need to maximize your organization’s exposure to as much market as possible, and therefore, keep distributor’s exclusivity to a limited geographic coverage. Don’t assign exclusivity to large territories such as the whole of the United States or the European Union!

3.3.3.3. Export Logistics

Getting your product to market can be more complicated than you may expect. It is important that you understand the methods and costs involved so that you can structure the best possible cost-effective way for getting your products to destination. You also need to understand the services provided by freight forwarders, transport companies, courier and shipping companies and others in the freight industry.

Your chosen delivery method will depend on the type and value of your product and the urgency of delivering the order. Freight arrangements need to take account of manufacturing but also of buyers purchasing habits and their demand for quick delivery, which is increasingly ‘just-in-time’.

Consult a freight forwarder and customs broker at an early stage in your export planning as they can reduce many of the problems associated with exporting. An international freight forwarder moves your cargo to its overseas destination. Freight forwarders are familiar with the import/export rules and regulations of foreign countries, methods of shipping, and the documents connected with foreign trade. The cost for their services is a legitimate export cost that should be factored into the price charged to the customer. Freight forwarders can assist with an order from the start by:

• advising you of the freight costs, documentation, port charges, handling, insurance and other fees,— all of which help in preparing the pro forma invoice and price quotations; they also may recommend the best type of packing for protecting your goods during shipment to destination
• providing transport from the facility to the port/airport
• packing the product onto pallets
• preparing the necessary export documentation
Box 3-1: Export Documentation:

**Commercial Invoice**: Document required by customs to determine the true value of the imported goods, for assessment of duties and taxes. A commercial invoice (in addition to other information), must identify the buyer and seller, and clearly indicate the (1) date and terms of sale, (2) quantity, weight and/or volume of the shipment, (3) type of packaging, (4) complete description of goods, (5) unit value and total value, and (6) insurance, shipping and other charges (as applicable). The description of the goods on the commercial invoice must correspond exactly to the description in the letter of credit or other method of payment.

**Packing list**: Itemized list of articles usually included in each shipping package, giving the quantity, description, and weight of the contents. The packing list is used by the shipper or the forwarding agent to determine the total shipment weight and volume, and whether the correct cargo is being shipped. In addition, the foreign customs officials may use the list to check the cargo.

**Certificate of Origin**: Document that certifies a shipment’s country of origin. Under a number of free trade agreements (FTAs) that Jordan has signed with other countries, Certificates of Origin are required to grant goods produced in Jordan preferential duty treatment (visit the Foreign Trade Policy Directorate – FTPD/MIT for information related to preferential rules of origin and required documentation.)

**Bill of lading / Air waybill**: Document issued by a carrier, or its agent, to the shipper as a contract of carriage of goods. It is also a receipt for cargo accepted for transportation, and must be presented for taking delivery at the destination. A bill of lading is used for land and ocean freight, and an air waybill is used for air freight.

You will have to be prepared to inform the freight forwarder about the type of product you are shipping and the handling requirements, the product’s packing conditions in terms of how many units are per boxes, boxes per cartons and cartons per pallet, weight, special requirements such as temperature control (i.e. refrigeration), airfreight, direct shipment vs. transshipment allowed through other countries/ ports, deadlines for delivery, certain documentation. Special attention has to be given to products that claim preferential treatment, such as those under the Jordan-U.S. FTA or the Jordan –EU Association Agreement, and which need special documentation to prove rules or origin compliance.

You will need to insure your product against loss during transit or damage. You should also consider that the customer may return the shipment because you sent him the wrong product by mistake or the product was faulty or has been damaged during transit. Regardless of the reason, you may have to pay for the product to be returned to you, or you may pay for its disposal at destination.

It is necessary that you give issues related to logistics the necessary attention to ensure that:

- you can establish a reputation as a reliable supplier of quality goods, and
- you can build credibility with your customers by providing them with reliable shipments and the necessary service levels.

☑ Checklist 3-2: Logistic issues to consider:
3.3.4. Promotional Strategy

Promotion involves creating consumer awareness of the product. It is the communication function of marketing, communicating with the customer about the benefits of your offer. The need to promote a product and bring consumers’ awareness to it in the export market is more important than it is in the local market. Jordanian brands and products are very little known in markets outside the region, and therefore, the efforts associated with their promotion in export market could be quite significant.

There are no general rules relating to the level of promotional support in the export market, but you should examine well the target market in advance and develop your promotional strategy accordingly. Different promotional tactics’ impact may vary from country to country and type of product. In certain markets, for certain products participation in trade shows may be crucial, in others, catalogue advertising may be the most cost-effective.

The promotional tactics you use to build a market presence and create demand for your product or service will depend on a number of factors, including your overall objectives and your budget. Your promotional tactics will depend on whether you are going to sell through a trading partner such a distributor in the target market, or directly through the Internet. If you are marketing to consumers, you will need to research what they read, listen to or watch. If you are marketing to businesses, research industry-specific journals, websites or other media that might reach them. When you are targeting overseas distributors, your tactics might be designed to get an appointment or a meeting, or you may want to send a direct mailing package with brochures that you can follow up with a phone call.

Your website could be an important promotional tool, which can be designed to promote your products directly to your export market. Listing your company on online directories can also provide a good platform to bring awareness to your business and you products. Media advertising is generally expensive anywhere in the world so before looking to spend on an expensive advertising campaign look first for alternative ways of promoting your products.
Content about your product or service in professional or specialist trade magazines can boost your profile in target markets. Specialist trade publications often have a section profiling new and unusual products.

