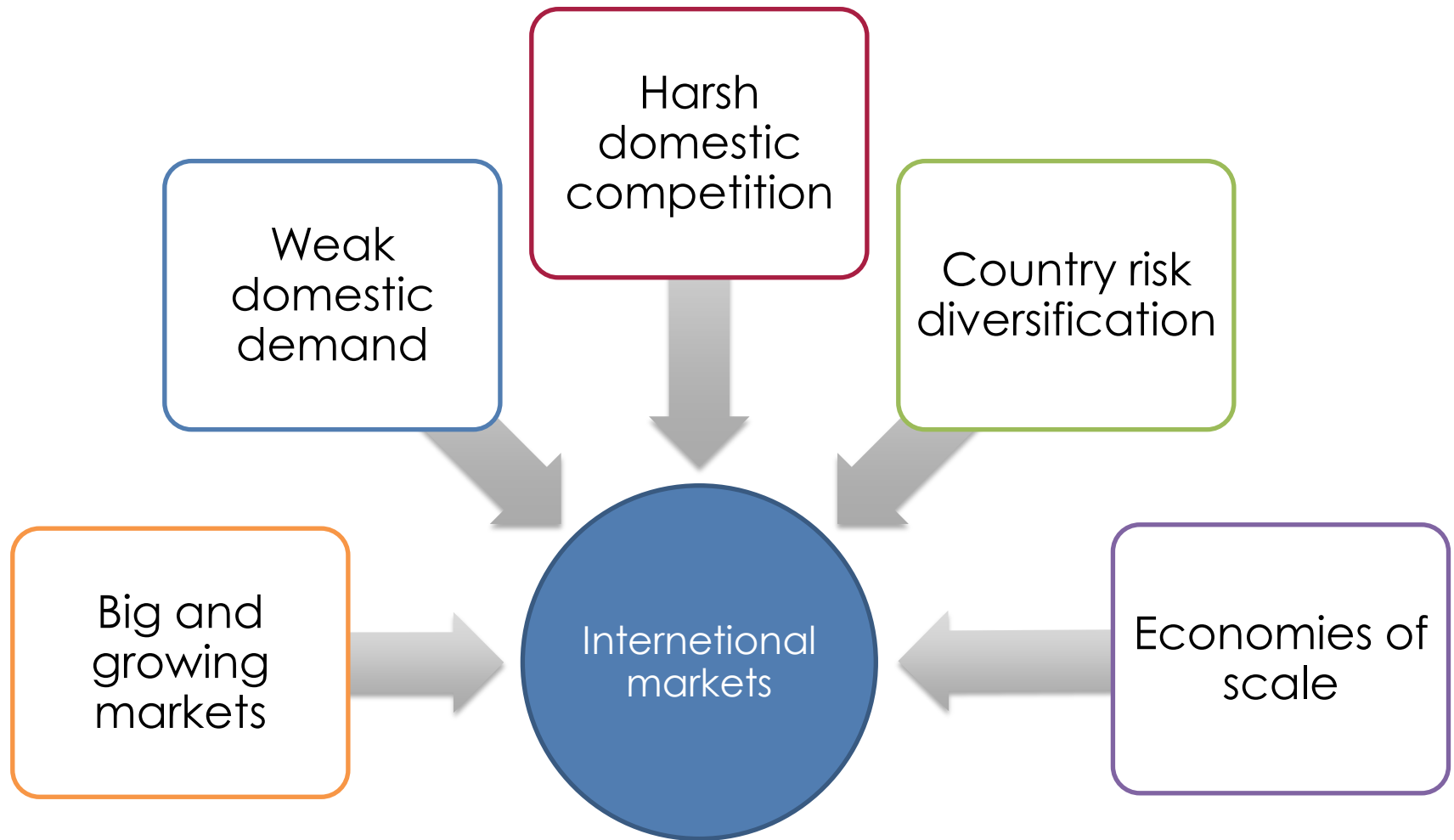




# Going International

*A Summary for  
SMEs of Food Industry*

# Going International: Benefits for SMEs



# Preliminary Assessment

Strengths and Weaknesses of the company



Company Competitive Advantage in Domestic Market

Possibility to Replicate the Advantage in Other Markets

# Selection of Target Markets

*The following information are useful to select the target markets*

## Macroeconomic data

- Population
- Per capita GDP and its growth rate
- Rate of inflation
- Trend of local currency ( non Euro )
- Political risk
- Geographic and cultural proximity
- Literacy

