



OVERCOMING BARRIERS TO GOING GLOBAL

Despite the barriers to business growth present here in the UK, domestic business is deemed far simpler than international business. Competition in the market and lack of confidence in the economy are the biggest barriers faced by businesses wishing to expand domestically. However, these are also the reasons why businesses decide to go global. With benefits such as more customers, growth potential and a large market on offer it's easy to see why operating globally makes sense for many businesses. Despite these opportunities, the British Chambers of Commerce (BCC) business trade survey shows that a number of challenges remain.



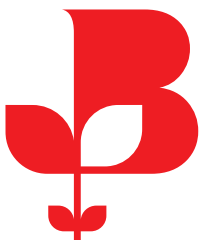
The BCC and the accredited Chamber Network will continue to work closely with companies and with government to overcome these barriers and to unlock the potential of Britain's existing and future exporters. Accredited Chambers of Commerce are recognised across the UK and around the world as leading supporters of international trade. Chambers deliver trade support and advice, as well as a range of specialist services, to businesses of all sizes in Britain's exporting community.

While the recent strong performance of the UK economy has continued, sustained output growth has not been accompanied by a strong pick-up in exports and investment. Given the continued need to rebalance the UK economy towards exports to secure the recovery and long-term prosperity, the BCC commissions an annual business trade survey.

The latest survey¹ undertaken in **Q1 2014**, received responses from **4,742 businesses**.

In this publication we explore what is holding back businesses from 'Going Global' and what the British Chambers are doing to help businesses succeed in 'Going Global'.

¹Evidence has been taken from the 2014 BCC business trade survey, an online, web-based survey, conducted between 28th January and 21st February 2014.



Many firms choose to focus on their domestic operations before looking beyond borders in a bid to grow their business

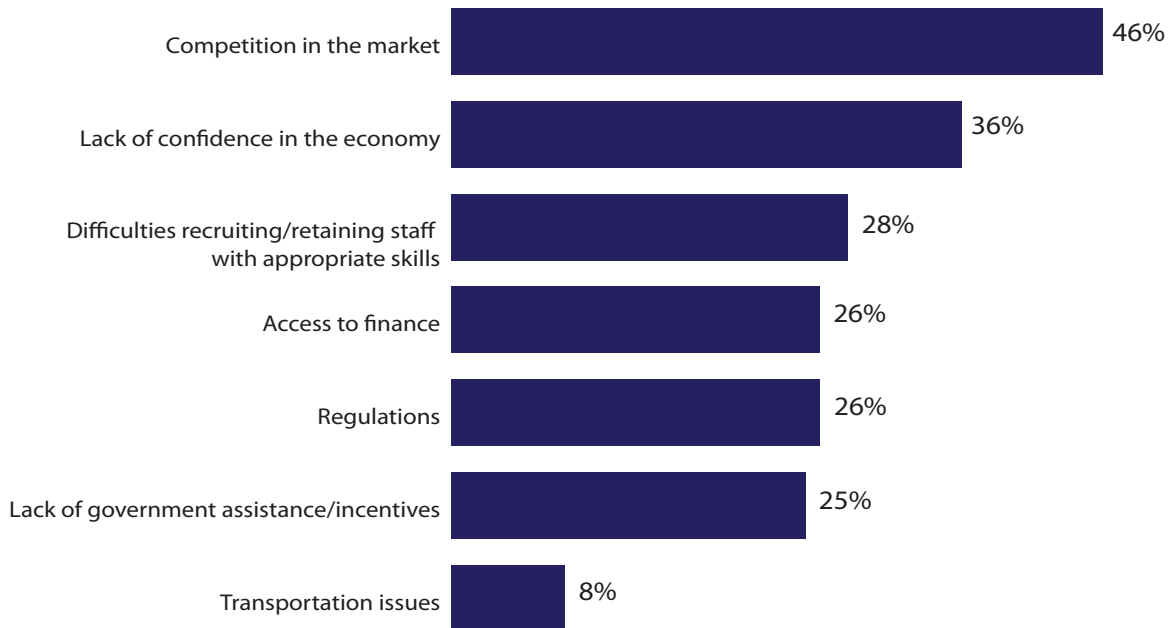
Despite the barriers to business growth present here in the UK, domestic business is deemed far simpler than international business.

