

Chapter 8 Myths About Exporting Products.

Introduction

Many first time exporters or firm managers believe the myths about exporting that it's too difficult or too costly to sell their product in a foreign country. But given below are some of the important facts that will help a first time exporter to clear all his misconceptions.

1. Myth: I Am Too Small to Export

Only large firms with name recognition, abundant resources, and formal export departments can export successfully.

It is true that large firms typically account for far more total exports but the real fact is that vast majority of exporting firms in most countries are small and medium-sized enterprises (SMEs).

2. Myth: I Cannot Afford to Export

I don't have the money for hiring new employees, for marketing abroad, or expanding production for new business.

There are various low-cost ways to market and promote abroad, handle new export orders, and finance receivables. This does not require hiring new staff or setting up an export department. At little or no cost for example, you can receive product and country market research, worldwide market exposure, generate trade leads, and find qualified overseas distributors through various Commodity Boards and Export Promotion Councils.

3. Myth: I Cannot Compete With Large Overseas Companies

My products are unknown and my prices are too high for foreign markets.

If the product is known in the domestic market then it's a plus point but even an unknown product can be exported in a foreign market. Low demand of a product doesn't indicate that it will be also not accepted in the international market.

Price is also an important, but it is not the only selling point. Other competitive factors play a large role including quality, service, and consumer taste - these may override price. Also prices of a product may not be relatively high in countries with a strong currency, as in the European Union.

4. Myth: Exporting is Too Risky

I might not get paid.

Selling anywhere has risks even in the domestic market, but it can be reduced with reasonable precautions. To assure you get paid, use Letters of Credit (L/Cs). A L/C is a letter from a bank guaranteeing that a buyer's payment to a seller will be received on time and for the correct amount. In the event that the buyer is unable to make payment on the purchase, the bank will be required to cover the full or remaining amount of the purchase. Proper documentation can minimize the risk associated with the export business.

5. Myth: Exporting is Too Complicated

Exporting is too complicated; I won't understand the laws and documentation requirements.

You don't need to be an expert to export. There is an abundance of resources available online that helps the first time exporter about all ins and outs of the export operations. Government of India and its associated agencies like Commodity Boards and Export Promotion Councils also provide guidelines to the exporters.