

Trade: Exporting to the world



Bringing home the benefits

How to grow through exporting

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Foreword



As one entrepreneur put it: there is a strong business case to pack your suitcase.”

*Nick Baird, Chief Executive,
UK Trade & Investment*

We hope that by offering some insights into the experiences of others we can inspire many more UK companies to make the jump and sell their product or service in a new overseas market.

Not all companies want to export, indeed not all companies want to grow. For those that do, we hope this publication serves as a useful guide to what they can expect and offers thoughts on how they can go to the next level. Whether you are considering your first new market or your fiftieth, there has never been a better time to trade internationally.

Exporting not only helps individual companies to grow, it also plays an increasingly important role in the national challenge to improve our trade balance. That is why UKTI and the Government as a whole is committed to doing all it can to help create an environment supportive of UK businesses' engagement in international trade.

The UK has always been a great trading nation and the evidence in this report shows that those companies that continue this tradition by thinking globally are likely to reap sizeable rewards.

**Nick Baird, Chief Executive,
UK Trade & Investment**

Foreign trade has been a defining feature of Britain's economic history, and will be a firm foundation of our future. The evidence highlighted in this report shows that doing business overseas has become increasingly important to the growth of UK companies of all sectors and sizes.

UK Trade & Investment (UKTI) has an ongoing programme of research that looks into the effects of exporting on UK companies across the economy – from manufacturing to media and from low carbon to high tech. This publication offers a snapshot of the latest findings from this research and shows that for many UK companies the decision to grow through exporting has paid off.

Those companies who venture into new export markets tend to be rewarded both directly through boosted turnover, and indirectly through improved levels of efficiency, innovation and credibility. As one entrepreneur put it: there is a strong business case to pack your suitcase.

This publication also shows that UK firms are increasingly venturing beyond traditional export markets such as Europe and the US and into high growth markets in Asia and Latin America. It illustrates some of the most common benefits, barriers and methods experienced and used by UK companies currently active abroad.

Executive summary

Most people will have heard of the need to grow overseas trade in order to boost the UK economy, but many entrepreneurs rightly ask the question: what's in it for me? At UKTI our ongoing programme of research, with new and existing UK companies, has tried to answer this question.

This publication offers an overview of those results and draws from a range of studies. It is not designed to be a comprehensive summary of all findings but to offer a snapshot of key conclusions.

For those wanting more details, a list of all research papers used in this publication is at the back of the document¹.

Growth through export

Perhaps the most compelling result of our research is the extent to which doing business overseas can not only lead directly to growth, but also to improvements in efficiency levels and to fostering ideas for new products and services. It also shows that it is often the case that once a company has 'dipped their toe' into a new market this in turn tends to increase confidence and ambition and provides the momentum for further growth through exporting. Some key findings in this area are:

- **58 per cent** of entrepreneurs said exporting led to a 'level of growth not otherwise possible';
- **44 per cent** of firms reported a link between exporting and increased turnover in 2011;
- **59 per cent** of firms developed or modified a product or service due to doing business abroad;
- **44 per cent** of firms said exporting significantly improved their profile or credibility;
- The creation of an overseas site led, on average, to an extra **3.5 UK employees** per company.

Learning from the experience of others

Each country, sector and business is unique and has its own set of challenges; however evidence shows that there is a common set of barriers and methods for exporting. When we investigated these further we found that:

- **43 per cent** of firms said 'legal and regulatory' issues were the most common barrier to export;
- **33 per cent** of firms reported 'lack of contacts' as a common barrier to export;

- **87 per cent** of firms that export sell direct, while **41 per cent** sell through local agents or distributors;
- **31 per cent** of firms that export make at least some of their sales through the website;
- **33 per cent** of firms active abroad in the last two years are likely to have experienced growth through export.

Embracing high growth markets

In a changing world, it is also clear that more companies are going further and embracing high-growth markets such as China and India². In 2011, UK exports rose by **44 per cent** to India and **20 per cent** to China. Moreover, almost a quarter of 'young' exporting companies (i.e. they have been exporting for less than five years) are 'very likely' to take the step into high-growth markets in the next two years.

This trend applies to small companies too: **40 per cent** of the smallest exporters (those with ten employees or less) already do business in at least one high-growth market³.

59%

of companies found that overseas business led to fresh ideas and innovation, upgrading their products and services.

58% of entrepreneurs said exporting led to a 'level of growth not otherwise possible.'

44% of firms reported a link between exporting and increased turnover in 2011.

59% of firms developed or modified a product or service due to doing business abroad.

44% of firms said exporting significantly improved their profile or credibility.

+3.5 The creation of an overseas site led, on average, to an extra 3.5 UK employees per company.

43% of firms said 'legal and regulatory' issues were the most common barrier to export.

33% of firms reported 'lack of contacts' as a common barrier to export.

87% of firms that export sell direct, while **41 per cent** sell through local agents or distributors.

31% of firms that export make at least some of their sales through the website.

33% of firms active abroad in the last two years are likely to have experienced growth due to export.

40%

of small exporters already do business in at least one high-growth market.

Earning through exports:

Direct benefits



It has been proven that a business which involves itself in overseas markets will achieve a higher growth rate in revenue and profit than those that are purely domestic.”

Noel Quinn, HSBC Commercial Banking

11.4%

It is over 11% more likely a UK company will survive if it does business overseas⁴.

44%

of companies active abroad reported increased turnover over a three-year period.

56%

of companies using UKTI services are more likely to achieve higher growth when exporting.



58%

of entrepreneurs said exporting has led to levels of growth not otherwise possible.

Our ongoing programme of research has looked at the direct growth benefits of doing business abroad in terms of an increase in either turnover or staffing levels. In numerous surveys, the business response to this question has been clear: growth is the single biggest benefit of exporting.

Turning up turnover

Qualitative research has underlined the many connections between export and growth⁵. Venturing into new foreign markets can give a company access to millions more customers, reduce costs by increasing volumes, extend product life cycles and offers the chance to charge premiums on their products. These connections help explain the

positive impact of overseas business on turnover. Our research has found that:

- **58 per cent** of entrepreneurs said exporting led to a ‘level of growth not otherwise possible’⁶;
- **44 per cent** of companies active abroad reported increased turnover over a three-year period;
- Companies using UKTI services are more likely to achieve higher growth when exporting (**56 per cent** of users, compared to **36 per cent** among non-users).