Within a domestic environment, businesses are affected by a combination of economic, legal and cultural factors specific to that environment. A business cannot necessarily control these factors, but it can work to respond to them appropriately.

Our survey shows 90% of businesses have ambitions to grow domestically, yet only 43% of business have ambitions to grow internationally.

Despite this, there are a number of barriers business trading in the domestic market face:

Which, if any, of the following barriers affect your ability to grow your business domestically?
(Based on non-exporters)



Base: 3071

Competition in the market and lack of confidence in the economy are the biggest barriers facing businesses wishing to expand domestically.

These are also the reasons why some businesses decide to go global. With benefits such as more customers, growth potential and a large market on offer it's easy to see why operating globally makes sense for many businesses.

Sometimes businesses in the UK look for opportunities around the world when domestic expansion either is not feasible or proves problematic, yet others are 'born global' - trading around the world from day one.

Our survey shows one in four businesses have traded overseas for less than 5 years.

Did you know: As a member of an accredited Chamber of Commerce you can gain access to a number of additional services. The British Chambers of Commerce has negotiated exclusive services with leading organisations to bring you support services and help save money both here in the UK and when exporting globally.



International opportunities could greatly exceed those on offer in domestic markets

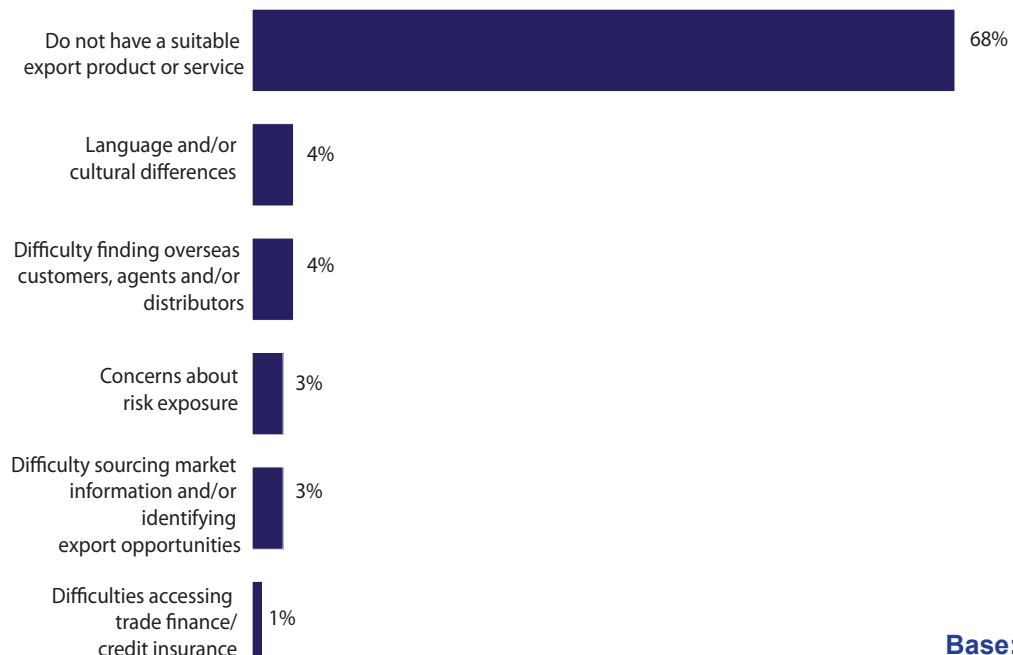
In today's global marketplace, businesses often do not realise that for their goods and services, international opportunities could greatly exceed those on offer in domestic markets.

