
YOUR FUTURE IN FOOD

Getting Ready to Export Your Food Product



You have a great food product. You've done the research. You know your product fills an important niche in the Manitoba marketplace.

You now need to consider expanding into new markets to increase sales, profit growth and reduce your dependence on your local market.

Whether you plan to export your food product to other provinces or export internationally, the principles are the same - you need to objectively:

- evaluate your performance in your local market
- thoroughly research the new market and
- assess your business and marketing capacity

The information you gather and evaluate will be used to inform your export plan, articulate clear and achievable goals, and gain access to financing for future company growth.



BEFORE exporting,

determine your level of export readiness. See if you need to work on any of the areas listed below, before exporting your food product.

Local and Domestic Markets

- You have a large customer base in your local and domestic market.
- Your food product is competitive in your local and domestic market.
- Your company sales continue to grow significantly year-over-year in the local and domestic market.
- You are close to, or have achieved, market saturation in your local and domestic markets.

Market Knowledge

- You have verified whether your food product is restricted (e.g., controlled, regulated or prohibited) to enter the new market.
- You have research to prove the new market wants and needs your food product.
- You have looked into the economic, political and financial risks associated with doing business in the new market.
- You have identified how easy or complex it is to access (e.g., customs or transportation issues) and do business in the new market (e.g., regulatory environment and red tape).
- You have identified that the market demand is growing for imported products, based on import forecasts.
- You have clearly identified and defined the target market for your food product in the new market.
- You have identified the market trends in the new market and how they support your food product.
- You have gathered information on your competitors in the new market, including information on their food product(s), pricing, positioning, company history, market share, and their strengths and weaknesses.
- You have identified potential professional service providers in the market, such as food brokers, distributors, freight forwarders and warehousing or fulfillment warehousing.
- You have identified additional wholesale, distributor and retail market access requirements, such as food certifications (e.g., organic, fair trade, gluten-free) or global food safety standards (e.g., Global Food Safety Initiative (GFSI), Safe Quality Food (SQF) Program and the British Retail Consortium (BRC)) to carry and sell your food product(s).
- You have identified whether the new market has a free trade agreement (FTA) with your country.
- You have researched any additional tariff and non-tariff barriers that may exist.



Resources

Production Capacity

- You have excess production capacity to supply your new and existing market(s), without sacrificing consistency, quality or customer service.

Note: If you do not have excess production capacity, you should identify what changes will need to be made and how much time and financing will be required to make the necessary changes. It is advisable to project how long it will take to recover the costs, before deciding to enter the new market.

- You have the ability to respond to increased demand for your food product in the new market in a timely manner.

Human Resources

- You have staff that has the knowledge and skills required to:
 - Properly investigate and assess the new market opportunity.
 - Understand how the FTA affects your company in the new market (if applicable).
 - Export a food product, including acquiring a import/export account, determining the Harmonized System (HS) Code, applying for the necessary permits, licences and certificates, and preparing and filing shipping and free trade forms and documents.
 - Assist with increased administration and production demand.
 - Create an aggressive marketing plan, within budget, that leverages company resources and in-market sales and marketing support.
 - Verify that all of your marketing materials translate appropriately and appeal to the new market.
 - Create an efficient and cost effective distribution plan that includes order processing, customer service, inventory control, packaging and materials, and transportation and logistics.
 - Identify, vet, hire and communicate with professional services such as customs brokers, freight forwarders, warehouses or fulfillment warehouses, food brokers and distributors, to assist with the exporting, marketing and sales of your food product.
 - Understand and accommodate business practices and processes, social etiquette, culture and language in the new market.
 - Respond quickly to an increase in customer inquiries, potentially in different languages.
 - Build and maintain strong working relationships throughout the export process.
 - Create an export plan and execute it in a timely manner.

