



Energising Zimbabwe's Export Growth



GUIDE TO
Export
Market Research

**2016
Revised
Edition**



Energising Zimbabwe's Export Growth

ZimTrade, the national trade development and promotion organization, is a unique joint venture partnership between the Private Sector and the Government of Zimbabwe. It was established in 1991.

Our mandate is to Energise Zimbabwe's Export Growth. We achieve this through offering the following services:

Market Intelligence

...by disseminating information through various platforms.

Capacity Building

...through offering export training programmes.

Export Development

...by nurturing existing and potential exporters.

Export Promotion

...through facilitating the marketing of Zimbabwean products and services to the global market.



HEAD OFFICE: 904 Premium Close, Mt. Pleasant Business Park, Harare, Zimbabwe; **Phone:** +263 4 369330-43; +263 8677 000 374; **Fax:** +263 4 369224; **Email:** info@zimtrade.co.zw

REGIONAL OFFICE: 48 Josiah Tongogara Street, Bulawayo, Zimbabwe; **Phone:** +263 9 66151, 62378; +263 8677 000 378; **Fax:** +263 9 62397; **Email:** info@zimtrade.co.zw

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Contents

Introduction	5
Export Market Research	6
Setting Marketing Objectives and Guidelines	7
Eliminating Markets	8
Sources of Information	9
Field Research	12
Designing the Final Report	13
Appendices	14

1

Introduction

The ZimTrade Guide to Export Market Research is designed for enterprises that wish to **undertake basic desk research on foreign markets.**

The Guide details the sources, available at ZimTrade Trade Information Centre (TIC), that are invaluable to desk research and export marketing planning.

The Guide also provides some elementary pointers on how to approach field research.

2

Export Market Research

Export market research is the process of gathering and evaluating information in a target foreign market with the objective of identifying market opportunities and constraints. This involves collecting and analysing data available from a wide variety of sources within and outside Zimbabwe.

The information gathered from the research helps to reduce uncertainty, pinpoint solutions and determine appropriate marketing strategies. All pertinent issues must be carefully researched before the decision is made to enter a foreign market.

Export Market Research generally comprises two elements:

- a) Desk Research
- b) Field Research

2.1 Desk Research

Involves collecting, summarising and analysing data already available in the public domain such as company records, published government reports, and information in newspapers, magazines, and on the internet. This information can be used to eliminate less suitable markets at an early stage as well as to guide further research on the target market before making a field trip to that market.

In fact research resource facilities have developed so dramatically in the past few years that this has minimised the need for expensive in-market field trips.

It is important to have a clearly drawn budget for the research, whether desk or field.

2.2 Field Research

Field research may be undertaken after the results of the desk research have indicated the possibility to export to the target market. It involves an organised and formal in-market field trip to gather new data using methods such as face-to-face interviewing and direct observation. It is also used to test and verify desk research findings.

N.B.: *Desk and field researches can be carried out by internal staff, but if the organisation does not have the internal capacity, it is advisable to engage experienced research consultants. However, there is need to give the consultants a clear brief on what the company expects from the research so that the outcomes will be able to address the company's research questions.*

3

Setting Marketing Objectives and Guidelines

Export Market research is a practical exercise which should **provide management with sufficient information to formulate proper export market entry strategies.**

To ensure that the research is effective, it is important to set Marketing Objectives and Guidelines **before** commencing on the actual research work itself. These will quickly enable the enterprise to identify markets to focus on.

Factors to consider when setting Marketing Objectives and Guidelines include:

- Production capacity
- Available budget
- Ability to adapt products

4

Eliminating Markets

In order to screen markets the researcher should collate relevant data and information about the products and potential target markets.

General information will include the broad geographic, demographic and economic characteristics of the market, such as:

- what size is the country;
- how big is the population;
- what is the standard of living, etc.?

Having developed a broad picture of the market, the researcher should then move on to the specifics. For example, the researcher can look at:

- the volume and value of sales and imports of the particular product being researched,
- the tariff and non-tariff barriers,
- levels of duties and surcharges,
- health regulations,
- packaging and labelling requirements,
- distribution options,
- trends in the use of the product targeted for export i.e. is there growth in consumption, etc.

A broader list of general and specific factors to consider when analysing markets is in **Appendix 1**.

It may quickly become apparent that it is more difficult to enter some markets than others. The type of difficulty encountered will vary from market to market. Clearly, it makes sense to approach those markets first which present the least difficulties. The careful formulation of marketing objectives and guidelines will greatly ease the task of deciding which markets should be eliminated at an early stage of the exercise.

