

Chapter 3 Identifying Export Product.

Introduction

A key factor in any export business is clear understanding and detail knowledge of products to be exported. The selected product must be in demand in the countries where it is to be exported. Before making any selection, one should also consider the various government policies associated with the export of a particular product.

Whether companies are exporting first time or have been in export trade for a long time - it is better for both the groups to be methodical and systematic in identifying a right product. It's not sufficient to have all necessary data 'in your mind' - but equally important to put everything on paper and in a structured manner. Once this job is done, it becomes easier to find the gaps in the collected information and take necessary corrective actions.

There are products that sell more often than other product in international market. It is not very difficult to find them from various market research tools. However, such products will invariably have more sellers and consequently more competition and fewer margins. On the other hand - a niche product may have less competition and higher margin - but there will be far less buyers.

Fact of the matter is - all products sell, though in varying degrees and there are positive as well as flip sides in whatever decision you take - popular or niche product.

Key Factors in Product Selection

- The product should be manufactured or sourced with consistent standard quality, comparable to your competitors. ISO or equivalent certification helps in selling the product in the international market.
- If possible, avoid products which are monopoly of one or few suppliers. If you are the manufacturer - make sure sufficient capacity is available in-house or you have the wherewithal to outsource it at short notice. Timely supply is a key success factor in export business
- The price of the exported product should not fluctuate very often - threatening profitability to the export business.
- Strictly check the government policies related to the export of a particular product. Though there are very few restrictions in export - it is better to check regulatory status of your selected product.
- Carefully study the various government incentive schemes and tax exemption like duty drawback and DEPB.
- Import regulation in overseas markets, specially tariff and non-tariff barriers. Though a major non-tariff barrier (textile quota) has been abolished - there are still other tariff and non-tariff barriers. If your product attracts higher duty in target country - demand obviously falls.
- Registration/Special provision for your products in importing country. This is specially applicable for processed food and beverages, drugs and chemicals.
- Seasonal vagaries of selected products as some products sell in summer, while others in winter. Festive season is also important factor, for example certain products are more sellable only during Christmas.
- Keep in mind special packaging and labeling requirements of perishable products like processed food and dairy products.
- Special measures are required for transportation of certain products, which may be bulky or fragile or hazardous or perishable.