This may be caused by lower competition in certain countries or simply heightened demand for a specific product/service. Although the UK economy is delivering growth, many businesses do not realise that exporting not only provides additional revenue – it can also diversify risk. By not exporting, businesses become dependent on the economic health of a single market. Being proactive about diversification insures businesses against poor economic conditions in one part of the globe. This is a great way to manage risk and become more profitable in the process.

Our survey shows over half of businesses (55%) had seen a positive impact on their bottom line within just twelve months of expanding into international markets.

However, while many exciting business opportunities await overseas, some businesses are daunted by the barriers that exist while exporting. Over six in ten (68%) businesses feel they do not have the right product/service. This shows the extent to which gaps in commercial knowledge continue to hold back businesses wishing to export. Despite this, our survey identified a wide range of industries in which UK exporters are currently operating, from manufacturing, retail, IT and telecommunications services to mining, energy and utilities. It is imperative that businesses are equipped with the knowledge and research to help bridge this perception gap, researching where the best opportunities are, as well as the know how to best exploit them.

What are your principal reasons for not having exported goods and/or services? (Based on non-exporters)



Base: 2167

Did you know: Your accredited Chamber of Commerce evaluate the appropriateness of your products and services for export, and the infrastructure you have in place to support international trade. A detailed assessment will include reviews of intellectual property risks, trademarks, branding, packaging, pricing, safety certification, customs regulations and relevant legislation.



Businesses should be proactive in seeking exporting opportunities

Businesses who are proactive in exporting are, in most cases, better positioned to successfully increase sales than businesses that simply react.

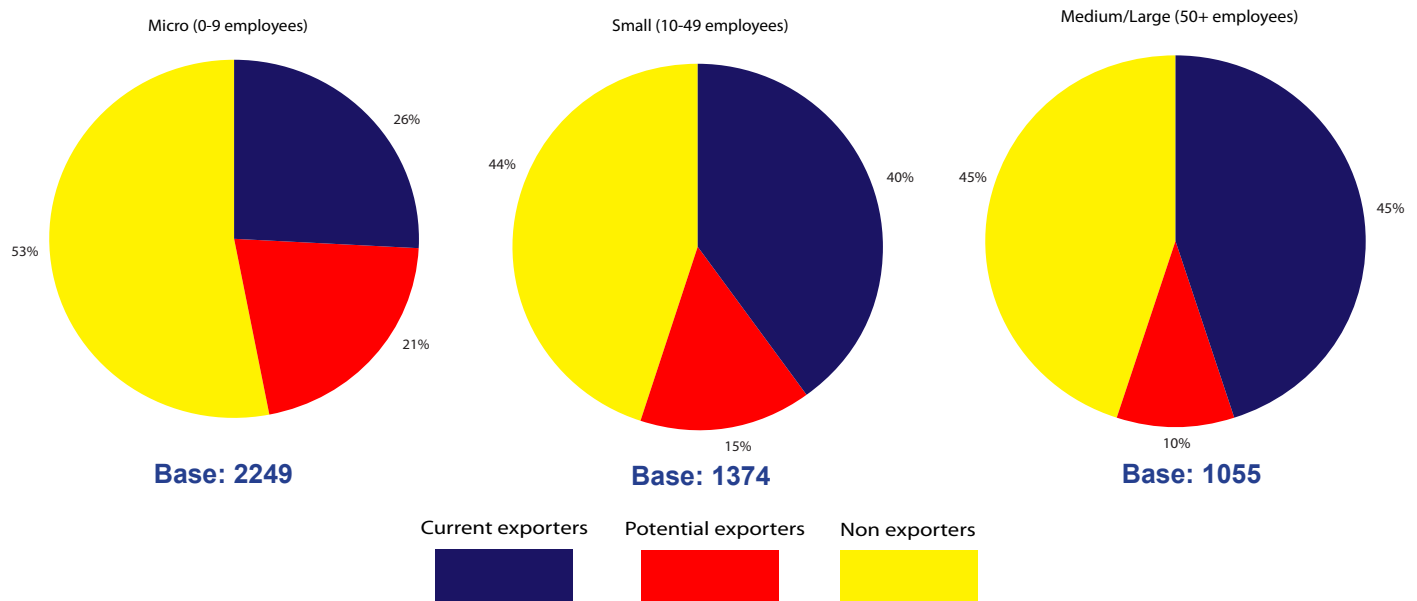
Proactively exporting will allow businesses to expand sales by strategically seeking out advantages and gaining access to resources which may save on shipping or processing costs for example.

