



Australian Government

Austrade

Doing business in the United States





- ★ Breaking the US market into manageable sectors can be done in a variety of ways, the most common methods are a mix of geographic, demographic, psychological and behavioural indicators.



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Introduction

The United States is home to one of the world's most complex and competitive economies. As one of the largest and richest consumer markets the chances are high there is a market for your product or service in the US.

The US is Australia's largest trade and investment partner with around A\$48 billion in two-way trade and more than 9,000 Australian companies selling or operating in the US. Most of these companies are small- to medium-sized businesses that have found success by being smart, creative, prepared and persistent.

This guide provides practical information and advice in the areas that Australian exporters should consider when looking at business opportunities in the United States.





The US market

With over 300 million consumers, the US market may overwhelm many suppliers who assume the US is a single, homogenous export market.

The US is in fact made up of hundreds of different geographic and demographic consumer markets – many with distinct tastes, purchasing behaviours, distribution systems, regulations and climates.

For example, if you do a basic geographical segmentation, you'll find the country consists of 50 states; the capital city Washington, District of Columbia (DC); and various territories including Puerto Rico, the US Virgin Islands and areas of the Pacific Ocean.

Seven of these states have economies larger than Australia's national economy and 24 have economies larger than that of New South Wales. California alone produces as many goods and services in six months as Australia produces in a year.

If you segment on geography and industry, you'll find the United States can be divided into six distinct regions.

- > **The Northeast (Connecticut, Maine, Massachusetts, New Hampshire, Rhode Island and Vermont).**
This region is known for its culture, educational system and medical institutions.
- > **The Middle Atlantic (Delaware, Maryland, New Jersey, New York, Pennsylvania and Washington, DC).**
Finance, communications and pharmaceutical industries are most prevalent.
- > **The South (Alabama, Arkansas, Florida, Georgia, Kentucky, Louisiana, Mississippi, North Carolina, South Carolina, Tennessee, Virginia, West Virginia and parts of Missouri, Oklahoma and Texas).**
Due to the area's temperate weather and sprawling lands, agriculture has been the primary industry but manufacturing and tourism have also become important.

- > **The Midwest (Illinois, Indiana, Iowa, Kansas, Michigan, Minnesota and parts of Missouri, Nebraska, North Dakota, Ohio, South Dakota and Wisconsin).**
The region is often referred to as the nation's breadbasket because of its abundant production of oats, wheat and corn. The area is not densely populated, with fewer big cities than its neighbours to the east. The largest city is Chicago, a major port and transportation hub.
- > **The Southwest (Arizona, Nevada, New Mexico, western Texas and parts of Oklahoma).** The land in this region is generally flat and dry, and the weather is very hot. The region has many deserts and is home to Las Vegas, one of the fastest growing cities in the US and a premier global gambling centre.
- > **The West (Alaska, California, Colorado, Hawaii, Idaho, Montana, Nevada, Oregon, Utah, Washington and Wyoming).** This area of the country is best known for its natural beauty and adventure sport industries. California is the nation's most populous state and is famous for its movie and high-technology industries.

Even after dividing the country by region, industry and population, many Australian exporters would still be overwhelmed by the scale of supply needed to meet consumer demands in the US.

Sometimes even looking at a single customer in the US can be staggering.

To illustrate, a supermarket chain called Bristol Farms in the US has 13 stores in Los Angeles and is considered to be a small, boutique retailer catering to the upper-end of the market. Each one of these stores has an annual turnover of between US\$20–50 million, and a single month's order from Bristol Farms for a product like an Australian biscuit could represent a total year's production for an Australian supplier.

THE US MARKET

With such scale and volume, it becomes critical for Australian exporters to segment the market, become highly targeted and identify a niche.

Breaking the US market into manageable sectors can be done in a variety of ways, the most common methods are a mix of geographic, demographic, psychological and behavioural indicators. The method used will depend on the industry and product. A simple SWOT (strengths, weaknesses, opportunities and threats) analysis of a market segment combined with basic internet research can provide valuable information and often drive the decision of whether or not to enter the market.