The traditional direct approach of personal contacts with potential buyers is one of the most effective promotional tactics. You tailor your package and samples and present them during your targeted market visits. These direct visits present a very effective way to understand your potential partners, and what their needs are. Often, these meetings could prove very successful, not only to build the partnership you are looking for, but it will also help you better understand the target market and what customers are looking for in your offer.

Business practices and cultural customs vary from country to country. To make a good impression and avoid the risk of offending (or being offended by) people, always research the cultural norms and accepted business practices before you make the visit.

Another effective promotional tactic is participation in international trade fairs specific to your industry. These trade fairs can be important for identifying market and product trends, meeting potential trade partners, and even initiate future partnerships. However, before you visit or exhibit in a trade fair, you must do a thorough research to find out who visits, who exhibits, how representative the fair is of the market, and how it is rated by other participants. Then refer back to your overall aims and select the fair that best suits your promotional objective. It is also useful to discuss potential attendance at shows with your contacts in the market.

In-market promotions allow potential customers to see a product in use, and even try it out for themselves. Such promotions may draw on point-of-sale material, sampling or tasting, competitions or other activities linked by some action or advertising. Seek the advice of your agent or distributor on appropriate and effective promotional tools. It is important to understand the sort of advertising or promotion most likely to work for your product or service in the local market when developing your promotional plan.

Once you have decided which tactics to use, it is important to assign responsibility for each task to ensure that they are implemented.

If you are a service provider, there are certain basic characteristics which differentiate your business from one which manufacturers a product. The extra elements added to the marketing mix are: People – those who provide the service, the Process – how the service is provided, and Physical Evidence – the environment in which the service is provided.
3.3.5. People

Services are provided by people for people; how these people are dressed, their personal appearance, and their attitudes and behaviour influence the buyers' perceptions about the service. If the people providing the services are inefficient, unprofessional, rude, or untidy, your customers' experience will be negative. Your strategies with respect to people should cover:

- Proper selection and training: are you recruiting the right people to work in the organization? Are you providing them with the adequate technology and equipment to do the job? Are they trained regularly for technical and interactive skills? Is their performance measured and rewarded?
- Internal Marketing: are you actively promoting a culture of service within the organization? This could include good service awards, staff newsletter, etc.
- Presentation: does your staff behave and dress in a manner that reflects well on you as an organization and on your service?

3.3.6. Process

The actual procedures and mechanisms by which services are delivered to customers are referred to as process. You will need to consider strategies to ensure that your team can deliver consistent level of services to all customers at all times. In a service industry, some busy or quite periods are unavoidable, and encouraging staff to follow routines will help to ensure that a good level of service is maintained, whatever the pressure of the moment.

3.3.7. Physical Evidence

The appearance of your organization's physical facility and that of your staff are as important as packaging used to create or enhance a product's image. As your product is intangible, personnel and premises are usually the only tangible elements a customer sees. Should your staff dress in uniform? Is there a unique feature about the building or location you can use positively? Can you create a brand image using distinctive décor? You may also consider other things that customers can take home with them as physical evidence of the services you provide. This could include CDs, videos, loyalty cards, certificates etc.
4. EXPORT MANAGEMENT

4.4. MANAGING FOR EXPORTS

Exporting will affect all your business activities, including your production and marketing departments, finance and logistics. As a manager, you will be faced with questions related to planning as well as the practical execution of export activities. These refer to issues such as who is responsible for the export department, is there international expertise available in-house, what is the organizational structure required to ensure that exports are properly managed, do you have the necessary staff, etc.?

The organization’s senior management should show leadership in setting export objectives and providing appropriate resources (including time and money) to support export activities, allocate time to managing exports and assigning qualified personnel to carry out the export transactions. Initially, the marketing and sales manager in the company will be responsible for monitoring the market trends, initiating the market entry activities and setting up channels of communication with potential trading partners, provided he/she has the skills and qualifications required. As soon as the export volume justifies such a move (anticipated within 2 years), a dedicated export department should be established, ready to undertake all export-related activities, to be headed by an export marketing manager and staffed with export sales staff with the skills and knowledge to carry out export marketing activities such as product planning, market research, export sales, managing foreign distributors, promotion and advertising. The size of the department will depend on the size of the organization and its exporting operations. In a small organization, the export manager could – in the beginning – do everything related to exports; however, in a larger organization the marketing manager alone cannot perform all export related activities, and therefore will need to be assisted by a team.

In order to establish the export department, you will need to know what are the tasks and the functional responsibilities of an export manager. In general, the export manager will be responsible with activities of export management, administration and planning. Typical export management responsibilities include:

- Setting export objectives and developing exporting strategies
- Achieving export objectives and targets
- Showing commitment, motivating staff and providing advice
- Identifying and prioritizing potential foreign markets for company’s products or services
- Selecting foreign agents or distributors, signing agreements with them, training them on the product/service and monitoring their performance
- Communicating company objectives and policies to foreign agents and distributors and maintaining motivation and commitment among them.
- Communicating effectively with agents and distributors through regular market visits, sales and planning meetings, data feedback etc.
• Conducting negotiations with foreign partners on products, product/packaging modifications, quantities, prices, advertising and promotions, special offers, etc.
• Forecasting potential export sales, set budgets
• Selecting and providing training to export and shipping staff
• Liaising with other departments concerned with product development, product costing and pricing, production planning, etc.
• Setting export terms of trade, prices, etc.
• Communicating internally with staff on objectives, strategies, plans, products, performance etc.
• Marketing new products and seeking out new product opportunities in foreign markets
• Developing expertise in foreign market rules and regulations (including those related to packaging, labelling, health and safety, market access requirements, customs regulations), ensuring product compliance and limiting exposure of the organization to risk
• Planning and investing in training and development for the staff
• Developing an incentive system for the exporting staff to promote effectiveness and continuity.
• Continuous planning and performance monitoring of the export plan; making the appropriate changes to the strategy and export plan

The “Organizational Structure” section of the Export Marketing Plan is the right place to describe the organizational structure, its management and the responsibilities and expertise of each person involved in export activities.