Our survey shows, 48% of businesses are reactive exporters - will supply overseas customers, but only if they receive unsolicited orders that can be met through an existing product/service range or will adapt product/service ranges to meet requirements.

22% of businesses are proactive exporters - those that are currently adapting product/service ranges to specifically target overseas customers.

30% of businesses are known as 'static businesses' - businesses which do not anticipate exporting from the UK within the next two years, or don't know.

Micro and small businesses are more likely to export in the near future, while medium/large businesses are already exporting.



More and more UK businesses are taking their goods and services overseas, but many still face obstacles when trading internationally. Smaller firms in particular can find it difficult to break into newer, emerging markets, such as Brazil, India and China. However, small firms often lack the resource of larger firms, which is why they need more support to break into new markets.

Our survey shows, one in five (21%) of micro businesses are potential exporters - businesses that do not currently export, and/or are actively considering exporting/planning to do so in the near future. Over half (53%) of micro businesses are non exporters.

45% of medium/large firms and 40% of small firms are already exporting.

Did you know: While it is essential to identify and research those overseas market offering the greatest potential for your business, equally important is taking a realistic view about the readiness of your own organisation for embarking on international trade. Accredited Chambers will evaluate the appropriateness of your products and services for export, and the infrastructure you have in place to support international trade.



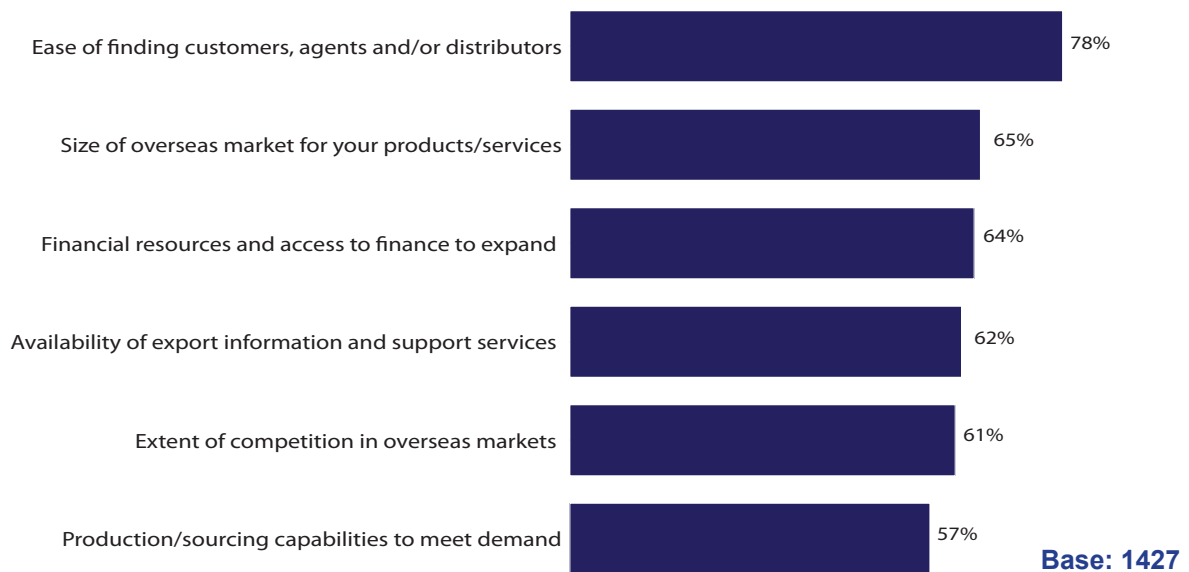
Overcoming challenges and 'Going Global'

Exporting businesses face a combination of challenges that must be overcome in order to successfully expand their business abroad.