It is important to underline the Golden Rule of researching:
"Always start with the general and lead on to the specific".

Some of the reasons for screening out Markets are:

Market size - Too large or too small, Price wars or poor rate of consumption

Trade regulations - Trade in the product may be prohibited

Import Statistics - Decreasing imports of the product

Trade barriers - High import duties; import licences and also non-tariff barriers

Payment problems - Strict exchange controls

Political Stability - High political risk which causes loss or damage to the consignment

Internal competition - May be too intense

Economic growth - May be stagnant

Geographic - The market may be too distant with poor transport connections

Language - They may not speak English

5

Sources of Information

The key to successful desk research is knowing where to source the required information and how to utilise the sources fully. Thus, a good researcher must have the persistence to track down the information and the imagination to think of new, less obvious routes.

5.1 ZimTrade Trade Information Centre (TIC)

The TIC is a desk research facility that provides up-to-date trade and trade related information. The information can be accessed through the ZimTrade website (www.zimtrade.co.zw), or by visiting ZimTrade offices in Harare or Bulawayo. Users can also request for specific information through email or telephone.

The TIC also houses the Zimbabwe-EU Business Information Centre (Zim-EBIC) which aims at increasing the capacity of Zimbabwean business operators to establish mutually beneficial linkages with European Union counterparts by providing relevant. Information available include trade statistics, trade fairs, import requirements (standards, quality, packaging and labeling, phytosanitary), tariffs, non-tariff barriers to trade, etc.

The TIC facilitates efficient access to as well as use of various online portals and market research/analysis tools. ZimTrade staff are on hand to demonstrate and coach prospective users who visit the TIC or who have appropriate internet facilities at their premises.

The portals and market research/analysis tools, which allow users to have an in depth knowledge on the trade performance in their own sector or country as well as that of their competitors in other markets, include:

5.1.1 Trademap www.trademap.org

Trademap is an interactive online database on international trade statistics and presents indicators on information on trading companies, export performance, international demand, alternative markets and the role of competitors from both the product and country perspective.

5.1.2 EU Helpdesk www.exporthelp.europa.eu

This portal assists companies to have an understanding on how they can export their products to the **European Union** market: all duties, standards, forms, taxes, trade figures. It provides answers to the following questions:

- how the product should be to enter the EU market
- how much it costs
- how much is saved if the product/country benefits from a preferential arrangement
- how to prove the origin of products to benefit from this preferential tariff

5.1.3 Standards Map www.standardsmap.org/en/

The tool provides comprehensive, verified and transparent information on voluntary sustainability standards and other similar initiatives covering issues such as food quality and safety. The main objective of the programme is to strengthen the capacity of producers, exporters, policy makers and buyers, to participate in more sustainable production and trade.

5.1.4 Market Access Map www.macmap.org

The application allows users to analyse market access conditions worldwide and provides information on applied customs tariffs including applied and bound tariff rates, trade agreements (rules of origin and tariff preference), export and import statistics and non-tariffs measures.

5.1.5 Centre for the Promotion of Imports from developing countries (CBI) www.cbi.eu

The portal assists producers/exporters to get a foothold on the market in the Netherlands as well as the EU. It provides information on product demand and opportunities, competition, requirements for compliance, channels to get product to the market and buyer preference, etc.

5.1.6 Market News Service www.intracen.org/mns

Market News Service (MNS) provides detailed price information and market intelligence on the following selected products:

- Cut flowers & ornamental plants, (Monthly Report)
- Medical plants & extracts, (Quarterly Report)
- Spices, (Monthly Report)
- Tropical & off-season fruits & vegetables, (Monthly Report)
- Fruit juices, (Quarterly Report)
- Pharmaceutical starting materials, (Monthly Report)
- Essential oils & oleoresins, (Monthly Report)
- Organic products (Bi-monthly report)
- Precious & semi-precious stones (Monthly Report)

5.1.7 Market Surveys

ZimTrade periodically carries out market surveys in different regional markets. Market survey reports are available, in the TIC, for the following countries Angola, Mozambique (Tete, Nampula and Niassa Provinces), Namibia, South Sudan and Zambia.

5.1.8 Publications

The TIC also has different publications which include sector specific journals and magazines, trade directories from other countries and trade handbooks.