Stepping up on staffing

Despite the turbulent global business climate, there is also a positive story

to tell in terms of staffing levels. Recent research found that over the last three years just over a quarter (**27 per cent**) of UK firms had increased employee numbers, at least in part due to business abroad.

This research also discovered that the establishment of overseas sites by UK companies had a ‘net positive’ impact on UK employment levels. In total **21 per cent** of firms said their overseas sites, in the form of sales offices or production factories, led them to employ more people in the UK. On average, each overseas site created an extra **3.5 UK employees** per company.

Earning through exports:

Indirect benefits

How companies have benefitted through export:

59% of companies either developed a new product or service or modified an existing one.

48% Nearly half of companies report that foreign trade has increased their return on investment from new products and services.

44% significantly improved their profile or credibility.

37% of companies more fully utilised their existing capacity.

29% of companies significantly increased the commercial lifespan of their product or service.

By exposing entrepreneurs to new ideas and new competition, doing business abroad can also create a number of benefits to companies which lead indirectly to growth. These benefits include the creation of new products or services and the creation of more efficient practices and processes.

Measuring to what extent these benefits lead to growth is notoriously difficult, however it is clear that competing in these new environments does often lead to tangible improvements such as new products, more productive use of capacity or higher brand awareness. A research study⁷ in 2011 found that doing business in an overseas market prompted the following effects among UK firms:

- **59 per cent** either developed a new product/service or modified an existing one;
- **44 per cent** significantly improved their profile or credibility;
- **37 per cent** more fully utilised their existing capacity;
- **29 per cent** significantly increased the commercial lifespan of their product/service.

The evidence that venturing overseas can help a company to innovate, improve efficiencies and improve the credibility of their brand is an important finding. In the modern world of international trade, where

competitors in regions such as Asia and Africa can produce low value goods in a much cheaper way than we can, one of the great strengths of the UK economy is our ability to innovate and be productive.

There is also clear evidence that doing business overseas can increase the connection between innovation activity and financial rewards.

- **48 per cent** of firms reported that foreign trade had increased their return on investment (ROI) from new products and services. Increasing to **61 per cent** among companies that used UKTI services⁸.

Case study

This little piggy went to China... and came back with deals worth more than £2 million



Yorkshire-based pig breeding company JSR Genetics Ltd, breeds pigs with different traits, satisfying the varying needs of a range of consumer markets for pork. Pork products are particularly popular in China and, with over a billion potential consumers, the company hoped it could capitalise on its high-quality and specialist products by exporting there.

“Our breeding allows us to cater to specific market tastes, for example the Korean market likes fat-backed pigs, whereas English consumers prefer a leaner cut. We knew we could offer China breeding programmes that would better their production targets.” says Bev Gibson, Brand Manager at JSR Genetics.

In July 2009 the company commissioned an Overseas Market Introduction Service report from UKTI and followed this up with country visits where they met Chinese pig farmers who offered the potential for partnership. Subsequently JSR has signed two separate deals with Chinese partners worth £1.3 million and £1 million to import the company's pigs into China. The first shipment of pigs left the UK in March 2011.

Ms Gibson said, *“We are now well established and seeing increased turnover thanks to the Chinese market”.*

Case study

Australian adventure inspires bright idea



Reed Chillcheater is a garage start-up from north Devon that began producing water-sports wear in 2000 and today sells clothing from Greenland to Japan, as well as equipping film crews shooting scenes in and around the water. What its customers have in common is a need for durable, ultra-flexible gear that can cope with extremes of temperature and weigh as little as possible.

As its name suggests, Chillcheater began by producing thermal clothing for use in cold climates. But entry into, and increasing demand from, Australia led to the development of new fabrics and laminates to cope with

the high temperatures and humidity encountered around the tropical north coast. Customers there asked for anti-sting suits that would protect them from jellyfish and provide 100 per cent UV protection without overheating.

Customer demand from overseas markets has also led Chillcheater to develop a lightweight durable fabric for kayak decking, reduced from the traditional 4 or 5mm thickness to just 1mm.

Chris Reed launched the company after working for Marks & Spencer and C & A, adopting a strategy of self-financing and organic growth. With no budget for advertising or

marketing, he relied on customers taking his gear on expeditions around the world and comparing notes with fellow-adventurers. Turnover has grown annually at a steady 20 per cent, with production reaching 100,000 items this year, much of it for export.

Half its orders come direct from individual customers – many of them confident to buy internationally via the internet – and half from selected traders.

Earning through exports: Raising ambition

What makes a company decide to grow through exporting? This is a difficult question to answer and our research has tried to investigate the complex web of commercial, personal and economic factors which influence corporate decision-making in this area.

The research shows that there is a clear split between those companies that decide in a strategic and formal way to grow through export – for example using quantified goals, accessing business support and creating proactive strategies, and those companies that decide in a more informal and reactive way – for example relying on accidental or serendipitous factors. According to one survey only a minority of SMEs approach the decision to export in a formal and quantified manner⁹.

The drivers for this decision are also split between internal factors, such as the personalities or heritage in a particular company, and external factors such as a particular commercial or political situation.

With such a spread of different motives and ambitions it is hard to draw firm conclusions. Nevertheless it would seem that once a company has ‘dipped their toe’ into a new market this tends to increase confidence and ambition and provides the momentum for further growth through exporting¹⁰.



Growth leads to more growth

A recent study found that UK exporters were considerably more likely to have higher aspirations of ‘growing substantially’ than non-exporters¹¹. In turn, a 2011 survey asked companies of varying sizes and varying degrees of ambition whether they had experienced growth through exporting. It found that firms with more ambitious growth objectives are more likely to actually experience growth through exporting – **53 per cent** of the most ambitious firms reported significant growth through exporting, compared to **39 per cent** among the less ambitious¹². This suggests that rewards generated from overseas business might be acting as a catalyst for growth plans¹³.