Financial and Legal Resources

- You have the financial and legal resources in place to:
 - Give you advice on the legal, tax and immigration implications of exporting.
 - Thoroughly research and assess new market opportunities.
 - Modify your food product(s) to meet the target market's needs, if necessary.
 - Obtain enough capital and credit to produce and deliver your food product(s) to the new market.
 - Manage commercial contracts, including negotiating terms and conditions, payments, and settling disputes and issues.
 - Purchase insurance (e.g., credit insurance, political risk insurance, performance security risk insurance and shipping insurance) to mitigate your risk of non-payment for your food product(s).
 - Collect payment for your food product (e.g., payment in advance, open account and documentary collection).
 - Manage foreign exchange transactions and mitigate risk.
 - Meet new market payment requirements, such as payment method and payment terms.
 - Support a strong and aggressive **marketing plan** that includes:
 - hiring a translator to alleviate language barriers
 - hiring in-market sales and marketing support to build and maintain new and existing relationships
 - adapting and translating marketing materials and the company website
 - visiting the new market as needed to build relationships with potential buyers
 - participating in market development activities that cater to the market you are entering

Corporate Resources

- Management is:
 - committed to developing a long-term exporting plan to expand company sales
 - willing and able to invest staff, time and resources in developing relationships with buyers and service providers in the new markets
 - willing and able to wait a minimum of a year to see a return on investment from entering a new market



Food Product

- You have confirmed that your food product can be exported from Canada.
- You have the necessary import and export licences to export your product from Canada and enter the new market.
- You meet the new markets import requirements (e.g., food facility registration, sanitary and phytosanitary, labelling and packaging requirements).
- Your food product has a distinct competitive advantage (e.g., unique, innovative, lower price, or superior quality) over the competition in the new market.
- You don't have to make any food product modifications to enter a new market.
Note: If your food product requires modifications to adapt to the new market, it may require a significant investment of time and money. If this is the case, it is advisable to project how long it will take to recover the costs, before deciding to enter the new market.
- You have a secure ingredient source that:
 - has consistent quality and price
 - can accommodate increased demand on short notice
 - can ship in a timely and cost effective manner (that doesn't affect your food product pricing)
- You have a long enough shelf-life to accommodate the extra time it will take to get your food product to the new market.
- Your food product labelling and packaging translate appropriately and meet the new markets regulatory requirements.
- Your food product packaging complies with the new market requirements for food contact materials.
- You follow best packaging practices to ensure your product ships well to the client.
- You have determined all custom duties, value-added tax (VAT), excise duties and tariffs related to exporting your product(s).
- You have determined all of the supply chain costs related to exporting your food product, such as custom broker, food broker, distributor, freight forwarder, and warehousing or fulfilment warehousing fees.
- You have factored all of the costs associated with exporting your food product into your landed cost and your product is still competitively priced in the new market.
- You will be able to continue to deliver your brand promise in a new market.
- You have protected your intellectual property (e.g., patent or trademark).

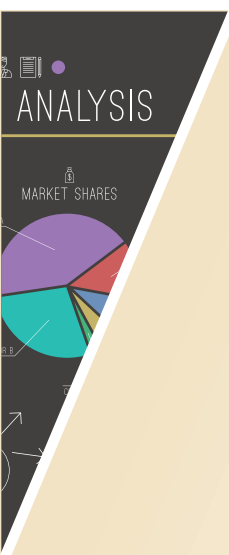
Exporting Can Be Profitable and Sustainable

Preparing your company to export can be time consuming and stressful. However, it can also be extremely rewarding.

Exporting has proven to be profitable and more sustainable, because on average, sales grow faster and more jobs are created than in non-exporting businesses, and your productivity goes up because of a stronger workforce.

Remember to create an export plan that will help you identify the potential risks and benefits for your business, and articulate the approach you will take to execute the export plan and reach your export goals.

Manitoba Agriculture can help you build your future in food and agri-products. Our business development specialists can offer consulting and pathfinding services, workshops and training, as well as access to market development activities that will help you manage and grow your business.



Contact us

- Go to manitoba.ca/agriculture and click on Food and Ag Processing
- Call us at 204-239-3362 or 1-800-870-1044 (toll-free in Canada)
- Email us at mbagrifood@gov.mb.ca
- Follow us on Twitter @MBGovAg
- Visit your local Manitoba Agriculture Office