These will differ depending upon the size of the firm, the industry in which it operates and the general economic backdrop.

Our survey found that the ease of finding customers, agents and/or distributors is the most influential to businesses choosing whether to export or not (78% of potential exporters).

How influential are the following factors in deciding if, when and where to export?
(Based on potential exporters)

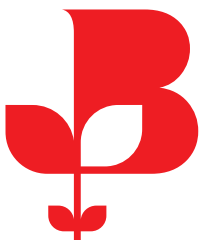


Problems with accessing finance can affect businesses across all sectors, but for those looking to trade internationally, the BCC's survey demonstrates that it can prevent them from getting a foot on the export ladder.

Financial resources and access to finance remain influential factors for businesses deciding if, when and where to export. Our survey shows, that a third of micro and small firms (35% and 32% respectively) have stated financial resources are highly influential when deciding if, when and where to export. One in five medium/larger firms have stated that financial resources are highly influential when deciding if, where and when to export.

Export activities entail extra upfront expenditures making exporting businesses more reliant on external finance. Additional finance may be required, for example, to research new export markets, investments in capacity, product customisation or to set up and maintain foreign distribution networks. Exporting activities may also generate additional costs some of which are incurred before export revenue is realised. It is clear that many businesses are still unaware of the export finance products available. Export finance support must have clearer channels to businesses through their intermediaries and brokers with the additional resourcing needed to make this happen.

Did you know: Accredited Chambers can help to save money and manage foreign exchange risk. Chamber Foreign Exchange, offers competitive exchange rates, free online currency accounts, reduced transfer fees and fast, online transactions.



Market research is key to reducing the degree of risk involved in selling into a new market

Preparing your product for export requires product knowledge as well as knowledge of the unique characteristics of each target market.

Market research and contacts with foreign partners, buyers and customers, gives businesses an idea of what products can be sold and where. In some cases businesses may need to modify a particular product to satisfy buyer tastes, needs in foreign markets, or legal requirements for the foreign destination.

Some exporters believe that their domestic products can be exported without significant changes. Others seek to consciously develop products that are acceptable in all markets. It is very important to conduct research and to be sure of the right strategy to pursue.

Our survey shows 22% of responding businesses are currently adapting product/service ranges to specifically target overseas customers, while 19% of responding businesses will supply overseas customers, but only if they receive unsolicited orders that can be met through existing product/service range.

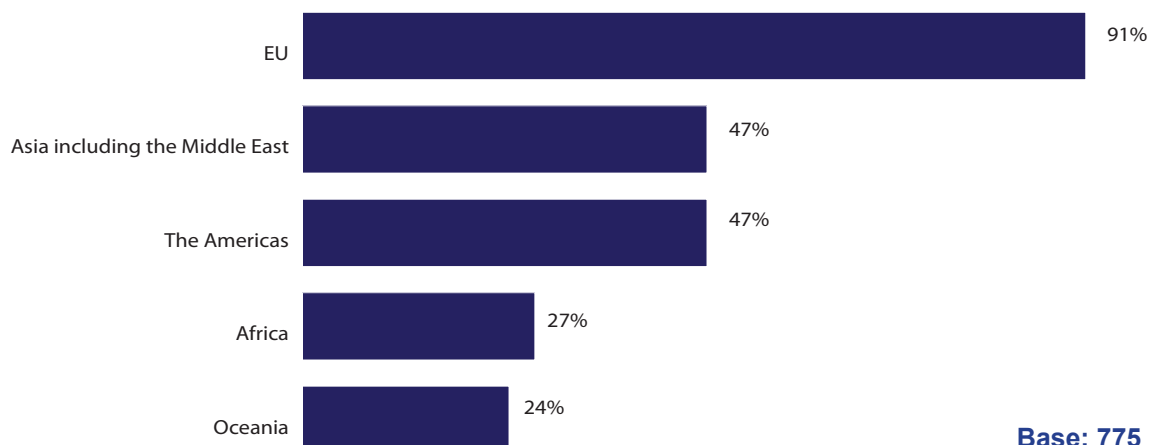
Unsolicited exports are usually associated with small and/or short export spells. Unsolicited exports occur infrequently and are often discontinued as compared to proactive exporting. Proactive exporting allows businesses to test new waters in uncertain market(s) and/or gain an understanding of the existence of capacity constraints while exporting.