Fortunately, the US is information rich and there are free market research, industry publications, statistics, associations, databases and studies readily available to help you identify your segment. This information can help you determine everything from the age and wealth of your target customers to their preferences and shopping behaviours.

For example, if you produce an organic energy bar suited to the male fitness market, you are likely to be able to use the internet to identify the most health-conscious cities in the US, cross-referenced with cities with the highest number of fitness clubs and largest male populations under the age of 40. These findings would then help you focus on one or two cities to conduct more systematic and targeted research.

For further information

www.locationusa.com

US regions and industry cluster information.

www.factfinder.census.gov

Index of data provided by the US Census Bureau, including population, ethnic and economic statistics.

With established supply and distribution channels in place, relative wealthy consumers and access to entry across a broad range of industries, the US market attracts the attention of businesses from around the globe

Landmass	9.3 million km ²
Population	Over 300 million
GDP	US\$13 trillion (annual growth >3%)
GDP per capita	US\$44,000
Defence budget	US\$481.4 billion
States	50, District of Columbia and territories
Supermarkets	67,219
Airports	19,854
Interest rates	6.5% (Oct 2007)
Gas per gallon in LA	US\$3.37 (89 US cents per litre)
National unemployment	4.7%

*All figures were current at time of print, February 2008.

Understanding US business culture

While Americans and Australians may appear similar in language and culture, the two nations are actually quite different. Understanding these idiosyncrasies will ensure you are better equipped to negotiate deals and develop long-term business relationships. Below are some primary aspects to consider:

- Americans often build relationships through business, not business through relationships. Work out the details of the deal first, the relationships may come later.
- Active selling is expected, often to a degree that may be regarded as excessive in Australia.
- Time is money, so be well prepared with samples, packaging and sales sheets. Know your return-on-investment calculations or sales forecasts, pricing and logistics. Deadlines are real and short; respond quickly or risk losing the business.
- Know your competitive advantage over specific US suppliers, as well as your domestic and international track record.
- Being direct is a virtue; ask for what you want, say what you mean and do as you say. Being shy and unassertive may be seen as a weakness in the US. Americans won't take offence to well-phrased, direct questions because they always reserve the right to say no.
- Be positive. The Australian tendency to be self-effacing or downplay achievements can clash with Americans' can-do attitude and tendency to take information at face value.
- Effective follow-up is essential and often involves persistent and repetitive attempts to make contact. If you have called or emailed someone 2–3 times and have not heard back from them, do not assume they are disinterested. Instead, remember that persistence is expected in the US; it may take you as many as 10–12 attempts to get a response, whether positive or negative.
- Business conduct in the US is generally conservative, polite and succinct; it is important to clarify benefits for the prospective customer.

Articulating your competitive advantage

The majority of Australian companies doing business in the US are small operations that often have only a handful of employees and a limited budget. The key to success is not being large but having a strong product or service offering and being able to clearly articulate your competitive advantage.

US buyers are time poor and bombarded with marketing collateral and sales pitches from hundreds of companies. As a result, it is extremely difficult to get their attention. Success in the United States is often based on persistence. It is not uncommon for a buyer to need to hear your message numerous times before they can differentiate it from all the others.

You should increase your chances of getting noticed by keeping the message concise and diversifying the channels you use to deliver it, such as email, telephone, publications, third parties and personal visits. Americans were the inventors of the 30-second sales pitch. Whether you like or loathe the idea, the level of marketing noise bombarding buyers and the number of competitors makes it a necessity. You need to be sure you can move a US buyer from passive disinterest to curious engagement as quickly and effectively as possible – ideally in 30 to 60 seconds.

This concise pitch should include the following four elements:

- Articulate the problem your product addresses, the solution it provides and why it's better than its competitors. For example, "My software solves the problem of product tracking in the retail industry and provides a 30 per cent higher savings rate than my two top competitors".
- Use American English. It sounds like common sense, but many Australian exporters speak in metric units, reference Australian locations and use Australian slang in US pitches.
- Try to reference companies that are already active in the US when establishing your advantage or credibility. Whether presenting testimonials or claims against competitors, the US buyer needs to quickly understand who you are in context of his or her current environment.
- Be specific about the benefits. Avoid using generalities such as improved return-on-investment, productivity or sales. Instead provide specific numbers, data and percentage increases on aspects of business that show you understand the buyer's concerns.