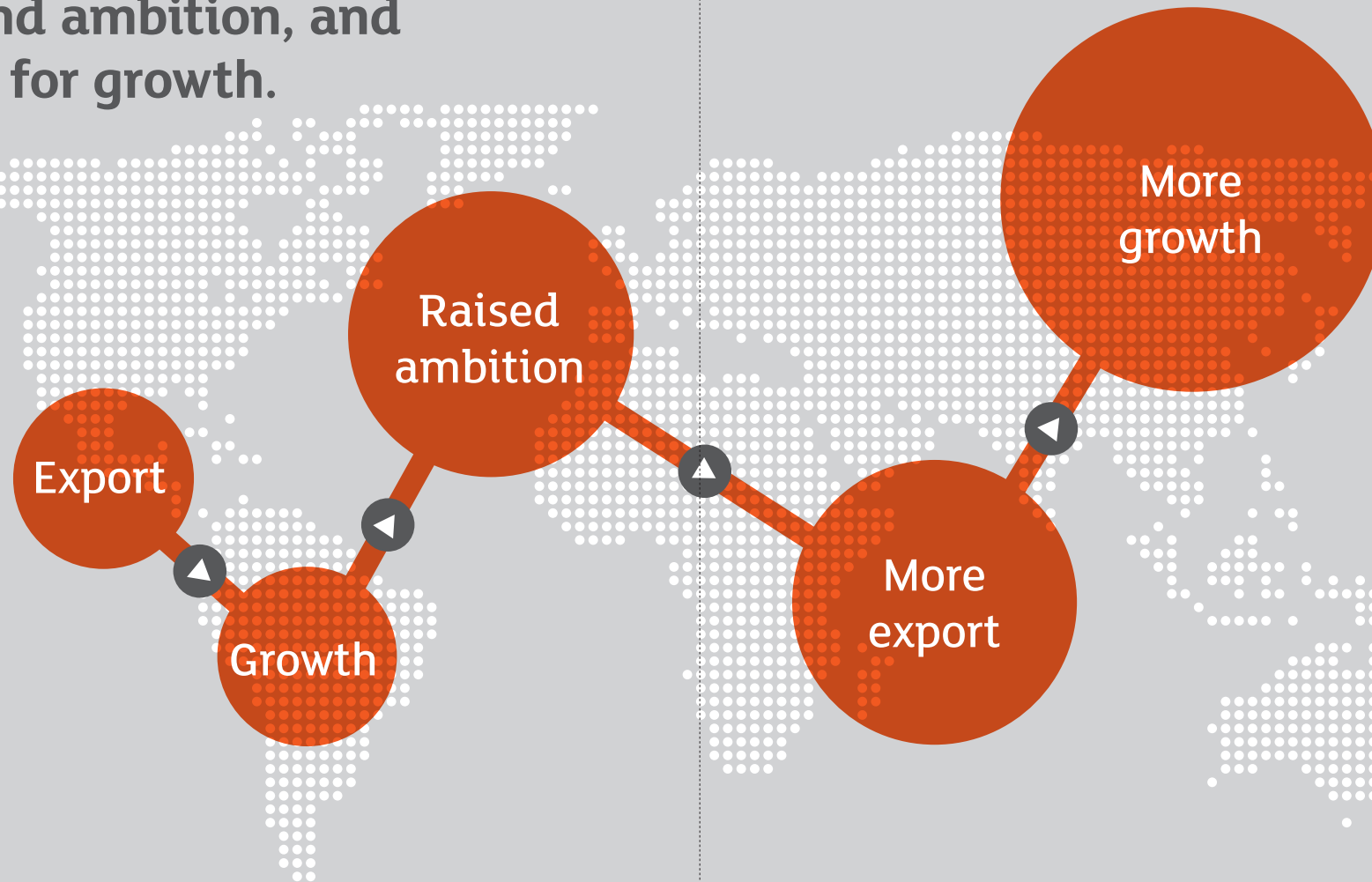
The conclusion therefore is that there is often a chain of momentum: export tends to spark increased ambition, and that raised ambition tends to create more growth through export.

Often these factors are interrelated, for example a firm’s confidence in its products may drive growth intentions, and this confidence may be driven further by feedback from clients in the new marketplace¹⁴.

Research has also shown that UKTI itself can act as a catalyst to growth by providing access to the right contacts, and helping firms to target those markets that are best ‘fit’ for its particular products and services¹⁵.

Chain of momentum

Venturing into new foreign markets stimulates confidence and ambition, and provides the momentum for growth.



The UK is the world's **2nd** largest exporter of commercial services.

70% of UKTI clients consistently report that the help received led to 'significant' business benefit.

The UK is the world's **2nd** largest outward investor.

25,500 companies assisted by UKTI in 2011/12.

The UK is the world's **10th** largest exporter of goods.

£30bn additional sales generated through UKTI support in 2011/12.

Where to next?

22%

of companies who have been exporting for five years or less said they were 'very likely' to venture into high growth markets in the next two years.

44%

of mid-sized companies are either 'very' or 'quite' likely to be venturing into these far-flung markets.

UK exports rose by **44%** to India and **20%** to China in 2011.

