

# Export operations to the EU markets and advices of how to do it right

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**Abstract – Ukrainian business face new age in its growth, which means international competition inside the country and abroad. Making business international is not a regular operation for the business at the beginning and require extra efforts undertaken by the company. The article contains advices which help exporters become more efficient and consistent to achieve sustainable growth of export operations to the EU.**

Key words – foreign markets, international operations, EU market, foreign partners, international business, expanding business, international strategy, export consulting.

## I. Introduction

Start export operations, turn the company to international operations is one of the biggest challenges for the management of the company which requires extra knowledge, foreign markets insight, extraordinary team management, good marketing and technology. The article provides a combination of scientific research and personal experience as an export consultant for those companies Ukraine who are brave enough to become international.

## II. Purpose of the article

The purpose of the article is to provide advices and insight for Ukrainian companies to help them turn intentions to become international to successful export contracts.

## III. Research results

Export consulting is not only about services provided to the companies but also about providing insight and expertise which help them do it more successfully even by themselves. Previous publication was dedicated to the key issues should be considered before launching the search of export partners in the EU, difficulties Ukrainian company can meet and forms, Ukrainian company may apply while entering EU market [1]. Here are advices tailored on the basis of scientific research, insight and experience in the EU market:

1. Choose the most promising foreign market. The best foreign market for the company will usually be the country where the products of the company will be in most demand but may be one where the company has additional advantages and access benefits, for instance, an existing strong personal or commercial connection. Good advice is to use a “structured research” approach to identify the best market for you to target. This will mean that company have to do the easy, inexpensive, “secondary” research to short-list the countries, and then

limit the more expensive and time-consuming “primary” research to a few markets on your shortlist.

2. Make your company international starting from one market only. Entering a new market can be very demanding in terms of time and money. To be successful, it is wise to limit yourself to one new market at a time. Focus on specific markets and opportunities: don't take the shotgun approach. Successful companies concentrate on one new market at a time. They move on to the next based on their success in the last.

3. Invest enough time and money (if needed) to collect and analyze all information required. Sometimes companies will attempt to enter a foreign market without doing all the necessary research. This can lead to many different problems: regulatory problems at customs, health and safety standards, labeling requirements; marketing problems including offending cultural sensibilities, inappropriate advertising, use of the wrong distribution channels; competition problems including inappropriate pricing, dominant competitors, cartels; cost problems including unexpectedly high transportation, insurance or stocking costs, and many others. The company have to make sure to do all the necessary research on your proposed market and your product's place in it.

4. Entering foreign EU markets may be extremely profitable for the company in Ukraine, so there is no reason to non-rational minimizing expenses for the process of internationalizing. Setting up export operations with the partner from EU may be much more expensive than the same process with the Ukrainian partner (foreign trips, meetings, translation, legal issues, negotiations, different prices and market infrastructure). International trade and market research can be very intimidating to a new exporter. It can be expensive if simply handed over to a research company and time consuming if you do it yourself. But, export to EU may be much more profitable than domestic operations, and this extra profits will cover the costs for setting export operations. However, whether done in-house or with the help of consultants, there are ways to structure a research project to minimize cost and time taken and maximize effectiveness. The company have to take a course in international trade research and do the research itself, or contract to a researcher who you have made sure will work with you to minimize research time and costs while maximizing useful information obtained.

5. Spend enough efforts for search really good partner abroad. It is unreasonable to expect that company will find the perfect agent for its needs through one and only trip to the market [2]. The company have to choose its export partners with care by making sure to invest ample time and effort to locate and secure the commitment of really good agents, distributors, customs brokers and other local partners in your target country.

6. Use all the range of assistance that is available to support the company's export launching. There are many sources of help available to exporters. These include government programs, trade associations, foreign embassies and consulates, libraries, websites, freight

forwarders, trading houses, customs brokers, consultants and other exporters. Use expert specialists to help the company succeed. Do everything yourself is not a good way to do the company international.

7. Going ahead with the full commitment of senior management. Entering a new market is a demanding activity that is unlikely to be successful if not started with the full support and commitment of the company's senior management. The company needs to appoint a leader of internationalizing for the new market [3]. This person could be a senior manager who has freed up enough of his/her time to drive the project. Alternatively, an up-and-coming executive who will respond well to a challenging assignment could fill the role. In this case, the CEO should remember that the champion is, in effect, the chief executive of the export endeavor, and needs the necessary level of help and attention to make a success of the project.

8. Study the culture of the new market and customers. Although it is quite clear that people in foreign countries speak different languages and have different cultures, some would-be exporters ignore this obvious fact and expect foreign customers to accept their product as-is, unmodified and delivered exactly as delivered in Ukraine, with no concession to language or cultural considerations [4]. This may work if your foreign distributor can modify the product and delivery methods to suit local needs and still make a profit. However, a well thought-out approach by the exporter to meeting the reasonable needs of the foreign buyer will always result in more sales, bigger profits and longer-lasting relationships. The company need to be aware of the differences in culture and language between Ukraine and company's target market. Find out more information about the country or find a website detailing their cultural differences. Learn a few phrases in their language and use them when you meet. Make a point of celebrating the cultures of the countries you deal with. Visit their country and have your agents and distributors visit you and meet as many of your people as possible. Then, when planning product or packaging changes, or planning any marketing initiative, seek advice from natives of that country. People you meet will appreciate you for the effort you make to learn about their country and culture.