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- A close-up photograph of a man with short dark hair and a light beard, wearing a bright blue polo shirt. He is looking down and to the left, focused on some papers or a screen. The background is a blurred office setting with a window. The image has a blue color cast and some geometric graphic elements like lines and a star shape in the top right corner.
- ★ In the US some industries and states may have regulations that dictate a specific distribution channel for your sector.

Choosing a distribution channel

One of the main challenges for any new entrant to the US market lies in understanding the channels to market and determining the best entry point.

Every distribution channel you can possibly think of, and a few you probably haven't, exists in the US. This is hardly surprising considering the sheer volume of people and companies spread across a landmass (contiguous 48) comparable to that of Australia. Everyone wants their products and services delivered on time and at the lowest possible cost. As a result, the US distribution sector is highly fragmented and complex.

Selecting the right distribution channel involves considering several factors, including at the most basic level, the final price of your product. Exporters using a traditional distribution channel in the US, such as importer to distributor to wholesaler to retailer, often find the product's price has doubled or tripled by the time it reaches the retailer.

Factors to consider

Examine the following aspects of your business and goals before choosing a channel to market:

- > **Number of customers.** If you only have a few customers, you may wish to sell directly to them. If you have a large number of customers, you may wish to sell directly to the larger ones and use other means to service your smaller accounts.
- > **Location of customers.** If your customers are geographically concentrated, you may want to set up your own warehouse facility or office near them. If your customers are geographically dispersed, it may be more sensible to use the services of a fulfilment warehouse, wholesaler or distributor.
- > **Price of product/service.** If your product or service is a high-volume, low-priced unit, your distribution options will be considerably different to a high-priced, low-volume product. Higher priced items are often better suited to selling through a specialist broker or manufacturer's representative with the support of direct shipping or a fulfilment warehouse.
- > **Complexity of product.** Fulfilment warehouses, wholesalers, distributors and many other players in the distribution channel do not typically provide intensive support and technical advice before or after the sale. If your product or service involves a lot of relationship management, consultative support or technical services, you will need to consider setting up your own local office or managing a sales force of agents.

CHOOSING A DISTRIBUTION CHANNEL

- > **Regulations affecting distribution in your target state or industry.** In the US some industries and states may have regulations that dictate a specific distribution channel for your sector. An example is the wine industry where Australian wine can only be imported into the US by a licensed importer. In addition, individual states and counties often have their own sets of rules and regulations affecting wine distribution, ranging from not allowing any wine sales to restricting which retailers can sell wine and when.
- > **Type of sales channel being used.** Some sales channels are simple. Products or services that can be downloaded online have straightforward distribution that let the supplier retain maximum control. Other channels which at first might seem simple, such as a single, large retailer like Nordstrom's, can prove quite complicated. Many of these retailers are unwilling to buy direct from an international supplier and instead funnel business through preferred fulfilment warehouses.
- > **Importance of price, quality, timing and brand control to your marketing strategy.** Essentially, the more control you want over these factors the less attractive multi-layered, traditional distribution channels will be. If you are unable to set up your own operations in the US, you may prefer franchising or licensing your intellectual property to a company that already has established production and distribution facilities. If your brand is not important but your product quality is, consider selling your product under private label to a specialist retailer.
- > **Transportation and storage costs.** For some companies, it may be more cost effective to source or assemble some or all of your products in the US rather than shipping from Australia.

The diagram below is from the *Entrepreneur's Guidebook Series* and shows how some of these considerations might affect your distribution choice.