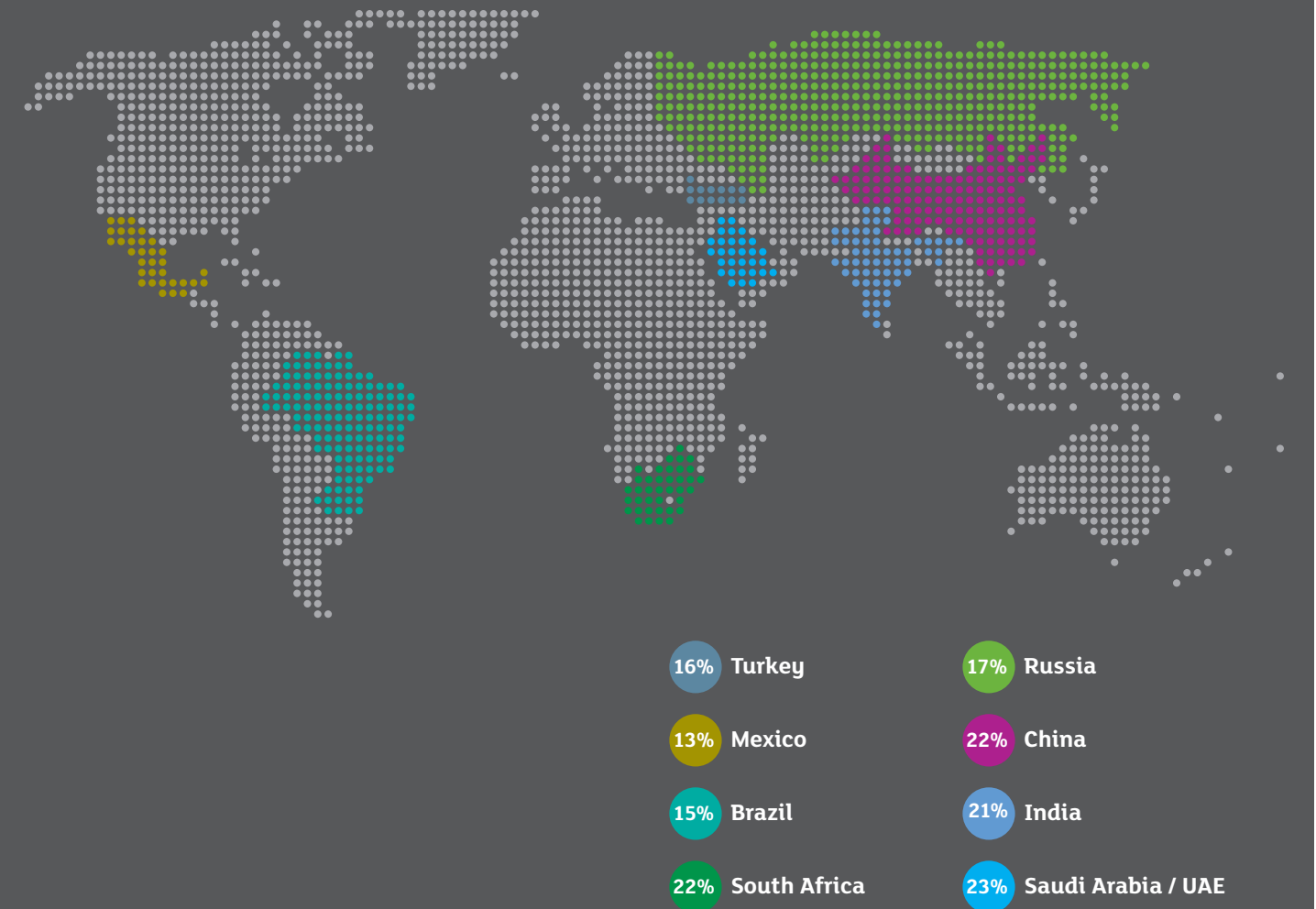
Among those UK companies that export, it is perhaps unsurprising that most tend to do business in countries that the UK is either geographically or culturally close to. The US is our number one export market (with £31.7 bn of exports in 2011), followed by Germany (£27.5 bn) and France (£18.9 bn)¹⁶.

However, high-growth markets – sometimes referred to as emerging markets – are becoming an increasingly important destination for UK companies. These markets are characterised by rapidly rising populations and GDP levels and include groups of countries such as the BRICs (Brazil, Russia, India and China) and the CIVETS (Colombia, Indonesia, Vietnam, Egypt, Turkey and South Africa).

Among those companies that have been exporting for five years or less – and so most likely to be exporting mainly to Europe or the US – almost a quarter (**22 per cent**) said they are now 'very likely' to take the step into high growth markets in the next two years. While one in two experienced companies (that have been exporting for 10 years) are already trading in these markets¹⁷.

This growing enthusiasm to venture further afield is reflected in our trade figures with the two Asian giants of India and China. In 2011, UK exports rose by **44 per cent** to India and **20 per cent** to China¹⁸.

Which high-growth markets are UK companies already active in?



Case study

Making it in Mexico



Thanks to UKTI, it has been possible to build new relationships that have helped to open doors for business.”

Liliana Pereira, Office Leaders at SDG, Mexico.

Steer Davies Gleave is a London-based consultancy for the transport sector with over 350 employees in 15 offices around the world. They have been able to make a success of their efforts in Mexico – the UK’s second largest trading partner in Latin America – despite some initial barriers.

The company first became involved in the Mexican market in 1993 after it developed and delivered a training programme on traffic and transport planning for Mexican public sector bodies following an invitation from the British Embassy there. However, between 1994 and 1998 SDG’s work in Mexico declined and the company felt that they need to change their approach and find

new contacts in order to capitalize on opportunities created by the establishment of the North American Free Trade Agreement (NAFTA) between the US, Canada and Mexico.

Building up business

As part of their efforts to bridge the barriers to success in Mexico SDG decided to invest in a team in Mexico and create an overseas office in Mexico City, which it established in March 2009.

“After 2000, our portfolio of work in Mexico was growing significantly and we saw the need to form a team of local experts, building on our international policy of combining local

skills and knowledge with international experience.” Says Liliana Pereira, Office Leaders at SDG, Mexico.

SDG reported that part of the key to turning around business in Mexico has been the establishment of key contacts with partners in both the public and private sectors. SDG approached UKTI in Mexico to help with this after, as part of a previous project, UKTI had been able to connect them with influential industry leaders in Chile.



...already benefit from doing business in high growth markets.

Mid-size firms of between 100-249 employees are the most likely group to be considering these markets. In total **44 per cent** of mid-sized companies are either ‘very’ or ‘quite’ likely to be venturing into these far-flung markets in the next two years.

Although it is the mid-size and more experienced firms that are currently the most likely companies to be selling into high growth markets, it is also very clear that you don’t have to be an experienced exporter to enter these markets. **Over a third** of the youngest firms (under 5 years old), and **two in five** of the smallest exporters (with fewer than 10 employees), already do business in at least one high-growth market.

These markets are even more attractive among those companies that have used UKTI services. Three quarters (**75 per cent**) of such companies are either already in or ‘very likely’ to take the step in the next two years (compared to **54 per cent** among firms that have never used UKTI services).

The allure of high growth markets

UK exporters that may have experience in European or US markets are increasingly looking to high-growth markets such as those of Asia and Latin America to take the next step in their exporting journey.