5.2 Other Sources

There are a variety of sources of export market research information. The following are examples:

Source	Examples of Type of Information available
Zimbabwe Embassies Abroad (List of Embassies can be accessed at Ministry of Foreign Affairs: www.zimfa.gov.zw)	Trade statistics, tariff and customs regulations, lists of importers and retailers, names of relevant government departments, manufacturers abroad
Foreign Embassies in Zimbabwe (List of Embassies can be accessed at Ministry of Foreign Affairs: www.zimfa.gov.zw)	Trade statistics, tariff and customs regulations, lists of importers and retailers, names of relevant government departments, manufacturers abroad
Business Membership Organisations (e.g. ZNCC and CZI)	Business conditions and trade regulations, retailers, names of relevant government departments, manufacturers abroad
Commercial Banks	National economic surveys, commodity reviews, economic trends and policies, industrial and trade developments, credit terms, methods of payment and foreign exchange rates
Zimbabwe National Statistical Agency www.zimstat.co.zw	Export and Import statistics, demographics, economic reports (<i>GDP, GDP growth</i> etc.)
Shipping and Freight Companies (List of companies can be accessed at Shipping and Forwarding Agents' Association of Zimbabwe: http://sfaaz.org/)	Costs of shipping, freight and transport; tariff rates; sanitary and phytosanitary requirements; required documentation; packing requirements
Zimbabwe Revenue Authority www.zimra.co.zw	Export procedures and requirements

It is important to take note of the Zimbabwe export regulations. Some products require export licences, permits and some are even prohibited from being exported. Full information can be accessed from relevant Government Ministries and Departments.

5.3 Useful Websites

The internet is a source of timely business information at relatively low cost. It is a "virtual library" that business executives can no longer afford to ignore.

For internet research to be done successfully, the researcher needs an understanding of the Harmonised System (HS) of tariff nomenclature as most databases are coded. The HS is an internationally standardised system of names and numbers to classify traded products. Knowledge of the HS helps in collection of trade statistics, customs tariffs and monitoring of controlled goods, among other things.

The following are examples of useful websites:

Institution	Website	Information
International Trade Centre	www.intracen.org	Trade and trade related information e.g. trade statistics, sector right ups and new developments in trade.
SADC	www.sadc.int	Trade opportunities and new developments in the SADC Region.
COMESA	www.comesa.int/	Trade opportunities and new developments in the COMESA Region.
FAO	http://faostat3.fao.org/home/E	Food and agricultural statistics.
United Nations	http://unstats.un.org/unsd/default.htm	<i>International Trade Statistics – Import/Export Data. External trade indices (volume, unit value/price, terms of trade, purchasing power of exports) of total exports and imports.</i>
World Bank	www.worldbank.org/data	National economic surveys, trade statistics, commodity reviews, economic trends and policies, industrial and trade developments, credit terms, methods of payment and foreign exchange rates.
Global Edge	http://globaledge.msu.edu/resourceDesk/	International business portal providing country guides links to global information resources and a discussion forum.
World Economic Forum	http://www.weforum.org/reports	Global Competitiveness Report, the Global Risks Report and the Global Gender Gap Report. The Forum also produces landmark titles covering the environment, education, individual industries and technologies.
World Customs Organisation	http://www.wcoomd.org/	Provides online version of the Harmonized System Database (offers the possibility of searching by keyword or by using an HS code number to retrieve the information you are looking for).
-	www.eventseye.com , www.10times.com	Regional and international trade fairs and exhibitions.

6

Field Research

Field research should start when every possible piece of information has been collated from various resource bases and this is combined with further detailed information gained from telephone interviews.

A field research may be carried out by a special survey team or by participating in trade missions. In addition to the normal preparations for any business trip, on the basis of the desk research the researcher should plan his field research as follows:

- i. Decide on the goals of the field research
- ii. Decide what kind of people will be surveyed and where they are located
- iii. Draft a survey questionnaire
- iv. Arrange interviews in advance where possible. The following can be targeted for interviews:
 - (a) Potential Distributors - They will be able to give very detailed information in many cases.
 - (b) Retailers/Wholesalers - They can provide information about consumer preferences and competitor market share and discount policy. They can also tell you who the best distributors are.
 - (c) Competitive Distributors/Manufacturers – these assist in providing valuable information on product features and other relevant issues in the market.

Where possible the researcher should carry along product samples and brochures (in the appropriate language) as this will assist in getting direct feedback on potential buyers.

6.1 Techniques of Field Research

A variety of techniques are used for gathering information in the field, but many are not likely to be practical for many market researchers because they are costly or highly sophisticated. The following are basic techniques commonly used:

6.1.1 Personal Interviews

Prepare questions in advance. Always ask for advice. People like giving advice, they usually don't like being interviewed. Bring samples of the product where possible so that the interviewee knows what you are talking about.