CHOOSING THE RIGHT DISTRIBUTION CHANNEL

Select the distribution channel that best matches your situation and needs

	Sell directly yourself	Use an agent or broker	Use a wholesaler	Use a retailer
Number & type of customer	Few	Specialised	Hundreds	Diversified
Concentration of market	Concentrated	Concentrated	Scattered	Scattered
Price of product	Expensive	Less expensive	Inexpensive	Inexpensive
Complexity of product	Highly technical	Less technical	Simple	Simple
Financial resources	Extensive	Adequate	Limited	Adequate
Need for control	High	High	Low	Low

Different models in practice

All business models require close monitoring of your US presence to ensure the market position is properly nurtured. Market entry options can vary widely across industries; use the option that makes strategic sense to you and reduces risk for your customers. Below are some of the most popular market entry and distribution options used by Australian exporters.

- > **Selling direct.** It may not always be possible or efficient to sell direct to one or more of your US buyers. However, when it is possible, it is often the preferred and most cost-effective option. Due to a need to manage smaller supply volumes, it is not uncommon for Australian exporters to work directly with one or two corporate customers in the US.
- > **E-commerce, catalogues and television retailing.** Selling direct is also a great option for exporters who sell their products or services through virtual channels such as the internet, catalogues and television. These virtual channels are often overlooked by Australian exporters entering the US. More than seven per cent of US retail sales already occur online and more than 70 per cent of US households regularly purchase goods and services through these channels.

Setting up physical distribution systems to support these sales channels can be as easy as pay-per-click downloads; couriering supplies directly from Australia via commercial companies like DHL and FedEx; selling directly to the catalogue or television retailer's preferred distributor; or using the services of a fulfilment warehouse (see below).
- > **Fulfilment warehouses.** These smart warehouses have combined several traditional roles into a single service. Australian exporters tend to look for fulfilment warehouses that can provide customs clearance, warehousing, pick-and-pack order fulfilment, processing of invoices and credit cards, toll free customer support lines, return services and inventory tracking. Fulfilment providers never take ownership of the products, so the inventory remains your asset.

- > **Sales agents, brokers and manufacturer's representatives.** Companies in these roles act as your sales force. Their central role is to complete the order and build ongoing customer relationships. They often specialise by geography, industry or target customer. Typically these agents operate on sales commissions, though their role does not include taking ownership of the goods or services, and they are not responsible for warehousing or delivery of the product.
- > **Distributors.** Australian exporters coming to the US often think distributors are the best option because they look after all aspects of US business, from importing to marketing to bearing the cost of poor sales or debts. However, distributors in the US often want exclusive distribution rights, high-discount or preferential pricing and full control over the final pricing, servicing and marketing of your products.

Exclusive distribution contracts limit you to supplying one customer in a given market. It is very important to understand the market well and to know the key stakeholders before entering an exclusive agreement. It would be disastrous to enter an agreement with a future competitor that wants to lock you out of the market.

An exclusive distribution agreement should have strict performance guidelines and boundaries. It should usually only be considered after you have done business in the market for some time.

While the list above provides a quick description of many of the most common forms of market entry and distribution channels, other more traditional options might also be suitable. These include opening a branch office, joint ventures, licensing agreements, co-operative production and marketing, selling under private label and taking orders at trade shows.

Pricing strategy



While any pricing strategy has to take into account the basic need to cover costs and provide a reasonable profit margin, Australian exporters should avoid the temptation to use their Australian price points as the foundation of a US pricing strategy.

Instead you should consider where you want to be positioned in the US marketplace – lower, middle or upper-end of the market – and then invest time, even if only on the internet, looking at the retail prices of competitors.

Do not assume that premium price points in Australia will be roughly similar to premium price points in the US.

For example, in the US an Australian wine with a price point of more than US\$12 may be considered to be in the upper-end of the market. A designer costume-jewellery piece might be considered discount at US\$180. Price your product too high or too low for your segment and you can very easily damage your chances for success in the US. The best strategy is to identify your preferred price positioning in the US and work backwards to see if you can deliver the goods or services at that price.

When calculating your pricing structures, be sure to consider whether any of the following costs need to be built into your calculations:

- > Export certification and documentation.
- > Shipping and insurance.
- > Product liability insurance.
- > Customs duty.
- > Customs broker fees.
- > Exchange rate fluctuations.
- > Translation costs for packaging – US English, measurements and paper sizes.
- > Labelling costs – UPC (bar codes) and EDI capabilities.
- > Transportation from the port of entry to the importer's or distributor's warehouse.

