**Importing, Exporting, and Sourcing**

Global Marketing
Chapter 8

**Export Selling**
- Same product
- Same price
- Same promotion
- Different place

**Export Marketing**
- Tailor marketing mix
- Prepared for international customer tastes

**Successful Export Marketing**

- **Target Market**
  - Gain understanding

- **Market Research**
  - Identify market potential and nuances

- **Make Decisions**
  - Product Design
  - Distribution
  - Advertising
  - Pricing
  - Communication

**Level of Export Activities**

- No export activity
- Reactive exporting
- Proactive feasibility study
- Trial exporting to one or more market
- Experienced exporter in few markets
- Once success attained, expand to region focused marketing

**Potential Export Problems**

- Logistics
- Legal Procedure
- Servicing Exports
- Sales Promotion
- Market Intelligence

- Arranging transportation
- Documenting legal risks
- Documentation
- Financial information
- Product distribution
- Packaging

- Government Aid Programs
- Product liability
- Licenses
- Customs and tariffs
- Contact
- Agreements

- Post availability
- Advertising
- Market

- Legal
- Sales effort
- Trade

- Procedure
- Market information
- Import

- Services
- Sales
- Organizations

**National Policies Governing Exports and Imports**

- Most nations encourage exports and restrict imports.
- U.S. Chamber of Commerce can ONLY assist in export business.

<table>
<thead>
<tr>
<th>Country</th>
<th>Percentage</th>
</tr>
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<tbody>
<tr>
<td>China</td>
<td>32.5%</td>
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<tr>
<td>Vietnam</td>
<td>6.7%</td>
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<tr>
<td>Bangladesh</td>
<td>6.2%</td>
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<tr>
<td>Honduras</td>
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<tr>
<td>Indonesia</td>
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<td>Mexico</td>
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<tr>
<td>India</td>
<td>4.2%</td>
</tr>
<tr>
<td>Cambodia</td>
<td>3.9%</td>
</tr>
</tbody>
</table>

CAFTA 13.5%

Government Programs that Support Exports
- Tax incentives
  - Subsidies
    - Agriculture
  - Governmental assistance
    - U.S. Chamber of Commerce Export Assistance Program
- MFN status
- Free trade zones
  - U.S. has agreements with 17 countries
    - Israel
    - NAFTA (2)
    - Jordan
    - Chile
    - Singapore
    - Australia
    - Morocco
    - CAFTA (6)
    - Bahrain
    - Oman
    - Peru

Governmental Actions to Discourage Imports and Block Market Access
- Tariffs
  - Based on Harmonized Codes
  - Fees and charges
  - Most common method to control imports
- Import controls
  - Brazil prohibits the importation of China made shoes
- Nontariff barriers
  - Quotas: Number of units per year
  - Discriminatory procurement policies
  - Lack of resources available
  - Restrictive customs procedures
    - Inspection
    - Quarantines
  - Arbitrary monetary policies
    - Currency conversion
  - Restrictive regulations
    - CE Mark
    - FDA

Tariff Systems
- Single-column
  - Simplest type
  - All imports regardless of origin - equal
- Two-column
  - General duties
  - Additional special duties
  - Can be origin specific

Preferential Tariff
- Reduced tariff rate applied to imports from certain countries
- GATT (General Agreement on Tariff and Trade) prohibits the use, with three exceptions:
  - Historical preference arrangements already existed
  - Preference is part of formal economic integration treaty
  - Industrial countries are permitted to grant preferential market access to LDCs
- GATT is now the WTO – World Trade Organization

Customs Duties
- Ad valorem duty
  - Expressed as percentage of value of goods
- Specific duty
  - Expressed as specific amount of currency per unit of weight, volume, length, or other units of measurement
- Compound or mixed duties
  - Apply both ad valorem and specific on the same items
Other Duties and Import Charges

- **Anti-dumping duties**
  - Dumping is the sale of merchandise in export markets at unfair prices
  - Special import charges equal to the dumping margin
- **Countervailing duties (CVD)**
  - Duties charged on items given government subsidies in the home country
- **Variable import levies**
  - Usually applied to various agricultural products
  - Protects domestic producers
- **Temporary surcharges**
  - Short-term fees to protect industries in crisis
  - Can have positive impact on balance of payment deficits

Key Export Participants

- Foreign purchasing agents
- Export brokers
- Export merchants
- Export management companies
- Export distributor
- Export commission representative
- Cooperative exporter
- Freight forwarders
- Manufacturer’s export representatives

Organizing for Exporting in the Manufacturer’s Country

- Export partner
- Export department within international division
- Export department
- Export management options
- Part-time activity domestically
- All possibilities may exist within larger organization

Organizing for Exporting in the Market Country

- **Direct**
  - Control
  - Best in small scale operations
- **Representation**
  - Direct communication
  - Utilized market knowledge of intermediary

Export Financing - Methods of Payment

- Documentary credits (letter of credit)
- Documentary collections (bill of exchange)
- Cash in advance
- Sales on open account
- Sales on consignment basis
The U.S. Customs and Border Patrol inspects cargo. C-TPAT aims to have businesses certify their security and that of their partners. They get inspection priority.

Factors that Affect Sourcing:
- Management vision
- Factor costs and conditions
- Customer needs
- Logistics
- Country infrastructure
- Political risk
- Exchange rate, availability, and convertibility of local money

Sourcing:
- Must emphasize benefits of sourcing from a country other than the home country.
- Must assess vision and values of company leadership.
- Advantage can be gained by concentrating some of the marketing activities in a single location.
- Leveraging company's know-how.
- Tapping opportunities for product development and R&D.

Network Orchestration:
- Network of Suppliers
- Utilize network to handle challenges
- Natural disasters
- Currency exchange fluctuations
- Government policy changes