Sources: World Bank, OCSE, ICE

# Selection of Target Markets

## Market Data

- Demand (prices, volumes, quality of the products)
- Competitors (local, foreign, multinational)
- Local legislation and government's attitude
- Import of Italian food products
- Balance of trade of Italian food products

Source: ICE, Chambers of Commerce, Professional Associations

# Selection of Target Markets

## Near Markets

- Lower Complexity
- Low Investment
- Results in the short run, but mediocre

## Afar Markets

- Higher Complexity
- High Investment
- Important results in medium-long term

Define a balanced mix:

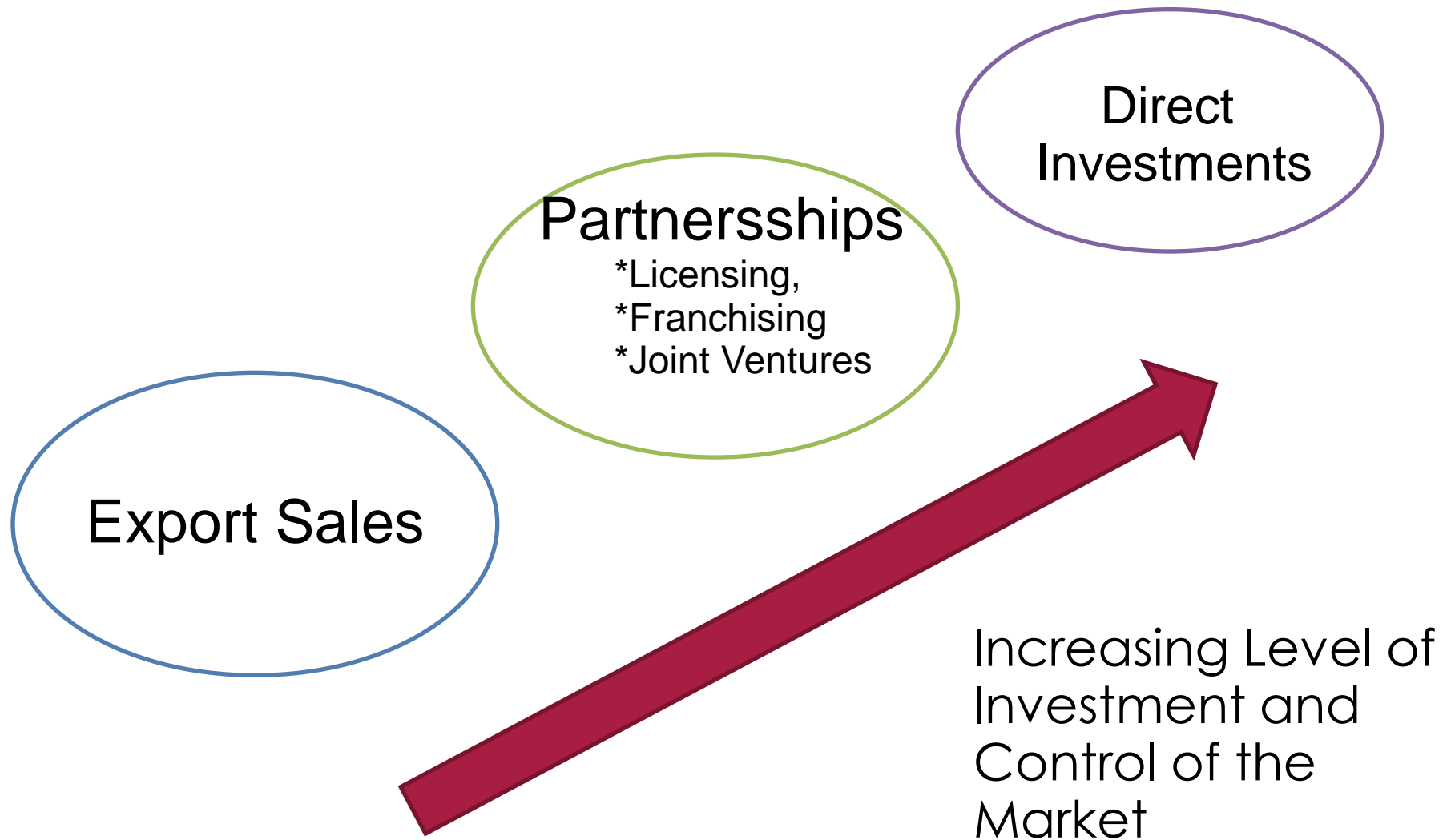
Example

1 near (Germany / UK)

1 middle ( USA / Russia )

1 afar ( China / India / South Korea

# Entry Strategy



# Get Organized for Export Sales

## Type of Structure in Italy

- ✓ Big Client
- ✓ Trading Company
- ✓ Advisor / Agent
- ✓ Export Manager in outsourcing
- ✓ Export Manager in house

## Types of Structure Abroad

- ✓ Big Client
- ✓ Trading Company
- ✓ Agent
- ✓ Importer / Distributor
- ✓ Warehouse
- ✓ Sales Subsidiary



# Marketing Mix

The 4 Ps are adapted to meet the preferences of the local market.