- > Warehouse and fulfilment capabilities and cost of inventory.
- > Importer's or distributor's mark-up.
- > Retailer's mark-up or slotting (placement) fees.
- > Retail sales tax, which varies by state in the US.
- > Handling warranties or returns.
- > Marketing support costs and sales incentives.

When pricing for US customers it is important to remember many of them have never dealt with an international supplier before and may not understand export pricing.

Therefore you need to be sure you are both speaking the same "language" and understand the pricing structure. Quoting should be in US dollars and it is essential to be clear about where in the distribution chain responsibility and ownership of the goods or services changes hands.

For example, many US buyers will ask you to quote in US dollars FOB (free on board). Without clarification surrounding where the buyer actually wants to shift delivery/ownership, it is possible that an Australian exporter will assume the US buyer is using the common shipping term which refers to FOB port of origin, such as Sydney.

However, in the US, FOB can often mean free on board to a US inland carrier of choice, which could easily be Nashville, Tennessee. Thus major misunderstandings can easily arise.

The most common form of pricing is CIF (cost, insurance and freight) to the port of entry, although many US buyers may still ask you to factor in transportation from the port of entry to their importer warehouse or inland carrier.



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Regulatory environment



The US is a highly regulated society. As such, Australian exporters need to be aware of the many regulations, standards and guidelines that may affect the sale of their products or services.

US laws and regulations may restrict or limit entry to certain ports or states and require specific treatment, labelling or processing as a condition of entry.

It is important to note that the regulatory environment affecting Australian exporters may vary significantly between each state. While states cannot implement a framework less stringent than the federal framework, they often implement additional guidelines. Exporters should take great care to comply with federal, state and industry regulations to avoid delays, extra costs or the prohibition of goods.

Most requirements can be obtained online directly from the US regulatory agencies. The federal agencies most likely to impact your transactions include:

- > **US Customs and Border Protection**
www.cbp.gov
 - for regulations affecting the importation of all articles into the US.
- > **Food and Drug Administration (FDA)**
www.fda.gov
 - for regulations relating to US bioterrorism laws and the labelling of food, dietary supplements, cosmetics, drugs (both prescription and over-the-counter), medical devices, items that emit radiation and animal foods.
- > **US Department of Agriculture (USDA)**
www.usda.gov
 - through its Food Safety and Inspection Service (FSIS) is responsible for ensuring that the US commercial food supply is safe, wholesome and correctly packaged and labelled.
- > **Consumer Products Safety Commission (CPSC)**
www.cpsc.gov
 - for regulations and voluntary standards affecting consumer products that may pose a risk of injury or death, such as flammable products, toys, items containing lead and defective electronics. The CPSC comes under the umbrella of the Federal Trade Commission (FTC) – www.ftc.gov.

- > **Environmental Protection Agency (EPA)**

www.epa.gov

- for regulations affecting any product that may be considered toxic or hazardous to the environment such as pesticide, fungicide, rat poison or anti-microbial agents.

- > **Australia-US Free Trade Agreement (AUSFTA)**

www.austrade.gov.au/AUSFTA or

www.dfat.gov.au/trade/negotiations/us_fta

- information on AUSFTA rules covering a wide range of subjects, including movement and origin of goods, quarantine, competition regulation, e-commerce, intellectual property and business travel.

Just as most federal and state level regulations can be obtained directly from the relevant agencies, most industrial standards are also readily available. Some of the most common standards affecting Australian exporters are issued by the following US organisations:

American Society for Testing and Materials (ASTM)

www.astm.org

Institute of Electrical and Electronics Engineers (IEEE)

www.ieee.org

National Fire Protection Association (NFPA)

www.nfpa.org

Society of Automotive Engineers (SAE)

www.sae.org

Underwriter Laboratories (UL)

www.ul.com

American National Standards Institute (ANSI)

www.ansi.org



Legal environment

The United States' reputation as a litigious nation is not unfounded, but it is not as much a barrier to entry as a standard cost of doing business.