It is also crucial for the researcher to carry out a pilot research. A pilot study is a small scale preliminary study conducted in order to evaluate feasibility, time, cost, adverse events, and effect size (statistical variability) in an attempt to predict an appropriate sample size and improve upon the study design prior to performance of a full-scale research project.

6.1.2 Telephone Interviews

The advantage of using telephone interviews as a market research technique is low cost. It is often the best way to contact busy executives or others who would not be willing to grant time for personal interview.

6.1.3 Electronic Questionnaires

A questionnaire is developed and send on email to the respondents. This method gather feedback quickly and cheaply and eliminate the costs associated with printing and distributing paper-based questionnaires. Moreover, respondents answer the questionnaire on their schedule, at their pace, and can even start a survey at one time, stop, and complete it later.

6.1.4 Store Checks

It involves gathering information about consumer markets through direct observation in the shops. They can be carried out on a very limited budget and provide much useful information.

N.B.: It is also crucial to take note of the language used, this is critical as it has the potential to make or break the field research. There might be a need to use translators/interpreters.

7

Designing the Final Report

Every report has an audience. In the case of market research it is designed for senior management who need it to develop export marketing plans and make market entry decisions. The report should have a simple and straightforward structure as set out below:

- Title Page
- An Executive Summary
- A Table of Contents
- Introduction - this will include the guidelines and objectives.
- The Findings
- The Conclusions and Recommendations
- Appendices.

8

Appendices

Appendix 1: List of Factors to Consider when Analysing Markets

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a) General Information

- Location
- Geographic area
- Population defined by race, religion, density, income, education, age and gender distribution, average growth rate
- Languages, official and indigenous
- Major commercial and industrial regions/centres
- Geography and climate
- Literacy rate and average education level.

b) Form and Nature of Government

- Responsibility of central and regional governments
- Political climate - attitude to Zimbabwe's economic and social policies

c) General Marketing Factors

- General market conditions
- Consumer behaviour and references
- Trends in competition
- Quotations and payment terms
- Standards used, weights and measures, electricity characteristics
- Main manufacturing industries and output
- Manufacturers and commercial organisations
- Advertising and publicity media
- Leading import house
- Main shipping and air lines
- Relevant Government ministries and departments
- Planning development and other agencies concerned with purchasing
- Distribution networks
- Structure of retail and wholesale trade
- Pricing structure for product
- Free trade zones
- Trade fairs
- List of potential distributors/agents

d) Economic Indicators

- Overall level of development
- Economic or Gross Domestic Product (GDP) growth
- Role of foreign trade in the economy
- Currency: inflation rate, availability, exchange controls, stability of exchange rate
- Balance of payments
- Per capita income and distribution
- Disposable income and expenditure patterns

e) Present Structure of Economy

- Employment distribution
- Output and nature of industrial sectors of commercial interest

f) Economic Development Plans

- Period involved and funds allocated
- Target sectoral allocations and increases
- Foreign investment policy
- Budgetary provisions

g) Banking Infrastructure

- Number, type and competency of banks
- Financial services available

h) Transport and Communications

- Main ports and facilities
- Shipping services
- Airports
- Freight services
- Inland transport routes
- Condition of roads

i) Foreign Trade Data

- Total foreign trade
- Main exports
- Main imports
- Trade with Zimbabwe

j) Market Access

- Limitations on trade: tariff levels, quotas
- Documentation and import regulations
- Local standards, practices and other non-tariff barriers
- Patents and trademarks
- Preferential treaties/arrangements
- Legal considerations: investment, taxation, repatriation, employment, code of laws

k) Import Licensing/Quotas

- Categories, basis of allocation, procedures

l) Import Tariffs

- Rates
- Basis of assessment
- Surcharges, other taxes

m) Special Customs Provisions

- Entry regulations and procedures
- Free ports and bonded warehouses
- Appeals and penalties
- Samples, advertising and postal packages

n) Product Potential

- Customer needs and desires
- Local production, imports, consumption
- Exposure to and acceptance of product
- Availability of linking products
- Industry-specific key indicators of demand
- Attitudes towards products of foreign origin
- Competitive offerings

o) Other Factors

- Foreign exchange controls, repatriation of profits, convertibility of currency
- Anti-dumping and minimum price regulations
- Food, health, safety and quarantine regulations
- Marketing, packing, packaging and labelling regulations
- Patents, trademarks and copyright
- Agency legislation
- Pre-shipment inspection
- Shipping and other required documents.



HEAD OFFICE

904 Premium Close, Mt. Pleasant Business Park, Harare, Zimbabwe

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REGIONAL OFFICE

48 Josiah Tongogara Street

P. O. Box 3090

Bulawayo, Zimbabwe

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