9. Adapting company's products or services to the needs and tastes of the foreign market. However universal a product may be, there are bound to be differences in the way it is sold in other countries and other cultures. Packaging, labeling, sizes, weights and measures, languages used or required, spelling variations, product names, colors, logos, local tastes, cultural sensitivities, distribution channel structures, will all differ from market to market. Modify products and services to meet the needs of the foreign market. This is one more reason to have a good marketing plan based on thorough research, starting with a checklist of all the above variables and more. Familiarize the company with laws, regulations and restrictions native to the country or countries you're exporting to. Follow up any prospects with due diligence –company want to work with distributors, suppliers and other partners that may be trusted after all.

10. Pricing of the products for the new market has to be appropriately and marketing strategy have to be tailor-made for the specific market. There is no general reason that prices need to be the same in the new market as they are in your home market. Determine the total size of the market in the country or region and the percentage of it that you need to succeed. Decide your market entry strategy. Establish the costs of taking company's products to the market. Decide the appropriate price for products or services in view of all the above factors.

11. Company should not sell too wide a range of products or services in a new market. This minimizes the cost and complexity of the initial entry to the market and gives them a base of distributors who can help with market research for other products as they go along [5]. For each different product, company introduce to the market you need inventory, promotional materials, training for your marketing and distribution partners, and education for your customers. The fewer products you introduce at the same time, the lower the cost and complexity of the launch will be.

12. Monitor industry fairs and exhibitions in a foreign market which may give you an opportunity to reduce the costs for launching export and make it easier to approach potential foreign partner. Participation in the industry fairs gives the company opportunity to approach potential partners there but attending meeting at the fair a week before. It gives the company in Ukraine more chances to set a meeting, introduce the product and offer to the customer or partner.

13. To master the risk of doing business with far away customers or suppliers. Doing business always involves risk: non-payment of receivables, non-delivery of goods, contractual default of partner companies, bankruptcies, loss or damage to goods in storage or in transit, unexpected changes in consumer tastes, new competitors or competing types of products and many others. All of these apply in foreign markets, just as they do in the home market, but the difficulties of dealing with them are exacerbated by distance. In addition, foreign activities can involve new risks such as exchange rate variations, political instability, cultural differences, unexpected costs of setting up and doing business, customs regulations, repatriation of profits or investment, ownership rules, laws regarding agency agreements, and so on. Proceed with due caution. Seek advice. Allow for additional costs when budgeting and setting prices. There is very good proverb in planning risks of business: "estimate your costs and double them; estimate your revenues and halve them. If the project will still be profitable on this basis, proceed!"

14. Commit enough time and money needed to be successful. Exploring a foreign market often takes much longer and costs more than expected. Significant expenditure of time and money for personal visits, market research and product launches is nearly always required. It will take time to build your sales in the new market. If you don't commit sufficient cash, human resources and time, you may well give up when you are just about to succeed. Management of the company needs to commit

dedicated resources to the target market. Plan to visit the market several times, attend several tradeshows, follow up on all leads. Don't reduce your efforts because you suddenly become busy in your domestic market, and thus waste all your marketing effort to date. It is wise to allow for at least one year before expecting the new market to be profitable.

15. Developing a group of partners (including international) to help exploit the new market. Some sophisticated product/service combinations require partnering with other internationally active companies, each of which will provide part of the total customer solution. Develop partnerships with other companies in Ukraine or other companies in the EU or with whoever and wherever there are people Ukrainian company can combine with to provide a total solution to your prospective clients. For instance, selling consumer good in the EU require importer as a partner, because supermarkets or small sellers have no possibility to import by yourself. So, making the partnership with the importer make it easier to Ukrainian company to enter foreign market.

16. Stay familiar with main conditions of the contract, which are regulated by basic rules of INCOTERMS. Starting export operation company needs to negotiate issues about in what place and at what moment should the obligation to transfer the goods be handled by the seller; where and when the moment of risk transfer from the seller to the buyer occurs; how do responsibilities for the payment of fees and expenses should be distributed among partners, including customs duties and taxes; who will be required to issue export licenses or import licenses; which of the parties is obliged to conclude a contract of carriage; on which of the parties will be assigned responsibilities for the carriage of goods and carrying out cargo handling; determine the procedure for providing payment, shipping and other documents, as well as necessary notifications; which of the parties is obliged to conclude an insurance contract for the

goods transported; how does packaging process should be organized; how the inspection of the goods should take place.

Setting up export operations are becoming a huge challenge for all the companies who decide to meet the challenge. Taking into account advices provided above, it will be easier for Ukrainian business to expand operations to foreign EU markets, become more effective in making business abroad and cooperating with foreign partners.

## Conclusion

Expanding business to foreign markets is very attractive and challenging process. It's lasting and tough. And if it was started by the one single company, opportunities and benefits are obvious. We believe that effective planning, solid investigation and resourceful execution will lead Ukrainian companies to success in EU market place and in other foreign markets as well.

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