Whether you are a domestic firm or a foreign corporation, spending money on US legal advice upfront can help avoid expensive lawsuits down the road.

Some of the most common areas of US law that affect Australian exporters and for which you should ideally seek US legal advice include:

- > **Trademark and patent protection.** Protecting your brand or intellectual property should be a priority in the US. Even if you feel you wouldn't have the financial capacity to prosecute trademark or patent infringements, you should still register your trademark or patent with the US Patent and Trademark Office online at www.uspto.gov or via a low-cost service provider.
- > **Incorporation.** It is possible to incorporate a company online for as little as US\$100. There are also various locations in the US, such as Delaware, where incorporating can be done quickly, easily and cheaply through a law firm on your behalf. It is important, however, to remember the structure of your corporation in the US will have legal and tax implications, making proper legal and financial advice a sound investment.
- > **Product liability.** Insurance for *everyone in the distribution chain* is absolutely critical to many industries, such as food, cosmetics, toys and electrical equipment. Alternatively, it might be a requirement of your US vendor that you have product liability insurance. In these instances you will have little choice but to seek adequate coverage in order to protect yourself. Before automatically seeking product liability insurance you should try to evaluate your amount of risk and what level of insurance, if any, is necessary. For example, if you sell 10 to 15 pieces of high-end jewellery each year through a few boutique retailers, you may determine that product liability insurance is not a necessary investment for your company.

It is also important to shop around for coverage. Some reputable organisations can provide insurance for as low as US\$5,000–6,000 a year for up to US\$2 million of coverage. Directors' and officers' insurance should also be a consideration to protect against personal liability.
- > **Contract advice.** Whether it is a sales agent, distributor or joint venture partner, Australian exporters should always consider obtaining some form of US-based legal advice on contracts. This doesn't always have to mean extensive legal fees, as 3–4 hours of review by a reputable legal firm on a proposed agent's contract may be sufficient.

For example, if you were about to sign a manufacturer's representative, you could go to the Manufacturers' Agents National Association (MANA), which provides free draft contracts that are fairly standard across the nation. With a few hours of US legal input you could ensure the contract clearly meets your specific needs and performance requirements.



Guerrilla marketing

US corporations regularly spend millions on advertising campaigns in an attempt to gain or defend market share. Unfortunately, most Australian companies have dramatically smaller budgets for US promotions.

The solution for Australian exporters is often guerrilla marketing, which involves using an unconventional, low-cost approach to make an impact on consumers. Guerrilla marketing techniques rely on creativity and the dedicated allocation of available resources – even if those are only people, energy and flexibility – to marketing activities that help you achieve the sales volume and customer loyalty needed to run a profitable and sustainable business in the US.

Some of the most common techniques used by Australian exporters in the market include:

- > **Website/internet strategies.** A website is a good foundation for any guerrilla marketing approach and is a valuable opportunity to build your brand, inform customers and impact buying decisions. Americans demand extremely high-quality websites, and you must meet these expectations or sales will suffer. Think about ways to use blogs, e-newsletters, special offers, viral campaigns and other incentives to maintain impact.

For more information on the importance and simplicity of using internet strategies in the US, see Austrade's *E-commerce in the US – a practical guide for Australian exporters* at www.austrade.gov.au/eguideUS.
- > **Publicity instead of advertising.** Attracting editorial coverage in media that reaches your target audience is generally a far more effective way to influence buyers than purchasing advertising space. Editorial endorsements carry incredible weight in the eyes of the US consumer, and media attention will help drive sales and create brand awareness. Identify industry publications in Australia and the US, make contact with editors and send press releases, samples, articles and reviews of your product or service.
- > **Influential users or recognised reference sites.** Pick one or two well-respected reference sites and focus your energy on getting them to endorse your company. For example, if you produce medical equipment, getting the Cedars-Sinai hospital in Los Angeles to buy your item would give you credibility with just about any other hospital in the country.
- > **Celebrity endorsement.** The best way to approach celebrities is to target their publicists or managers and pass on a free gift of your product or service. If you include a small, self-addressed envelope and comment card, you may get feedback from the celebrity that can be used in marketing materials.
- > **Memberships in associations and chambers.** This is a traditional but still highly effective way to access networks, information and business in any new market.
- > **Sponsorship.** The US market attaches a lot of credibility to charity events and the organisations that support them. Your company may be a good match for a local non-profit. Commercial events can also offer worthwhile sponsorship opportunities with good logo placement, media exposure and access to captive audiences.
- > **Small gifts or incentives for your sales force.** Thanking your customers and rewarding your sales force with Australian gifts such as a quality bottle of wine can deliver remarkable results.