## Products

- Recipes
- Labels
- Packaging

## Price

- Reference to market leader / average
- Specific for distribution channel

## Distribution Channels

- Specialty Shops
- Normal trade
- Modern distribution
- HoReCa

## Promotions

- Exhibitions
- Catalogues
- Events
- Actions on pos
- Press releases
- Adv / PR

# Company Adapts to Export

Company departments must progress to support export sales

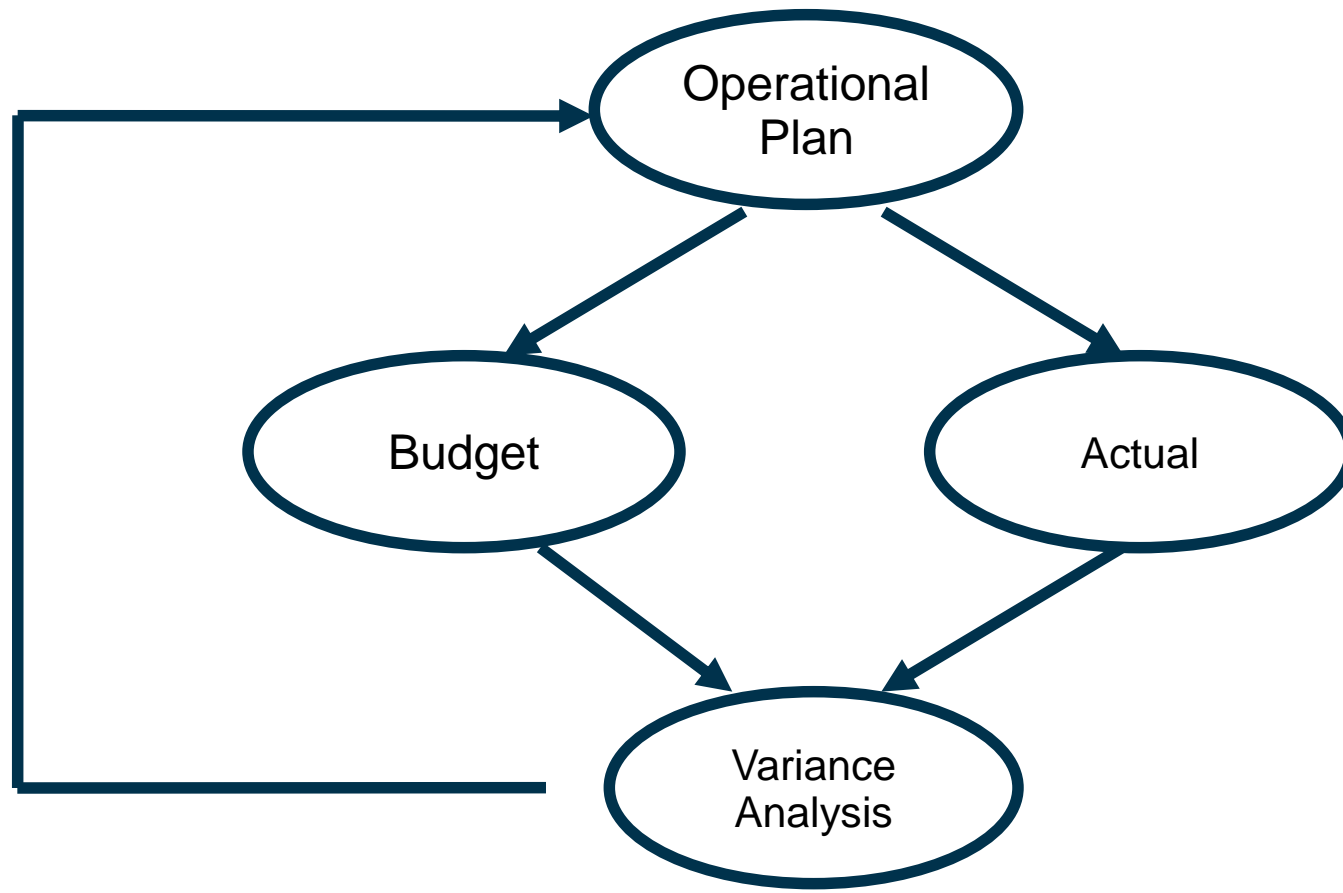
Administration	Logistics	Quality A/C	Mktg&Sales
<ul style="list-style-type: none"><li>• Docs in foreign languages</li><li>• Exchange rate risk</li><li>• Trade receivables abroad</li><li>• Statistical communication (ex.INTRASTAT)</li></ul>	<ul style="list-style-type: none"><li>• Customs docs</li><li>• Shipments abroad</li><li>• Docs in foreign language</li><li>• Growing number of SKUs</li></ul>	<ul style="list-style-type: none"><li>• Certificates (ISO, BRC, IFS)</li><li>• Product and process documentation in foreign language</li><li>• Product specs change with markets</li></ul>	<ul style="list-style-type: none"><li>• Monitoring foreign markets</li><li>• Label text in foreign languages</li><li>• Promo materials in foreign languages</li><li>• Management of foreign clients</li></ul>

# Operational Plan

Collecting all aspects of the project in an Operational Plan allows to:

- Make clear and share the decisions taken
- Check the coherence of the different parts