### 4.5. EXPORT SALES FORECASTS AND BUDGETING

An important aspect of planning for exports is to ensure that the organization has the sufficient financial resources – cash or operating line of credit – to support export activities. You should be able to establish costs and expected revenues and to determine how profitable your export activities will be.

Forecasting export sales of your products or services is the starting point for your financial projections. Use as realistic estimates as possible (based on market research as well as discussions with your agent or distributors in the market) to produce a useful export sales forecast. Prepare annual export sales forecasts over a two-three year period and monthly sales forecasts for the first year.

You will also need to prepare a two-three year export marketing budget to support your export activities over this period. The budget will highlight your financial requirements over the next two or three years, so you can determine the amount of funds needed for exporting activities.
4.6. THE EXPORT ACTION PLAN

The result of the many hours of planning your export market entry strategy is the export marketing plan (EMP). Putting it in effect, however, requires that you develop an "action plan" for implementation. The action plan has to be a detailed plan for the first operational year, comprised of each specific activity that needs to be carried out, when and which member of the organization will be responsible to carry it out, and at what costs. Gantt charts are often used to set activities, deadlines and assign responsibilities for the many decisions designed to enter export markets.

The action plan should be written in a way that it can easily be adapted to changing circumstances and strategy modifications. Such a plan never remains static: deadlines, budgets, and responsibilities should be open to constant review and refinement as you start to implement your export strategy and you face new or unexpected events in the market.
APPENDICES
**APPENDIX 1: MACRO-ENVIRONMENT ASSESSMENT WORKSHEET**

Rating: 1 = lowest, 10 = highest

<table>
<thead>
<tr>
<th>Market Factors</th>
<th>Country Rating</th>
<th>Weight</th>
<th>Score</th>
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</thead>
<tbody>
<tr>
<td></td>
<td>A</td>
<td>B</td>
<td>C</td>
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<tr>
<td><strong>Economic</strong></td>
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<tr>
<td>• overall level of development</td>
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<tr>
<td>• economic growth, GDP</td>
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<tr>
<td>• Income levels and trends (e.g. GNI per capita)</td>
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<tr>
<td>• Inflation rate</td>
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<tr>
<td>• Employment (unemployment)</td>
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<tr>
<td>• Consumer confidence</td>
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<tr>
<td>• Disposable income and expenditure patterns</td>
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<tr>
<td><strong>Political / Regulatory environment</strong></td>
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<tr>
<td>• Government view in relation to imports from Jordan? (e.g. preferential trade agreements)</td>
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<tr>
<td>• Tariffs, sales taxes, quotas</td>
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<tr>
<td>• Product control (ingredients, labelling, safety and health standards, environment regulations, etc)</td>
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<tr>
<td>• Documentation and import regulations</td>
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<tr>
<td>• Political stability</td>
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<tr>
<td>• Business and trade laws</td>
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<tr>
<td><strong>Demographic</strong></td>
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<td></td>
<td></td>
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<tr>
<td>• Population size, growth</td>
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<tr>
<td>• Population trends (number, age group, gender)</td>
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<tr>
<td>• Urban and rural distribution of population</td>
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</tbody>
</table>
### Socio-cultural

- Cultural differences (language, religion)
- Health care status
- Attention to environmental issues
- Cultural aspects that may affect the decision to export

### Technological

- Rate of technological change
- Type of technologies used

### Other

- Shipping distance
- Local production, imports, consumption
- Customers needs, desires
- Availability of intermediaries
- Competitive offerings

All the above indicators may be useful in assessing the market potential for your product. However, depending on the industry, you may have a few key indicators or measures that will help determine the industry/product strength and demand within an international market.
# APPENDIX 2: MARKET RESEARCH ACTION PLAN TEMPLATE

<table>
<thead>
<tr>
<th>Country/ Subject</th>
<th>Source</th>
<th>Start Date</th>
<th>Completion Date</th>
<th>Person Responsible</th>
<th>Budget</th>
<th>Status</th>
</tr>
</thead>
<tbody>
<tr>
<td>France</td>
<td>[Internet]</td>
<td>[…]</td>
<td>[…]</td>
<td>[A.B.]</td>
<td>[JD …]</td>
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<tr>
<td>• GDP per capita</td>
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<tr>
<td>• Inflation rate</td>
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<tr>
<td>• Domestic consumption (level, patterns)</td>
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<tr>
<td>• Production</td>
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<td>• Trade flows</td>
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<td>• Market access requirements</td>
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<td>• requirements</td>
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<tr>
<td>• Population growth</td>
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<tr>
<td>• Market potential</td>
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<tr>
<td>• Market trends</td>
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<tr>
<td>• Distribution</td>
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<td>• Prices</td>
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<td></td>
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<tr>
<td>• Consumer behaviour, lifestyles</td>
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<tr>
<td>• Technological developments</td>
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<tr>
<td>• Competitors</td>
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</tbody>
</table>