Case Study: Force 10

— Australian innovation aids Gulf Coast reconstruction



Hurricanes Katrina and Rita struck the US Gulf Coast in August and September 2005, combining to create the biggest and most expensive natural disaster in US History. As a result of Katrina alone, in excess of 200,000 homes were destroyed in Louisiana and an estimated 50,000 plus homes in Mississippi and Alabama.

Whilst the rebuilding of devastated communities has created huge demand for housing construction, local authorities have also acknowledged the need for advanced building and construction solutions for elevated and hurricane resistant housing systems.

The monumental reconstruction effort is being aided by the expertise of an innovative Australia housing company, Force 10 International Pty Ltd, who design and manufacture cyclone and hurricane proof houses. Force 10 proprietary materials include the Force 10 Floor System, Wall System and Roof System.

Based in Brisbane, their sturdy and unique designs utilise the very latest environmentally friendly, raw materials and are exported to regions prone to extreme weather conditions around the world.

Force 10 representatives were invited to visit the Gulf Coast by Austrade in June 2006. As a result, Force 10 has now been able to forge a partnership with a Florida based group with the goal of manufacturing Force 10 products under licence in the US.

As a first step, Force 10 built a 2,500 foot square house with “Southern Mansion” architecture in Biloxi, Mississippi. The construction generated enormous interest in the local community and beyond, and the US partners of Force 10 have reported high levels of inquiries from building companies and corporations.

With the US Government committing US\$200 billion for economic revitalisation, repairs and reconstruction in the region, Force 10 are showcasing the role Australian construction expertise can play in restoring Gulf Coast communities, and the many lucrative opportunities available to Australian companies as a result of reconstruction efforts.

For more information visit www.force10.com.au

The importance of trade shows

Trade shows are still an important part of the US commercial landscape and there are thousands of events held every year for everything from gaming technology to quilting supplies.

The main trade show capitals of the US include Atlanta, Chicago, Las Vegas, Los Angeles, New York and Orlando, but events are held throughout the country.

Trade shows provide a one-stop shop where companies can meet new and existing buyers, distributors, agents and media. They also provide a great opportunity for new suppliers to test product or service offerings on the market, observe their competition and discuss trends. However, this exposure does come at a price. Australian exporters should think carefully about whether exhibiting is the best option for their company.

US buyers are aware that the majority of new exhibitors are short-lived operations that will be out of business within a year. As a result, buyers often test a company's viability by waiting to see if it returns to the trade show a second or third year. This trend is confirmed by the many exporters who begin to make significant sales in their third year of exhibiting.

If you aren't going to commit to exhibiting for several years, consider attending rather than participating. Many trade shows will evict attendees they find trying to actively sell on the trade show floor without actually exhibiting, so concentrate on gathering market intelligence and attending seminars and networking events instead.

If you do decide to exhibit, be sure to research the available trade shows to ensure they attract the sort of attendees you need, eg trade versus consumers. Most trade shows will have attendee numbers, profiles and exhibitor lists on their websites. You can easily see which events your competition or target partners are attending.

Below are some links to relevant articles that can help you review your objectives and activities before, during and after a trade show. These are only a sampling of the thousands of free articles and checklists available on the internet. You should also be sure to review the many additional marketing and promotional support activities provided by the show organisers for exhibitors.

<http://directory.trade-showweek.com/directory/index.asp>

Comprehensive listing of US trade shows by industry, location and date.