- Point out possible missing pieces of information
- Align the whole company to the needs of the project
- Set measurable objectives, also on a multiyear frame (ex. budget, break-even)

# Control and Review of the Plan



# Quality Certifications

Certifications reassure distributors and end consumers :

## Relationship with a Territory

- DOP / IGP / STG

## Practices in Agriculture

- Global GAP – Good Agriculture Practice

## Standards for European Modern Distribution

- BRC – British Retail Consortium ( UK )
- IFS – International Food Standard ( Austria, Switzerland, France, Germany )

# Support to Go International

- Desks of Italian Regions ( SPRINT )
- Grants for promotional activities of Consorzi per l'Internazionalizzazione
  - D. Legge 22/06/2012
  - Decreto Ministeriale 22/11/2012
  - Decreto Direttoriale 11/01/2013
- SACE-Servizi Assicurativi Commercio Estero
  - Insurance on trade credit allowed to foreign clients
  - Insurance on financial credit allowed to exporting companies
- SIMEST-Società Italiana Imprese all'Estero ( direct investments abroad )

# Joining Forces

Putting together the efforts of several companies (rete di imprese / consortiums) is beneficial:

- Makes easier getting public grants
- Allows investments too big for the single company (exhibitions, promotional events, professionals dedicated to foreign markets)
- Increases the level of services to clients
- Induces exchange of experiences among members