

Innovation Toolbox

Connect with the Market – Export

PREPARED BY:

Australian Institute for Commercialisation
and
Queensland Department of Employment, Economic Development and Innovation

June 2009
Version 1.0

1.0 EXPORT

Your market research probably identified international markets with customers that would value your new idea or innovation. In fact part of the commercial appeal of your new opportunity may have rested on the potential to capture customers in global marketplaces. Some innovations are said to be “born” global and the potential to successfully sell to millions of customers abroad has a seductive appeal. However, these instances are rare and generally the exception to the rule.

A traditional test for your new innovation’s potential for success in export markets is measuring the level of success the innovation has enjoyed in your domestic market(s). This implies that your new idea or innovation should be deployed in Australia first, establishing a track-record of successful sales and services to your customers closer to home.

There is no specific rule defining how long your new innovation should be sold in domestic markets before going global, but generally speaking, once you have reached a level of sustainable profit, sufficient capacity to produce and manufacture the innovation, satisfactorily service existing and new Australian customers, the option to export will become more attractive as the commercial risks associated with introducing a new product in domestic markets gradually decline.

Exporting can be a profitable way of growing your business. However, it should not be entered into lightly as the penalties for failure can be high. Thinking about your readiness to export is a way of identifying key success factors and helping you in your planning. This check-list will help you in this process:

- ➔ Commitment and resources: Developing export markets can be costly in terms of time, money and resources and you will need to show management commitment to be successful. You must take a long-term view and be prepared to be persistent and patient while you wait for returns. Consider how many resources and how long it takes to break into a new regional area in Australia. This can be multiplied several times when you are looking at an overseas country.
- ➔ Product/service: Your new idea or innovation needs to be able to meet and better international competition. Price may not always be the deciding factor. Market niches can sometimes be won on superior quality. You may need to change product design

or service offering to suit different industry needs. Product/service literature should preferably be to international standards and be tailored to overseas requirements.

- ➔ **Marketing:** A strong grasp of marketing is vital in export. Do you have solid marketing knowledge and experience gained by successful selling in a number of Australian states? If your new idea or innovation has had limited exposure in Australia it could be more cost-effective to expand at home before tackling new export markets.
- ➔ **Management:** Exporting will require considerable management time and can be a major distraction from the domestic business. Do you have the available management capacity, which will be required to develop and service exports? Is it necessary to strengthen the management team to service overseas exports properly?
- ➔ **Supply capacity:** If you obtain export orders they must be filled correctly and promptly. Do you have the supply capacity to develop export distribution? Can the existing capacity be expanded quickly when required? Your new idea or innovation might be more suited to a licensing arrangement.
- ➔ **Finance:** Breaking into any new export area requires considerable funds (airfares, accommodation, advertising, sales promotion, new brochures, training of overseas sales agents, setting up of joint servicing offices offshore, etc.). Do you have the financial strength to commit, say \$40,000 for the year or more it may take to develop a new overseas market? For more complex countries such as USA or Japan, the amount and time required could be double or more than this rule of thumb.