**United States**

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**Spain**

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**Singapore**

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**APPENDIX 3: FACTORS TO CONSIDER WHEN SELECTING A QUALITY MANAGEMENT SYSTEM**

<table>
<thead>
<tr>
<th>FACTORS</th>
<th>MANAGEMENT SYSTEM</th>
</tr>
</thead>
<tbody>
<tr>
<td>Improving the market image of your organization and increasing your customers' confidence that they will consistently receive products or services that meet their requirements.</td>
<td>Quality management system (QMS). For example, ISO 9001:2000 can be used to demonstrate to customers the existence of a QMS through third-party certification. ISO 9004:2000 can also be applied to improve the performance of your organization.</td>
</tr>
<tr>
<td>Reducing the impact on the environment caused by your organization's activities, products or services and demonstrating that your organization is environmentally friendly</td>
<td>Environmental management system (EMS), such as ISO 14001. This can be used by a organization for a self-declaration or to demonstrate to others, through certification, that an EMS exists.</td>
</tr>
<tr>
<td>Demonstrating your company’s ability to produce or supply food that is safe for human consumption (this can be compulsory in a number of countries for certain types of food companies).</td>
<td>Hazard Analysis Critical Control Point (HACCP) system, published by the Codex Alimentarius Commission. A HACCP system can be integrated with a QMS.</td>
</tr>
<tr>
<td>Controlling occupational health and safety risks in an organization to provide a safe working environment for employees; demonstrating conformity with an occupational health and safety management system to others.</td>
<td>OHSAS 18001:1999, Specification for Occupational Health and Safety Management Systems, jointly developed by the national standards bodies of Ireland, South Africa and the United Kingdom and 10 certification bodies. OHSAS 18001 can be integrated with ISO 9001 and ISO 14001.</td>
</tr>
<tr>
<td>Demonstrating compliance with social account-ability policies, procedures and practices to interested parties.</td>
<td>SA 8000:2001, Standard on Social Accountability, published by the Council on Economic Priorities Accreditation Agency (CEPAA) of the United States.</td>
</tr>
<tr>
<td>Meeting the technical conditions for submitting bids for specific contracts for project design and execution.</td>
<td>The choice of management system sometimes depends on contractual requirements. For example, some contracts funded by the World Bank require demonstration of compliance to ISO 9001 or ISO 14001 or both.</td>
</tr>
</tbody>
</table>

Source: International Trade Centre – ITC/UNCTAD-WTO, FAQs on export quality management
## APPENDIX 5: SWOT ANALYSIS TEMPLATE

<table>
<thead>
<tr>
<th>FACTORS</th>
<th>STRENGTHS</th>
<th>WEAKNESSES</th>
</tr>
</thead>
<tbody>
<tr>
<td>Loyal workforce or high turnover</td>
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<tr>
<td>Skilled professionals, difficulty in keeping or hiring skilled staff</td>
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<tr>
<td>Marketing skills</td>
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<td>Export marketing experience</td>
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<td>English language skills</td>
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<tr>
<td>Cash flow situation</td>
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<tr>
<td>Capabilities for process and product adaptation</td>
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<tr>
<td>Capabilities for expansion</td>
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<td>Management methods and systems</td>
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<td>Financial controls</td>
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<tr>
<td>Quality management systems</td>
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<td>Product compliance and certification</td>
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<td>Level of production efficiency</td>
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<td>Production automation</td>
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<td>Level of flexibility to product adaptation</td>
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<td>Preventive maintenance system</td>
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<td>Spare production capacity</td>
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<td>New product launches</td>
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<td>Sales growth</td>
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<tr>
<td>Customer satisfaction</td>
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<td>Employee retention</td>
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<tr>
<td>Shipping, logistics costs</td>
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<tr>
<td>Costs</td>
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<tr>
<td>Profitability</td>
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</tr>
</tbody>
</table>
### OPPORTUNITIES

- Market developments, size, demand
- Economic effects
- Demographics (population trends, age distribution, ethnicity, education, etc)
- Lifestyle trends, buying patterns, change in consumer tastes
- Number of competitors, strength of competition
- Competitors’ activities, intentions, capabilities, resources
- Political stability
- Trade regulations, import controls
- Regulatory issues, product compliance and certification
- Environmental effects
- New technologies, innovation
- Product development
- Market segments, niche markets
- Prices (advantages, disadvantages)
- Distribution (advantages, disadvantages)
- Shipping availability, reliability
- Shipping and logistics costs

### THREATS

- 
  
- 

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Many criteria can apply to more than one quadrant. Identify criteria appropriate to your own SWOT situation.
APPENDIX 6: GLOSSARY OF INTERNATIONAL TRADE TERMS

International trade has its own particular terminology. The following are general trade expressions that new exporters will encounter during their exporting activities:

**ad valorem rate**  
An import duty rate determined “according to the value” (ad valorem) or as a percentage of the value of goods cleared through customs; for example, 15 percent ad valorem means 15 percent of the value of the entered merchandise.

**air waybill**  
A bill of lading covering both the domestic and international portions of flights to transport goods to a specific destination. The air waybill serves as a non-negotiable receipt for the shipper.

**alongside**  
This refers to the side of a ship, i.e., goods are to be located on the dock or barge within reach of the transport ship’s tackle in order to be loaded aboard the ship.

