

## WHY SHOULD I EXPORT?

"Every time I open a business magazine there's another article telling me I should export my products. I'm comfortable with my local sales, I don't know anyone who exports, and exporting sounds scary. So what's in it for me?" Perfectly reasonable thoughts if you haven't looked at exporting yet. Of course not every company is in the right place or has the right product mix to export, but let's find out how others see it.

Quality Air Equipment Pty Ltd (QAE) is only ten years old and Director Stephen Podetti, one of the three founding brothers said "If we didn't export, another ten years down the track we would probably still be where we are today." QAE specialises in designing and supplying air conditioning diffusion, sheet metal, fans and accessories to the heating, ventilation and air conditioning industries and now exports to Europe and North Africa.

Exporting can end up being the major focus of the company, especially if the local market in Australia is very limited. Using the can-do attitude that Australian companies are renowned for, more unusual markets can open up. Bronx International Pty Ltd has developed a worldwide reputation for supplying specialised galvanising and paint lines used to coat metal strip. "Without exporting our company would not exist as only a very small portion of our overall turnover is from local sales within Australia" said Leontia Trimboli, Finance Director. Bronx have had recent successes with major projects in Russia and Eastern Europe, and now sees Latin America emerging as a potential market.

It is vital for SMEs in Australia to not just follow the crowd because they saw a magazine article saying that China and India are going to be great markets for Australian products. Such generalised statements can lead an SME to expend huge amounts of energy in marketing to the wrong countries or regions and against major competitors. Steve Podetti analysed the market for his company's products and saw the hot Mediterranean climates as prime candidates. New buildings of course demand air conditioning so QAE's specialised flexible ducting has met with considerable success there and sales are growing. The machinery which Bronx supplies is suited to developing countries as most of their customers produce painted and galvanised product for corrugated roofing in their own countries.

Export marketing is not a cheap or easy process. David Newell, Business Development Director of Matcon Pacific Pty Ltd, a subsidiary of a UK company, said that they use exhibitions, sales visits and good local representation in the countries they are exporting to. Matcon specialise in providing machinery for handling and processing powders, granules, tablets and other materials in Intermediate Bulk Containers (IBCs), so again the developing countries provide healthy markets for them. Over time exporters will need to work on building up a reputation in their markets. Bronx's Leontia Trimboli explained that in their case "A lot of our references are through word of mouth, because it is a sector of the steel industry that has close links across the world. Our global reputation and references have helped to build our business and around 60 percent of clients are repeat business."



Family-owned Era Polymers Pty Ltd, says their Export Manager Louise Connor, are heavily involved in international trade shows catering to their markets for specialty polyurethanes. Additionally they find the internet to be a great tool to facilitate overseas growth plans, using not only their own website but specialist websites on which they advertise their products to build a global brand and presence.

Dieter Riegel, Managing Director of HD Scientific Supplies Pty Ltd, says that attending major international conferences and exhibiting their products are his company's main export marketing tool. HD Scientific has been servicing Australian scientific industries for 40 years, marketing an extensive range of laboratory instrumentation and consumables. Yet it is only in the last two and a half years that they have made a concerted effort to market overseas. Now some 15% of sales come from exports.

Effective websites can be a very useful tool in export marketing. QAE for example chose to use a short and catchy web address of [www.qaeglobal.com](http://www.qaeglobal.com) which immediately gets the message across that they market to the world. The Bronx website [www.bronxintl.com](http://www.bronxintl.com) is an important tool for marketing and lead generation for them. They have been developing and adding to this over the past year, and now the home page and other articles have been translated into Russian, Spanish and Indonesian, and so have their product brochures. The lesson here is to continually improve the offering on your website to keep ahead of the competitors and demonstrate your products in a modern and attractive way. The website is now an exporter's product catalogue for the world.

What are some of the difficulties that these companies face getting their products out into the export marketplace? The main challenges for an export driven Australian company are the exchange rates, regional issues within each country, language and the logistics costs. The AUD exchange rate is impossible to predict so good management through foreign currency bank accounts, forward exchange contracts and so on are a must.

Matcon find that difficulties can be experienced in getting good local people on the ground, red tape imposed by some government run agencies and political/security unrest. The last is always a potential risk in developing countries, especially if there is a long lead time between getting the order and shipping the goods. There are so many countries around the world where it may have appeared that everything was on the up-and-up when the order was taken, but come time to ship and things have changed, sometimes with new laws passed to tighten up foreign currency transfers or greater environmental controls.

Dieter Regel explained that presenting HD Scientific's products to European and American markets, because the equipment is bulky, means they have to take into account high freight as well as clearance and storage costs. Era Polymers have found that the best way of servicing their customers in about 50 countries who want fast delivery of their specialty polyurethanes is to hold stock in a number of strategically placed warehouses around the world so that they can offer deliveries within one week of receiving an order.

For most companies a supportive and helpful freight forwarder is a necessity. When the goods are sold freight collect the exporter must deal with the buyer's forwarder who may be previously unknown to the exporter, so there is no relationship or understanding of the product. It is important to ensure that the exporter controls the freight movement. As Louise Connor explains, "Our freight forwarder is an integral part of our success. We can and do guarantee our quality and back up service. In partnership with our freight forwarder on-time deliveries around the world have become an important part of our success."

So, is exporting easy? Definitely not. Can exporting be profitable for a company? Definitely yes, but it takes hard work, determination, planning, time and patience to take on the best in the world. Indeed, exporting can be very beneficial to the survival and success of many Australian companies.

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