There are about 190 countries in the world, and businesses must target the right one(s) for their product or service.

Market research is the key to understanding your opportunities. It can confirm that an opportunity actually exists, give you insight into how a new market can be developed or help you discover what's important to your potential customers.

Our survey shows that many potential exporters¹ would look close to home for export markets, and in particular the European Union (EU); 91% of potential exporters would consider exporting to the EU, compared to 47% for Asia and the Middle East and the Americas.

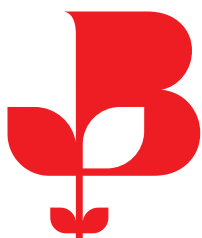
Which, if any, of the following markets would you consider exporting to? (Based on potential exporters)



Base: 775

Did you know: Accredited Chambers can help you consider every aspect of your export business, giving you the best chance of successfully entering a new market, whether it is your first venture or an expansion of your international trade activity.

¹Potential exporters are classified as businesses that do not currently export but have exported in the past year, and/or are actively considering exporting/planning to do so in the near future.



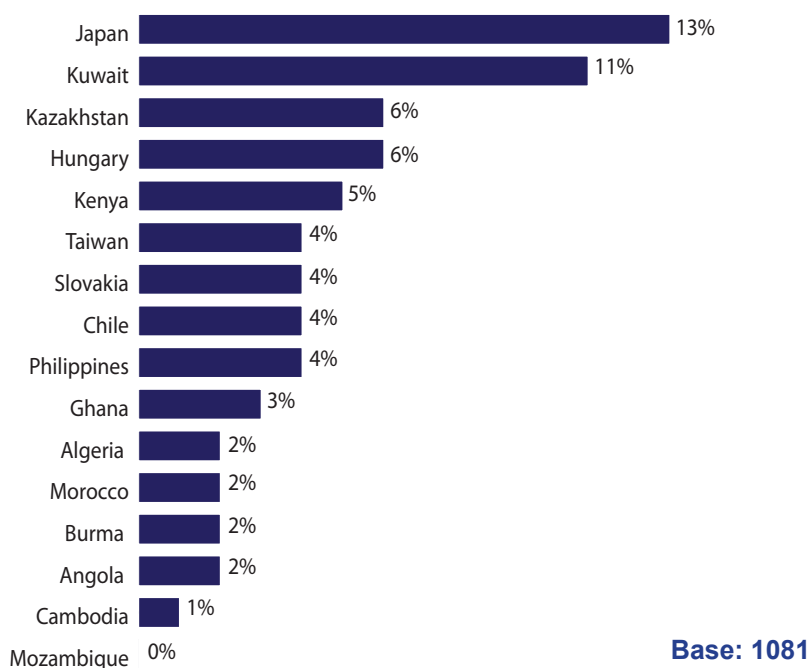
To be successful in exporting, it is important to gain a comprehensive understanding of the markets you plan to export to

The countries that businesses should consider exporting to depends largely on whether the business already have demand from existing clients or whether there is a need to create a new market for their products. It is important to assess the full cost. Businesses need to identify opportunities and decide where to begin.