**apparent consumption**  
Rough estimation of consumption, which is calculated by the production figure and adding the imports minus the exports and inventory level in that year.

**arrival notice**  
This document advises consignees (named in the bill of lading) that cargoes have arrived, the condition of the cargo if other than expected, and any charges due.

**balance of payments**  
Set of accounts that record a country's international transactions, and which always balance out with no surplus or deficit shown on the overall basis. A surplus or deficit, however, can be shown in any of its three component accounts: (1) Current account, covers export and import of goods and services, (2) Capital account, covers investment inflows and outflows, and (3) Gold account, covers gold inflows and outflows. BOP accounting serves to highlight a country's competitive strengths and weaknesses, and helps in achieving balanced economic-growth.

**bank guarantee**  
An assurance, obtained from a bank by a foreign purchaser, that the bank will pay an exporter up to a given amount for goods shipped if the foreign purchaser defaults.

**beneficiary**  
The person in whose favor a draft is drawn or a letter of credit is opened.

**bill of lading**  
A document establishing the terms of a contract between a shipper and a transportation company for freight to be moved between specified points for a specified charge. Usually prepared by the shipper on forms issued by the carrier, it serves as a document of title, a contract of carriage and a receipt for goods.

**bonded warehouse**  
A warehouse authorized by customs authorities for storage of goods where payment of duties on the goods is deferred until they are removed from the warehouse.

**bound tariff rate**  
A tariff rate resulting from GATT negotiations that are incorporated in a country’s schedule of concessions and are thus enforceable as an integral element of the WTO regime. If a WTO member raises a tariff to a higher level than its bound rate, the major beneficiaries of the earlier binding have a right to receive compensation; usually in the form of
<table>
<thead>
<tr>
<th>Term</th>
<th>Definition</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>cash against documents</strong></td>
<td>A payment method by which title to the goods is given to the buyer when the buyer pays cash to an intermediary acting for the seller, usually a commission house.</td>
</tr>
<tr>
<td><strong>cash in advance</strong></td>
<td>A payment method for goods in which the buyer pays cash to the seller before shipment of the goods. Usually required by the seller when the goods are customized, such as specialized machinery.</td>
</tr>
<tr>
<td><strong>certificate of inspection</strong></td>
<td>A document often required in connection with shipments of perishable goods, in which certification is made as to the good condition of their merchandise immediately prior to shipment.</td>
</tr>
<tr>
<td><strong>certificate of origin</strong></td>
<td>A certified document detailing the origin of goods used in foreign commerce. Usually required to qualify for reduced tariffs or duties, specified in the terms of a trade agreement</td>
</tr>
<tr>
<td><strong>collection</strong></td>
<td>An exporter draws a bill of exchange on a customer abroad and gives the bill to his/her bank to collect funds. The importer must be willing to pay. The bank charges a fee to collect payment, but is not liable should the importer refuse to release the funds</td>
</tr>
<tr>
<td><strong>commercial invoice</strong></td>
<td>Itemized list of goods shipped, usually included among an exporter's collection papers.</td>
</tr>
<tr>
<td><strong>consignment</strong></td>
<td>The delivery of merchandise from an exporter to a distributor specifying that the distributor will sell the merchandise and then pay the exporter. The exporter retains title to the goods until the buyer sells them. The buyer (distributor) sells the goods, retains a specified commission and then pays the exporter.</td>
</tr>
<tr>
<td><strong>consignor</strong></td>
<td>The seller or shipper of merchandise</td>
</tr>
<tr>
<td><strong>consumption per capita</strong></td>
<td>Consumption or retail sales in a country divided by the total national population.</td>
</tr>
<tr>
<td><strong>container</strong></td>
<td>A uniform, sealed, reusable metal “box” in which merchandise is shipped by vessel, truck or rail. Standard lengths include 10, 20, 30 and 40 feet. Containers of 45 and 48 feet are also used, as well as containers for shipment by air.</td>
</tr>
<tr>
<td><strong>copyright</strong></td>
<td>Protection granted to the authors and creators of literary, artistic, dramatic and musical works, and sound recordings.</td>
</tr>
<tr>
<td><strong>credit risk insurance</strong></td>
<td>Insurance which protects the seller against loss due to default on the part of the buyer.</td>
</tr>
<tr>
<td><strong>customs declaration</strong></td>
<td>A document that traditionally accompanies exported goods bearing such information as the nature of the goods, their value, the consignee and their ultimate destination. Required for statistical purposes, it accompanies all controlled goods being exported under the appropriate permit.</td>
</tr>
<tr>
<td><strong>data</strong></td>
<td>Data (primary and secondary) is the raw material from which marketing intelligence is ultimately derived. It includes all kinds of facts, complete or incomplete, in various degrees of accuracy and can be formal or informal (e.g. opinions, feeling, suspicions).</td>
</tr>
<tr>
<td><strong>distributor</strong></td>
<td>A foreign agent who sells directly in the foreign market for a U.S. community.</td>
</tr>
</tbody>
</table>
supplier and maintains an inventory of the supplier's products.

duty
See ‘tariff’

duty drawback
A partial refund of duties paid on importation of goods which are further processed and then re-exported or exported in same condition as imported.

export credit
Loan facility extended to an exporter by a bank in the exporter's country.

free trade agreement (FTA)
An agreement between two or more countries to eliminate tariff and nontariff barriers affecting trade among themselves, while each participating country applies its own independent schedule of tariffs to imports from countries that are not members. Examples are the Jordan-U.S. FTA, the Jordan-EU Association Agreement, and Jordan-Singapore FTA. GATT Article XXIV spells out the meaning of a free trade area in GATT and specifies the applicability of the other GATT provisions to free trade areas.

free trade zone
An area designated by the government of a country to which goods may be imported for processing and subsequent export on duty-free basis.