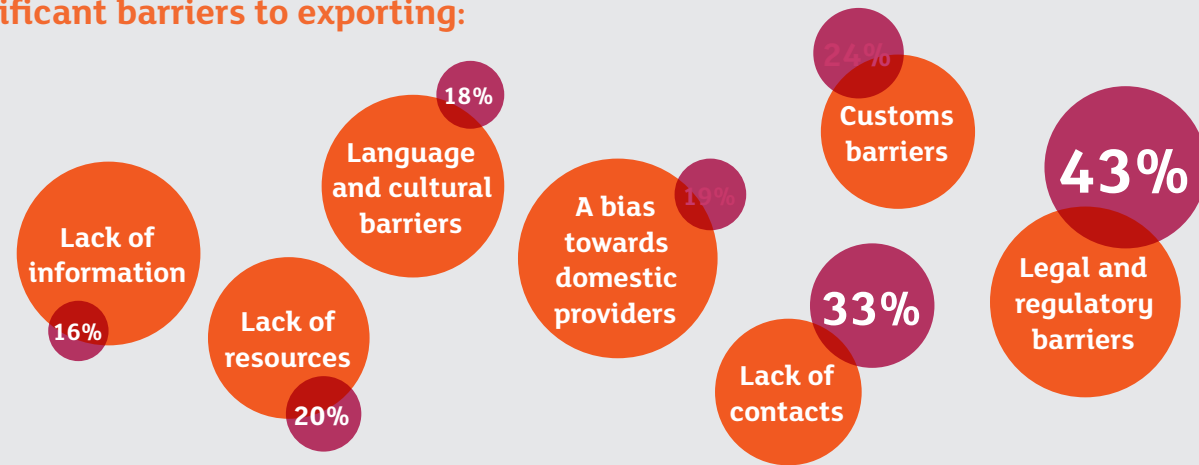
The middle class in high-growth economies will account for **30 per cent** of the global population by 2020 and **50 per cent** by 2030¹⁹. According to the International Monetary Fund the Chinese economy is set to grow to US\$19 trillion by 2016, meaning it will overtake the US as the world’s biggest economy by then.²⁰

If you are considering export into a high growth market, the country pages of the UKTI website contain individual information on all major markets.

www.ukti.gov.uk/export/countries.html

What to expect when you're exporting

Most significant barriers to exporting:



When we shipped to Vietnam we found that there were lots of barriers to entry. So we got on to UKTI and asked them what we needed. They came back with loads of paperwork, and we were the only firm from the UK to get all our goods through customs for that particular project.”

Cathy Oliver, Cathy Oliver Interiors Ltd

Deciding to actively grow your business by exporting into a new market can be difficult but it is encouraging that one in three companies find no significant barriers to doing business overseas.

For other companies the issues faced vary depending on the country, sector and business they are involved in. However the evidence shows that there is a common set of barriers that need to be considered and managed when doing business overseas. We surveyed over 800 UK exporters and asked them to rate the barrier they saw as most significant, the results were as shown above.²¹

Bridging the barriers: how we can help

Our research suggests that the services UKTI provides to companies across the UK help to raise awareness and improve understanding of the risks and barriers to doing business overseas, and helps firms navigate such barriers. It allows some firms to make more of an informed assessment of their potential and the commitment they need to make to high levels of growth. Here we explain our approach.

Legal, regulatory and customs barriers:

It is vital for companies to understand the rules, costs and legal structures of a potential new market. UKTI therefore asks its regional network of advisers based in British Embassies, High Commissions and consulates around the world to constantly monitor the trading and taxation systems of all our trading partners. We also help signpost companies to specialist providers such as commercial and membership organisations.

Next steps: *See the UKTI countries pages for details of individual markets*

Lack of contacts and lack of information: Making the right connections with potential customers and partners often proves the difference between success and failure in a new market. Our Overseas Market Introduction Services (OMIS) has been developed to provide bespoke market research to UK firms including support during overseas visits, arranging meetings with key contacts, analysis of market entry strategies and identification of potential business partners.

Next steps: *For more on the OMIS service visit the UKTI website*

Lack of resources: Investment in a new market often pays dividends but it is unusual for a return on investment to emerge within the first year. Our advisers can help companies set appropriate timescales for a venture overseas and can also offer focused financial support through services such as the Tradeshow Access Programme (TAP), Market Visit Support, the Export Marketing Research Scheme and Passport to Export.

Next steps: *Read the UKTI, 'How We Help' booklet for more*

Language and cultural barriers

(including bias): Every market is different and being aware of cultural differences is a crucial ingredient in the recipe for success. The UKTI overseas network can help companies to bridge cultural barriers and offer solutions to language issues. For example our Export Communications Review programme helps address language barriers by providing subsidised reviews of export communications needs.

Next steps: *For more on the Export Communications Review service visit the UKTI website*

Case study

SME overcomes resource barriers to toast increased export sales



Old St Andrews is a small premium spirits firm of less than ten employees, based in Kent. In 2012 they expect to increase export sales by around 30 per cent thanks, in part, to a lucrative \$300,000 deal with a US distributor. It is an exciting time for the company but they have had to overcome various challenges before seeing their overseas business come to fruition.

Managing Director Bob Gorton explains, *“As a small business, we have very little time and money to market ourselves or test market our product and the key has been targeting the right people and qualifying their level of interest via initial emails and phone calls. It was only after we were able to do that we would fly out to meet our contacts to discuss the finer details and convince them of our product.”*

Old St Andrews have been able to overcome these resource barriers by accessing support from UKTI using services such as Passport to Export. Bob explains, *“We’ve found having face-to-face meetings abroad virtually guarantees business, which is why going on various UKTI-led market visits has been invaluable to help us get to where we are today.”*

Old St Andrews now hopes to export to Brazil, Russia, India and China, having already won other overseas orders in countries such as Estonia and South Korea.

How to get in and get on

Most common methods for selling abroad in the last five years²².



As part of our research we asked those firms who already have the bumps and bruises from doing business overseas what the most effective ways are to get in to a new market and build sustained success.

Even allowing for the many different nuances for each sector and market it is fair to say that there are four main ways in which to sell your product or service overseas: selling direct, selling through local agents or distributors, contractual methods and setting up an overseas site. The popularity of each method is shown above.