Launched in late 2012 by the Prime Minister, the Overseas Business Networks initiative aims to transform the support available for British SMEs seeking to do business in high-growth markets across the world. The initiative brings together overseas British Chambers and Business Groups in 41 pilot markets worldwide – facilitated and led by a partnership of the British Chambers of Commerce, UK Trade and Investment, and the Foreign and Commonwealth Office (See overleaf for further details).

Of the next phase of markets within the pilot, our survey shows businesses found Japan, Kuwait and Kazakhstan as the countries that provide the greatest opportunity in the next 5 years.

Which one of these countries do you believe will provide your business with the greatest opportunities for growth in the next 5 years? (Based on both current and potential exporters)



One way to plan a list of countries to expand into could be to start out by growing your exporting business in shared-language countries, then moving onto countries that have free trade agreements with the UK and finally expanding into the more challenging markets. However, there is no ‘right’ way.

To be successful in your exporting efforts, it is important to gain a comprehensive understanding of the markets you plan to export to. You need to conduct market research, identify potential markets for your products and services and if possible visit your target markets.

Did you know: British Chambers can help you identify and prepare for relevant overseas trade shows and for trade missions to make them as productive as possible.

¹China, Taiwan, Vietnam, Malaysia, Hong Kong, Singapore, Thailand, Myanmar, Cambodia, Japan, India, Indonesia, South Korea, Philippines, Pakistan, Kazakhstan, UAE, Qatar, Kuwait, Saudi Arabia, Poland, Czech Republic, Slovakia, Hungary, Slovenia, Romania, Russia, Turkey, Nigeria, South Africa, Angola, Morocco, Algeria, Ghana, Mozambique, Kenya, Tanzania, Colombia, Mexico, Brazil and Chile.



British Chambers helping businesses succeed in 'Going Global'

The **Overseas Business Networks initiative** is a crucial part of the drive to double the UK's annual exports to £1 trillion and to increase the number of UK exporters by 100,000 by 2020.

The UK has great businesses. Yet our share of trade in high-growth markets is weaker than many of our key competitor countries. What's more, our competitors offer a wider range of business support to their exporters in high-growth markets than the UK. They do this through strong private-sector business networks, primarily Chambers of Commerce.

The Overseas Business Networks initiative responds to this challenge, by strengthening the capability of the UK's own global business-to-business support network.

In time, and with sustained investment from both the UK government and the private sector, this initiative will develop a strong and practical platform for UK exporting – focused directly on the needs of UK businesses seeking to succeed in markets across the globe.

Through the initiative, UK businesses will benefit from:

- Better practical information on business opportunities in new markets
- Services, support and advice on the ground in-market
- Office space in British Business Centres in some countries, and
- A global British business support network, operating at home and overseas

As part of this initiative the British Chambers of Commerce launched **Export Britain**, the new online resource showcases opportunities in key international markets, and linking UK exporters to support available from British Chambers and business groups both in the UK and around the world. Export Britain helps businesses to make new connections overseas by drawing on the power of the global network of British Chambers and business groups. The site also helps growing and prospective exporters navigate through the export journey by signposting the support available every step of the way, and provides information on export training and documentation, events and trade missions, and inspiring case studies featuring successful UK exporters.

Since its launch in October 2013, Export Britain has been connecting exporters to the UK Accredited Chamber Network, as well as British Chambers and business groups in 41 high-growth markets.

The British Chambers of Commerce is the national body for a powerful and influential Network of Accredited Chambers of Commerce across the UK, a Network that directly serves not only its member businesses, but the wider business community. Representing thousands of businesses of all sizes and within all sectors, the British Chambers of Commerce is the voice of the 'real economy'. Every Chamber sits at the very heart of its local community working with businesses to grow and develop by sharing opportunities, expertise and know-how.

Further information

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