GATT
The General Agreement on Tariffs and Trade. The General Agreement on Tariffs and Trade is a WTO multilateral treaty which covers international trade in goods and provides a set of rules for trade policies and means for settling disputes among member nations. Working groups and working parties on sectors of activity covered by GATT are: agriculture, market access, sanitary and phytosanitary measures, subsidies and countervailing measure, antidumping, customs valuation, rules of origin, import licensing, investment, safeguards, information technology agreement (See WTO’s GATT page).

GATS
The General Agreement in Trade in Services is the first multilateral, legally binding set of rules covering international trade in services (see WTO’s Services trade page).

harmonized system (HS)
The harmonized system (HS) is a classification system for goods in international trade that provides a uniform system of product classification for all major trading countries.

import quota
A restricted amount of certain types of goods entering a country, usually maintained through licensing importers, assigning to each a quota, after determining the amount of goods or commodities allowed for that period. The license may also state the country from which the importer is allowed to buy, thus restricting free trade, but many times adopted by governments because of internal pressures from certain industries worried about competition.

intellectual property
The patents, trademarks, service marks, copyrights and trade secrets of a business are considered intellectual property.

letter of credit (L/C)
An instrument issued by a bank on behalf of an importer that guarantees an exporter payment for goods or services, provided the terms of the credit are met.
<table>
<thead>
<tr>
<th><strong>market intelligence</strong></th>
<th>Information resulted from the transformation of knowledge by predicting how the market will develop and how it can be acted upon.</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>marketing information system (MIS)</strong></td>
<td>Tool to collect, verify, analyze, store and regularly feed out information to those people responsible for making marketing decisions.</td>
</tr>
<tr>
<td><strong>marketing mix</strong></td>
<td>The unique blend of product/service, pricing, distribution and promotion strategies designed to reach a specific target market.</td>
</tr>
<tr>
<td><strong>MFN treatment</strong></td>
<td>The policy of nondiscrimination in trade policy that provides to all trading partners the same customs and tariff treatment given to the so-called most-favored-nation. The MFN principle has also provided the foundation for the world trading system since the end of World War II under the GATT and, since 1995, under the WTO Agreement.</td>
</tr>
<tr>
<td><strong>open account</strong></td>
<td>A trade arrangement in which goods are shipped to a foreign buyer without guarantee of payment, with 30-45 days accounts payable, for example. The buyer’s integrity must be unquestionable, or the buyer must have a history of payment practices with the seller.</td>
</tr>
<tr>
<td><strong>patent</strong></td>
<td>A right that entitles the patent holder, within the country which granted or recognizes the patent, to prevent all others for a set period of time, from using, making or selling the subject matter of the patent.</td>
</tr>
<tr>
<td><strong>pre-shipment inspection</strong></td>
<td>Compulsory quality, quantity and price control of goods prior to shipment from the exporting country, effected by an inspecting agency mandated by the authorities of the importing country. Price control is intended to avoid under-invoicing and over-invoicing, so that customs duties are not evaded or foreign exchange is not being drained.</td>
</tr>
<tr>
<td><strong>pro forma invoice</strong></td>
<td>An invoice prepared by an exporter before the shipment of merchandise informing the buyer of the kinds of goods to be sent, their value and important specifications such as size, quantity and weight.</td>
</tr>
<tr>
<td><strong>rules of origin</strong></td>
<td>“Rules of origin” are the criteria used to define where a product was made. They are an essential part of trade rules. The Rules of Origin Agreement requires WTO members to ensure that their rules of origin are transparent; that they do not have restricting, distorting or disruptive effects on international trade; that they are administered in a consistent, uniform, impartial and reasonable manner; and that they are based on a positive standard (in other words, they should state what does confer origin rather than what does not). In case of preferential trade agreements — for example, countries setting up a free trade area are allowed to use different rules of origin for products traded under their free trade agreement (such is the case with all bilateral and multilateral trade agreements signed by Jordan).</td>
</tr>
<tr>
<td><strong>quotation</strong></td>
<td>An offer to sell goods at a stated price and under stated terms.</td>
</tr>
<tr>
<td><strong>sanitary and phytosanitary measures (SPS)</strong></td>
<td>An agreement among WTO members on how governments can apply food safety and animal and plant health measures (sanitary and phytosanitary or SPS measures). Member countries are encouraged to use international standards, guidelines and recommendations where they exist. The agreement still allows countries to use different standards and different methods of inspecting products. If an exporting country can demonstrate that the measures it applies to its exports achieve the same level of health protection as in the importing country,</td>
</tr>
</tbody>
</table>
then the importing country is expected to accept (see WTO's SPS agreement). In Jordan, the SPS enquiry point is the Ministry of Agriculture.

**tariff**

A customs duty or tax levied on imports of merchandise goods. A tariff can be an ad valorem tariff (percentage of value) or a specific tariff (e.g. $100 per ton). Less often, a compound tariff made up of both of these elements applies. Tariffs are mostly levied on imports, but there are cases of tariffs on exports. Tariffs raise the prices of imported goods, thus making them less competitive within the market of the importing country.