Selling direct

The vast majority (**87 per cent**) of UK firms that are active overseas sell direct to businesses or individuals and almost half (**46 per cent**) of firms only sell direct. The use of the internet for direct sales has clearly become an important part of selling overseas with almost a third (**31 per cent**) of firms reporting that at least some of these sales were made through the website. In total **4 per cent** of firms are ‘web-only’ exporters²³.

When we asked relevant companies why they chose to sell direct almost three out of four (**73 per cent**) said it was the best way to build up a strong working relationship with overseas customers, and two thirds (**66 per cent**) because it was the best way to ensure quality²⁴.



The export market has increased in the last few years. In terms of which markets, you name it, we will sell there! We go along with the flow. Our website has significantly increased our overseas sales. We have put some money into it in recent years and seen an increase in enquiries and orders.”

John Sanderson, Challenger Handling



31%

of firms reported that at least some of their export sales were made through their online presence.

73%

of companies use local agents or distributors to find overseas customers.

10%

Around one in ten companies export and grow by using a licensing or franchise agreements.

Using local agents or distributors

Using people on the ground, who understand the culture and business networks in a country, is often the best route to market for UK firms. However, the failure of an arrangement with an overseas agent or partner can be both expensive and time consuming.

31 per cent of firms that planning to start exporting in the next year intend to use agents or distributors, compared to **41 per cent** among those already active abroad. The more experienced a company is at exporting, the more likely they are to use this method.

When we asked relevant companies why they used local agents or distributors almost three-quarters (**73 per cent**) said it was because ‘they were better placed to identify potential customers²⁵. Simplicity is also seen as a common benefit – agents or distributors enable you to access international markets while avoiding logistics issues and many other trade-related barriers²⁶.

Marian Brooks, Executive Director, Cambridge Education said, “Cambridge education is a provider of education services and for the past eight years, in the United States for example, our company has grown its export activity through partnering with more

than 2,500 schools in more than 100 districts across 22 states.”

Contractual methods

Around **one in ten** firms use licensing or franchising agreements in order to grow through export. Both these methods can have a considerable initial cost and may require legal resources in order to be applied fully. This perhaps explains why they are used more commonly among larger firms and those with the most substantial growth plans.

The licensing and/or franchising method is also more commonly used by those companies defined as ‘innovative’ i.e. they have dedicated resources for new product or service development. In this area issues of IP protection are also important, and around **14 per cent** of companies, according to one survey, found protecting their IP to be a major problem overseas²⁷. Specialist support on intellectual property protection is available from the Government’s Intellectual Property Office:

www.ipo.gov.uk

Using an overseas site

Only just over **10 per cent** of firms have taken the decision to set up an overseas site in order to export. Among those firms over three-quarters (**76 per cent**) used this site as a distribution or sales office and a quarter use it as a production site.

The majority of firms with overseas sites (**51 per cent**) only set up an overseas site after ‘testing the market’ through one other method (most commonly selling direct). However, it is interesting to note that for a fifth of these firms, the first way in which they did business overseas was through establishing an overseas site.

What type of exporter are you?

The ways in which companies tend to grow through exporting differ depending on how long they have been doing business overseas²⁸:

Newbies

These are companies that have never exported but are considering doing so.

45%

Two in five (45 per cent) expect a significant level of growth once they start doing business overseas;

78%

78 per cent plan to sell direct, and only one in five consider contractual arrangements²⁹;

31%

31 per cent consider using agents or distributors, noticeably less than the **42 per cent** of companies already active abroad who use this method³⁰;

Are eligible for the new Exporting for Growth Prize – awarded by UKTI for the most workable new export idea ready to be converted into a successful international opportunity.

Dabblers

These are companies that have been exporting for two years or less.

33%

33 per cent are likely to have experienced growth from overseas business already;

44%

44 per cent have significantly improved their profile or credibility from doing business overseas;

40%

Tend to trade in markets closer to home, such as Europe, although two in five of the smallest exporters already do business in at least one high-growth market³¹;

Are more likely to use social networking sites for business reasons.

Born Global

These are companies that have conducted business overseas since their outset and who generate at least a quarter of their sales from overseas.

48%

48% already do business in fast growing or emerging markets;

50%

One in two use agents and distributors, much higher than their equivalents. They are also more likely to use contractual arrangements;

69%

69 per cent have received a return on investment from new product development thanks to doing business overseas;

Are less likely to be 'web only exporters', but are more likely to be importing goods and services from overseas.

Old Hands

These are companies that have been exporting for ten years or more.

80%

More than 4 in 5 have experienced benefits including growth³² and they encounter fewer barriers than other exporters³³;

43%

43 per cent use agents and distributors, significantly more than less experienced companies, and are around a third more likely to be importers;

46%

46 per cent still have less than 10 employees, and **26 per cent** have a turnover between £500,000 – £2 million;

47%

47 per cent have received a return on investment from new product development thanks to doing business overseas.

Tips and tweets



We asked some of the companies that we have worked with to share their insights when it comes to doing business overseas:

My tip for anyone going into China is that it's all about Guanxi. The term describes the basic dynamic in personalised networks of influence, and is a central idea in Chinese society. If you have a good product or service and can establish and maintain strong relationships then the Chinese market is a welcoming one for UK companies."

**Richard Kaye, CEO,
Fired Up Corporation Ltd**

Doing business abroad is all about follow up. Making contacts, learning the terrain and understanding the culture are all important but mean nothing if you don't follow up and build meaningful relationships with your partners and customers overseas. It's hard work but it can be fun too."

**Ilan Sherman, Director,
Salon Wear Direct**

We think internationally, but we act locally. We need people on the ground in our new markets, so that they can respond quickly and each new country means a new set of challenges."

Graham Cartledge, MD, Benoy

Our advice is to consider a visit or a trade mission. For us, a seven-day trip to explore the potential of the Japanese market gave us a whole different feel, and proved invaluable. Japan is such a unique market, without doing the field research, talking to people face-to-face, finding out exactly how the market works and what customers really want, it would have taken us considerably longer to succeed there."

**Dean Bowdery, Sales Director,
Protection Racket**

Thanks to a venture into the South African market we now have £265,000 worth of orders that we may otherwise have missed out on."

