

# 6 Important Considerations for your Export Pricing Strategy

Guidance on how to price your products for international markets

When it comes to exporting goods overseas it's important that you don't price yourself out of the market or end up eating into those precious margins. Here we outline *six important considerations* to help you devise the best possible export pricing strategy for your business.

## THE TARGET MARKET

- ✓ Identify the best channels in the target market(s)
- ✓ Conduct thorough market analysis
- ✓ Identify your competitors and analyse their pricing strategy
- ✓ Position your products depending on what the market and the consumers are after and are willing to pay



## SUPPLY CHAIN



- ✓ Costs will vary depending on your supply chain and your relationship with overseas partners
- ✓ Margins are important, but don't be too greedy to start with
- ✓ You can go for higher prices if you sell direct to retail
- ✓ Think about bulk discounts for large orders
- ✓ Always have your long-term strategy in mind (don't price too low at the start and consider the additional costs you may incur as you increasingly penetrate the market)

## PRODUCT MODIFICATION

- ✓ Check that your product complies with local rules and regulations
- ✓ Implement necessary modifications before entering into negotiations
- ✓ Investigate the impact on pricing which any modification is going to have on your bottom line and also attractiveness to the market



## PACKAGING



- ✓ Labelling and packaging may also need to be adapted to the market, thus incurring extra costs
- ✓ Can you translate your product packaging to save the costs on overlabelling?
- ✓ Analyse the market to see if your packaging is appealing to the target customers in terms of design
- ✓ Make sure the material you use is export ready and your pallets are market compliant too

## LOGISTICS

- ✓ Research the best mode of transport to have the best price for your products
- ✓ Have in mind local infrastructure to be sure your products arrive in the best conditions
- ✓ Carefully consider the incoterms and who will cover the logistics costs
- ✓ You may also need to cover import duties, tariffs, local taxes, customs fees, inspection service fees



## DOCUMENTATION



- ✓ Think ahead of time about costs incurred by specific documentation with every shipment
- ✓ Documents may need to be translated, again adding extra costs
- ✓ Commercial Invoices and Agreements may need to be legalised by the relevant Embassy and these are costly!
- ✓ Certificate of Origin and Health Certificates for outside the EU are often required to accompany shipments which also take time to receive
- ✓ Each market is different with their document requirements so always worth investigating in advance

## OTHER FACTORS TO CONSIDER

- ✓ Bank charges, currency fluctuations, payment methods, transaction costs, credit checks, payment terms - cash flow, insurance – international product liability, intellectual property, VAT, business travel expenses
- ✓ If your company's costs increase/decrease, what pricing options are available to you?
- ✓ In order to achieve a market share in your target market, you may need to be aggressive on your target market pricing. Be clear on how low you are willing to go on your margins before any market entry opportunity becomes not viable or too risky