**technical barriers to trade (TBT)**

The Technical Barriers to Trade Agreement (TBT) is an agreement amongst WTO members that tries to ensure that regulations, standards, testing and certification procedures do not create unnecessary obstacles. The agreement recognizes countries' rights to adopt the standards they consider appropriate — for example, for human, animal or plant life or health, for the protection of the environment or to meet other consumer interests. Moreover, members are not prevented from taking measures necessary to ensure their standards are met. In order to prevent too much diversity, the agreement encourages countries to use international standards where these are appropriate, but it does not require them to change their levels of protection as a result. Manufacturers and exporters need to know what the latest standards are in their prospective markets. To help ensure that this information is made available conveniently, all WTO member governments are required to establish national enquiry points. In Jordan, the TBT national inquiry point is the Jordan Institute of Standards and Metrology (JISM). See the WTO’s TBT page for more information.

**trademark**

A word, logo, shape or design, or type of lettering which reflects the goodwill or customer recognition that companies have in a particular product.

**value added tax (VAT)**

An indirect tax assessed on the increase in value of a good from raw material stage to final product for consumption. The tax is paid by those who increase the value of the items before they resell them. A system used by the European Community.

**WTO**

World Trade Organization. An international agency which encourages trade between member nations administers global trade agreements and resolves disputes when they arise. At its heart are the WTO agreements, negotiated and signed by the world’s trading nations and ratified in their parliaments. The goal is to help producers of goods and services, exporters, and importers conduct their business. As of January 1, 2009, the WTO had 153 members.

APPENDIX 6: THE EXPORT MARKETING PLAN (EMP)

After you had worked your way through all aspects of planning for export, you can bring them all together in an Export Marketing Plan (EMP). The Export Marketing Plan is an important document which provides a step-by-step roadmap for your export activities. It gives management a structured approach to achieve the organization's export objectives and it enables both management and staff to understand the organization's export goals and each one’s roles in implementation. A written plan will give direction to all your export activities through an action plan built on specific objectives, will set time schedules for implementation and the financial implications involved in export transactions, and will set milestones for monitoring the implementation and evaluation of the feasibility of the strategy.

The EMP is an important strategic and tactical document in your organization. Any EMP should include the following:

- Description of your organization and what it does.
- Which markets are you going to target?
- What is our competitive advantage?
- The challenges you expect in your target market concerning market access requirements and import regulations.
- The challenges you expect concerning the competition.
- The method of entering the market.
- The products you have selected for the international market and any modifications to the product, packaging or labelling that might be required.
- The distribution channels you will utilize.
- The pricing strategy and terms of sale.
- What communication and advertising tools are you going to use to market your product?
- What is the action plan to implement the strategies?
- Exporting costs and projected revenues.

The following is a suggested Export Marketing Plan (EMP) outline:

<table>
<thead>
<tr>
<th>The Export Marketing Plan (EMP)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Table of Contents</strong></td>
</tr>
<tr>
<td><strong>Executive Summary</strong></td>
</tr>
<tr>
<td>1. <strong>Company Audit</strong></td>
</tr>
<tr>
<td>1.1. Company background</td>
</tr>
<tr>
<td>1.2. Description of company's structure and management systems</td>
</tr>
<tr>
<td>1.3. Description of products and production processes, technology, production capacity</td>
</tr>
<tr>
<td>1.4. Description of company resources (HR, financial, physical assets, informational)</td>
</tr>
<tr>
<td>1.5. Description of marketing and logistics capabilities</td>
</tr>
<tr>
<td>2. <strong>Market Audit</strong></td>
</tr>
<tr>
<td>2.1. Description of the target market</td>
</tr>
</tbody>
</table>
2.2. Potential market segments
2.3. Market size, market growth potential
2.4. Consumer/end-user requirements (product design, quality, delivery time, availability, convenience of purchase, image, etc.)
2.5. Market access requirements
   2.5.1. Product standards, consumer safety and health related standards
   2.5.2. Packaging and labelling regulations, requirements
   2.5.3. Environmental and labour standards
2.6. Prices
3. Competitor analysis
4. SWOT Analysis and Conclusions
5. Export marketing goals and objectives
6. Market entry strategy
   6.1. The export product
      6.1.1. Technical aspects, standards, compliance requirements
      6.1.2. Quality standards and control procedures
      6.1.3. Product design, performance
      6.1.4. Brand, image
      6.1.5. Packaging and labelling requirements
      6.1.6. Terms of delivery
      6.1.7. Pre- and after-sales service (stocking, repairs, training, etc.)
   6.2. Pricing strategy
      6.2.1. The export price strategy
      6.2.2. Terms of payment policy
      6.2.3. Currency aspects
   6.3. Distribution strategy
      6.3.1. Trade partner selection
      6.3.2. Distribution, logistics
   6.4. Promotional strategy
      6.4.1. Key promotional programs and activities
      6.4.2. Recommend promotional tools and media
      6.4.3. Promotional plan
   6.5. Organizational structure
   6.6. Financial projections
   6.7. Action plan with detailed priority actions, resource planning, time frame
APPENDIX 7: USEFUL RESOURCES

A. International Resources

Market Information, Reports, Guides, Statistics

- Market surveys and guides –The CBI website (www.cbi.eu) and EuroITX (www.euroitx.com)
- The International Trade Centre –ITC/UNCTAD/WTO - Trade statistics and country profiles, market information for certain sectors, products (www.intracen.org)
- Information about U.S. and foreign standards, compiled by the American National Standards Institute: http://www.ansi.org
- U.S. Government Official Portal - links to federal and state agencies, US government information and services: www.USA.gov