**Les Flint, Export Manager of
Laminating & Coating Technologies.**

I am personally a newcomer to export as my previous roles have not involved overseas sales so I have really benefited from the training available through Export Cornwall and the support of UKTI. I'd recommend that anyone new to exporting takes advantage of these sorts of bodies."

**Emily Moore, Overseas Trade and
Marketing Co-ordinator, Frugi**

Case study

Powelectrics Limited

As recently as three years ago, the company had six employees; now there are 17. Turnover doubled to £2 million in 2011, and is expect to reach £3-4 million this year.



Based in Tamworth, Staffordshire, Powelectrics began selling sensors used in factory automation during the 1980s, moving into telemetry – the automatic measurement and transmission of data from remote sources back to a base – 12 years ago. But it was not until 2007 that the company began to investigate export possibilities.

It started with a UKTI 'Passport to Export' course. Since then, Powelectrics' expansion has come from securing a series of long term contracts supplying devices and services to North America, across Europe and even into China, Taiwan, Malaysia, Indonesia and the Philippines. Recently a contract has

been signed involving the high-growth market of Brazil and there are plans to expand to other markets too.

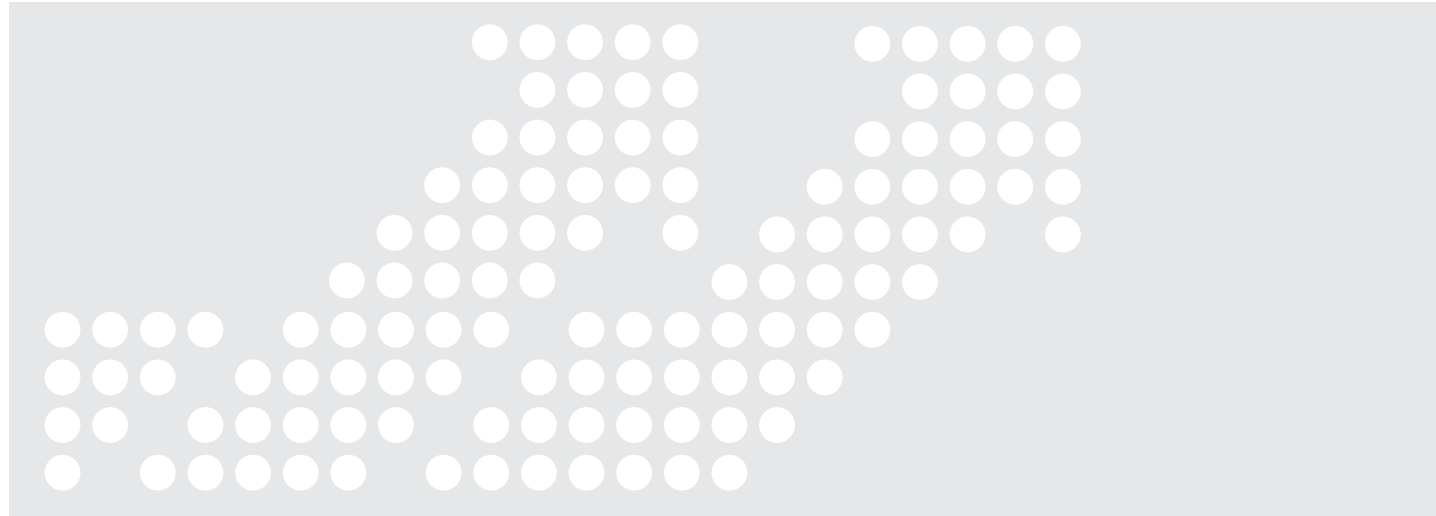
As recently as three years ago, the company had six employees; now there are 17. Turnover doubled to £2 million in 2011, and is expect to reach £3-4 million this year.

This expansion would not have been possible for such a specialised product in Britain alone, particularly as the big users of telemetry – such as companies distributing fuel or cryogenic gases – operate on a continental or global basis.

Powelectrics' does not rely on an international sales force to generate exports. Highly focused prospecting coupled with a high ranking website working as a 'shop window' are supported by thorough and prompt email and telephone responses. By using modern communication techniques sales meetings and training can be provided without the need to travel but there are still times when a face-to-face visit from sales director Dave Oakes is needed.

Ready to grow?

How UKTI can help



UK Trade & Investment (UKTI) staff are experts in Helping Your Business Grow Internationally. We provide expert trade advice and practical support to UK-based companies wishing to grow their business overseas. With 2,400 staff and a presence in 96 countries, UKTI can assist you on every step of the exporting journey. Whatever stage of development your business is at, we can give you the support that you need to expand and prosper.

Through a range of unique services, including participation at selected trade fairs, outward missions and providing bespoke market intelligence, we can help you crack foreign markets and get to grips quickly with overseas regulations and business practice.

International Trade Advisors

Our International Trade Teams are located in over 40 local offices around the country and provide professional advice across a wide range of export issues. Meeting with a trade expert face-to-face, you'll be able to ask questions, assess your capabilities from a fresh perspective and plan possible next steps.

Passport to Export

This programme provides support and mentoring for eligible SMEs. Aimed at new and inexperienced exporters it offers free capability assessments, support in visiting markets, mentoring from a local professional, action plans, customised and subsidised training and ongoing support once you've started to export.

Gateway to Global Growth

A free service for experienced exporters that offers a 12-month programme of strategic support tailored to your company's needs, to help you diversify into new markets or build additional capacity.

Export Marketing Research Scheme

This helps you to carry out export marketing research on all the major aspects of any export venture; on topics such as market size and segmentation; regulations and legislation; customer needs, usage and attitudes; distribution channels; trends; and competitor activity, strategy and performance.

Export Communications Review

This offers companies help with the linguistic and cultural aspects of doing business overseas, including cultural awareness reviews and communications planning.

Overseas Market Introduction Service (OMIS)

This service enables you to grow your business globally through the provision of bespoke market research and in-market assistance. Delivered by UKTI staff in British Embassies, High Commissions and Consulates across the world, it can include market advice, support during overseas visits, arranging meetings with key contacts, analysis of market entry strategies, bespoke events such as product launches and identification of potential business partners.

Trade Fairs & Exhibitions

Taking part in overseas exhibitions is an effective way for you to test markets, attract customers, appoint agents or distributors and make sales. UKTI's Tradeshow Access Programme (TAP) provides grant support for eligible SME firms to attend trade shows overseas.

