

Information Sheet:

Market Research

Why Research Markets?

Although there may be many reasons why a firm should do market research, the one key reason is to determine which of the many markets existing world-wide on which it should focus its resources. Since there are so many markets in the world (the U.N. consists of over 170 nations!), one of the first steps a firm should undertake is to identify a select few target markets on which to concentrate its efforts.

In general, a new-to-export firm can expect to initially serve only a few markets. In fact, many companies begin their export efforts serving only three or four markets. There is no "magic number" of markets that a firm should begin with, but it makes sense that in the beginning it is much wiser to do a thorough job serving a few, rather than stretching limited resources to try to serve many. Since a firm new to exporting will understandably have limited resources to apply to its exporting effort, a realistic number of markets to "target" should be determined.

As was noted in the Briefing for this section, firms wanting to enter the global markets generally have three key questions initially:

- Where can my products be sold?
- How can I learn about those markets?
- Who can I contact to sell my products?

So, how does a firm go about answering these initial questions? And how can it go about selecting only a few markets from the wealth of markets available? A review of the **EM-GS Model** indicates a key element for the plan is the National Trade Data Bank (NTDB).

National Trade Data Bank (NTDB)

NTDB was first introduced in October of 1990. It was formed from legislation that directed the Commerce Department to collect in one place the federal government's extensive offerings of information on international trade and export promotion. The resultant data bank is a collection of DOC information, as well as fifteen other federal agencies that collect and disseminate trade information.

This means that a firm can contact its nearest Department of Commerce field office, or other government document depository (Land Grant Universities, public libraries, other government agencies) and get from them various reports to assist it in determining the three key questions of:

1. Where products such as those made by the firm are being sold.
2. Information regarding the determined foreign markets.
3. Trade contacts (agents/distributors) that are potential leads for its products.

With this information, a firm can determine the answers to its initial questions for getting started, and do so with minimum expense and effort.

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