International Organisations and NGOs

- UNCTAD -UN Conference on Trade & Development: www.unctad.org
- FAO, Food & Agriculture Organisation of the UN: http://www.fao.org
- CEN, European Committee for Standardisation: http://www.cenorm.be
- PRB, Population Reference Bureau: http://www.prb.org/
- IMF, The International Monetary Fund: http://www.imf.org/
• WTO, the World Trade Organisation: http://www.wto.org/
• World Intellectual Property Organization –WIPO: www.wipo.int
• World Fact Book http://www.cia.gov/cia/publications/factbook
• WorldWorld – world countries, news, other http://www.worldworld.com/
• Wikipedia Encyclopaedia: http://www.wikipedia.com

International Directories

• FITA Federation of International Trade Associations - directory of international trade associations in North America: http://fita.org/members.html
• Chamber of Commerce & Industry Directory, World Chambers Network: http://chamberdirectory.worldchambers.com/
• The International Chamber of Commerce (ICC): http://www.iccwbo.org/
• ICC’s Incoterms: http://www.iccwbo.org/incoterms/id3045/index.html
• Directories of national and regional trade promotion agencies around the world, compiled by the International Trade Centre: http://www.intracen.org/tpo/
• Chambers of Commerce in EU-member states: http://www.europeanchamber.com.cn/
• Credit reports on foreign companies - Dun and Bradstreet International Business Locator: http://www.dnbibl.com/mddi/ibl/
• Coface: http://www.cofacerating.com/
• EuroPages - provides access to 500,000 EU companies: http://www.europages.com/
• Retailers database Europe http://www.retail-index.com/
• European Business Register http://www.ebr.org/
• Kompass - A business directory listing more than two million companies in 70 countries: http://www.kompass.com/
• Hoovers - information on 10,000 public & private companies: http://hoovweb.hoovers.com/free/
• Kellysearch - Search over two million companies worldwide for product, service and company information: http://www.kellysearch.com
• Thomas Global Register: http://www.tgrnet.com/
• The Thomas Register of American manufacturers, distributors and service providers: http://www.thomasnet.com/
• Business Search Engine Guide- provides links to search engines, portals, and directories: http://www.searchengineguide.com/pages/Business/
• Alibaba – global trade leads: http://www.alibaba.com/
Other Useful Resources

- Glossary of Customs and Trade terms: http://www.asycuda.org/cuglossa.asp
- Sample Business Contracts: http://contracts.onecle.com/
- Juris International - Contract models for international trade: http://www.jurisint.org/
- Online conversion: http://www.onlineconversion.com/
- Business Netiquette International: www.bspage.com
- Guides to countries culture, etiquette, customs and protocol: http://www.kwintessential.co.uk/resources/country-profiles.html
- World Weather – weather conditions and forecast for any city in the world: www.weather.com
- Google language and translation tools: www.google.com/language_tools
- Online Newspapers – thousands of world newspapers: http://www.onlinenewspapers.com/
- World time zones: www.timeanddate.com/worldclock/
- Maps & References - topography, weather, satellite maps, subways, all over the world: http://www.cgrer.uiowa.edu/servers/servers_references.html
- Multi Maps: www.multimap.com

B. Jordanian Useful Resources

Government Ministries and Organizations

- Ministry of Agriculture: www.moa.gov.jo
- Ministry of Finance: www.mof.gov.jo
- Ministry of Foreign Affairs: www.mfa.gov.jo
- Ministry of Industry and Trade: www.mit.gov.jo
- Ministry of Information and Communication Technology: www.moict.gov.jo
- Ministry of Labor: www.mol.gov.jo
- Ministry of Planning and International Cooperation: www.mop.gov.jo
- Ministry of Transport: www.mot.gov.jo
- Jordan Industrial Estates Corporation – JIEC: www.jiec.com
- Companies Control Department: [www.ccd.gov.jo](http://www.ccd.gov.jo)
- Jordan Customs Department: [www.customs.gov.jo](http://www.customs.gov.jo)
- Department of Statistics: [www.dos.gov.jo](http://www.dos.gov.jo)
- Aqaba Special Economic Zone Authority: [www.aqabazone.com](http://www.aqabazone.com)
- National Information Technology Center: [www.nitc.gov.jo](http://www.nitc.gov.jo)

**Trade Promotion and Business Support Organizations**

- Jordan Upgrading and Modernization Programme – JUMP: [www.jump.jo](http://www.jump.jo)
- Business Development Center – BDC: [www.bdc.org.jo](http://www.bdc.org.jo)
- The USAID Jordan Economic Development Program– SABEQ: [www.sabeq-jordan.org](http://www.sabeq-jordan.org)

**Business Associations**

- Amman Chamber of Commerce: [www.ammanchamber.org](http://www.ammanchamber.org)
- Jordan Chamber of Commerce: [www.jocc.org.jo](http://www.jocc.org.jo)
- Amman Chamber of Industry: [www.aci.org.jo](http://www.aci.org.jo)
- Jordan Exporters Association, JEA: [www.jordanexporters.org](http://www.jordanexporters.org)
- The American Chamber of Commerce in Jordan, AmCham-Jordan: [www.amcham.jo](http://www.amcham.jo)
- Jordan Association of Pharmaceutical and Medical Appliances Manufacturers, JAPM: [www.japm.com](http://www.japm.com)
- Information Technology Association, Int@j: [www.intaj.net](http://www.intaj.net)