Business Opportunities Alerts

A free online service providing export sales leads, sent direct to you via UKTI's huge global contacts network.

Aid Funded Business

UKTI's Aid Funded Business Team can help you through the process used by multilateral agencies funding development projects and help relevant companies to find out more about the opportunities and win aid funded business.

FCO Political and Economic Updates

Varied and topical reports from Foreign and Commonwealth Office (FCO) diplomats provide your company with authoritative, clear assessments of political and economic factors in key emerging markets.

Overseas Business Risk

UKTI and FCO bring together authoritative, accessible and topical information on issues such as cyber risks, bribery and corruption which could affect your business when trading overseas.

Partnerships

UKTI runs a number of partnership programmes with initiatives like the Global Entrepreneur Programme, aimed to help you work more effectively, find new partners and expand your business.

High Value Opportunities Programme

A new approach to identify, prioritise and support businesses to access large scale overseas procurement opportunities which range from major infrastructure, manufacturing and engineering, through to big supply chain or value chain opportunities.

You can find out contact details for your local UKTI International Trade Adviser on our website: www.ukti.gov.uk or telephone us: +44 (0)20 7215 8000. Our helpline is open from 9.00am to 5.00pm Monday to Friday.

Footnotes

- Page 02** 1 All statistics on this page, unless otherwise stated, are from: 'International Business Strategies, Barriers & Awareness Monitoring Survey 2011 (OMB Research)'.
2 HM Revenue and Customs.
3 NIESR Analysis of the International Business Strategies, Barriers and Awareness Monitoring Survey, March 2010.
- Page 04** 4 International Business Strategies, Barriers & Awareness Monitoring Survey 2011 (OMB Research).
- Page 05** 5 BIS Economics Paper No. 5 – Internationalisation of Innovative and High Growth SMEs, March 2010.
6 All statistics on this page, unless otherwise stated, are from: 'International Business Strategies, Barriers & Awareness Monitoring Survey 2011 (OMB Research)'.
- Page 06** 7 BIS Economics Paper No. 5 – Internationalisation of Innovative and High Growth SMEs, March 2010.
8 International Business Strategies, Barriers & Awareness Monitoring Survey 2011 (OMB Research).
- Page 09** 9 The Role of Overseas Markets and Export Support in Business Development of Innovative and High Growth SMEs (OMB Research), December 2011.
10 The Role of Overseas Markets and Export Support in Business Development of Innovative and High Growth SMEs (OMB Research), December 2011.
11 BIS Economics Paper No. 5 – Internationalisation of Innovative and High Growth SMEs, March 2010.
12 International Business Strategies, Barriers & Awareness Monitoring Survey 2011 (OMB Research).
13 International Business Strategies, Barriers & Awareness Monitoring Survey 2011 (OMB Research).
- 14 The Role of Overseas Markets and Export Support in Business Development of Innovative and High Growth SMEs (OMB Research), December 2011.
15 An investigation of firms reporting high levels of financial growth as a result of UKTI support.
- Page 12** 16 HM Revenue and Customs.
17 All statistics on this page, unless otherwise stated, are from: 'International Business Strategies, Barriers & Awareness Monitoring Survey 2011 (OMB Research)'.
18 HM Revenue and Customs.
- Page 15** 19 When Two Worlds Meet – HOW HIGH-GROWTH MARKET COMPANIES ARE CHANGING INTERNATIONAL BUSINESS, UKTI and Economist Intelligence Unit, 2011.
- Page 16** 21 International Business Strategies, Barriers & Awareness Monitoring Survey 2011 (OMB Research).
- Page 19** 22 International Business Strategies, Barriers & Awareness Monitoring Survey 2011 (OMB Research).
23 All statistics in this section, unless otherwise stated, are from: 'International Business Strategies, Barriers & Awareness Monitoring Survey 2011 (OMB Research)'.
24 BIS Economics Paper No. 5 – Internationalisation of Innovative and High Growth SMEs, March 2010 (p.50).
- Page 20** 25 BIS Economics Paper No. 5 – Internationalisation of Innovative and High Growth SMEs, March 2010 (p.50).
26 Business Link.
- Page 21** 27 UKTI International Business Strategies Barriers and Awareness Survey. 2010.
- Page 22** 28 All statistics on this page, unless otherwise stated, are from: 'International Business Strategies, Barriers & Awareness Monitoring Survey 2011 (OMB Research)'.
29 It should be noted that the sample size of 'considerers' (61 companies) is much smaller than the sample of actual exporters (842 companies).
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31 NIESR Analysis of the International Business Strategies, Barriers and Awareness Monitoring Survey, March 2010.
- Page 23** 32 BIS Economics Paper No. 5 – Internationalisation of Innovative and High Growth SMEs, March 2010.
33 BIS Economics Paper No. 5 – Internationalisation of Innovative and High Growth SMEs, March 2010.

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Research papers used in this publication

Available via: www.ukti.gov.uk

International Business Strategies, Barriers & Awareness Monitoring Survey 2011 (OMB Research).

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BIS Economics Paper No. 8 - UK trade performance: Patterns in UK and global trade growth, November 2010.

The Role of Overseas Markets and Export Support in Business Development of Innovative and High Growth SMEs (OMB Research), December 2011.

IMF World Economic Outlook 2011.

NIESR Analysis of the International Business Strategies, Barriers and Awareness Monitoring Survey, March 2010.



Contact us

For further information on exporting, contact your local UKTI International Trade Adviser on our website: <http://www.ukti.gov.uk>

UK Trade & Investment is the Government Department that helps UK-based companies succeed in the global economy. We also help overseas companies bring their high-quality investment to the UK's dynamic economy acknowledged as Europe's best place from which to succeed in global business.

UK Trade & Investment offers expertise and contacts through its extensive network of specialists in the UK, and in British embassies and other diplomatic offices around the world. We provide companies with the tools they require to be competitive on the world stage.

Solutions for Business

Funded by
UK Government

UK Trade & Investment is responsible for the delivery of the Solutions for Business product "Helping Your Business Grow Internationally." These "solutions" are available to qualifying businesses, and cover everything from investment and grants through to specialist advice, collaborations and partnerships.



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