<http://downloads.uktradeinvest.gov.uk/exhibitingatustrade-shows.pdf>

UK guide to exhibiting at US trade shows.

www.sbinfocanada.about.com/cs/marketing/a/trade-showtips.htm

Canadian small business advisory site.

www.welcomebusiness.com/articlesDisplay.asp?articleID=77&deptID=3

US marketing resource site.

www.tldp.org/LDP/Linux-Media-Guide/html/trade_show.html

A guide used to educate a technology company's global community on how to make the most of trade shows.

Is Your Business Ready For Export?

This checklist is designed to assist you in your US market entry.

How's your Intellectual Property ?

- | | Yes | No |
|---|--------------------------|--------------------------|
| Have you registered your Trade Name/Mark in the US? | <input type="checkbox"/> | <input type="checkbox"/> |
| Have you copyrighted your printed and electronic materials? | <input type="checkbox"/> | <input type="checkbox"/> |
| Have you applied for a US Patent? | <input type="checkbox"/> | <input type="checkbox"/> |

Have you obtained Product Liability coverage?

- | | |
|--------------------------|--------------------------|
| <input type="checkbox"/> | <input type="checkbox"/> |
|--------------------------|--------------------------|

Have you secured the services of a legal team?

- | | | |
|---|--------------------------|--------------------------|
| Do you have a Non-Disclosure Agreement? | <input type="checkbox"/> | <input type="checkbox"/> |
| Do you have a contract appropriate for the US market? | <input type="checkbox"/> | <input type="checkbox"/> |

Have you met all Regulations and Standards?

- | | | |
|-----------|--------------------------|--------------------------|
| State? | <input type="checkbox"/> | <input type="checkbox"/> |
| Federal? | <input type="checkbox"/> | <input type="checkbox"/> |
| Industry? | <input type="checkbox"/> | <input type="checkbox"/> |

Have you defined your market entry strategy?

- | | | |
|--|--------------------------|--------------------------|
| Direct? | <input type="checkbox"/> | <input type="checkbox"/> |
| Distributor? | <input type="checkbox"/> | <input type="checkbox"/> |
| Manufacturer's Representative? | <input type="checkbox"/> | <input type="checkbox"/> |
| Joint Venture? | <input type="checkbox"/> | <input type="checkbox"/> |
| Manufacturing Under Licence? | <input type="checkbox"/> | <input type="checkbox"/> |
| Business entity – subsidiary, branch, corporation? | <input type="checkbox"/> | <input type="checkbox"/> |

How's your IT department?

- | | | |
|--|--------------------------|--------------------------|
| Do you have your own Americanised website/domain name? | <input type="checkbox"/> | <input type="checkbox"/> |
| Do you have professional images on your site? | <input type="checkbox"/> | <input type="checkbox"/> |

How's your marketing department?

- | | | |
|--|--------------------------|--------------------------|
| Do you have Americanised catalogues, brochures, written materials? | <input type="checkbox"/> | <input type="checkbox"/> |
| Do you have pricing (wholesale and retail) worked out? | <input type="checkbox"/> | <input type="checkbox"/> |
| Is your pricing in US dollars? | <input type="checkbox"/> | <input type="checkbox"/> |
| Do you use Imperial measurements for the US? | <input type="checkbox"/> | <input type="checkbox"/> |

How's your customer service department?

- | | | |
|--|--------------------------|--------------------------|
| Are you prepared to offer after-sales-service in the US? | <input type="checkbox"/> | <input type="checkbox"/> |
| Do you respond to email/telephone inquiries within 24 hours? | <input type="checkbox"/> | <input type="checkbox"/> |
| Can you quickly mail/courier materials out? | <input type="checkbox"/> | <input type="checkbox"/> |

How's your shipping department?

- | | | |
|---|--------------------------|--------------------------|
| Do you have a Freight Forwarder or Customs Broker in place? | <input type="checkbox"/> | <input type="checkbox"/> |
| Do you have someone established as the Importer of Record? | <input type="checkbox"/> | <input type="checkbox"/> |
| Does your paperwork meet US Customs requirements? | <input type="checkbox"/> | <input type="checkbox"/> |
| Have you packed your products so they arrive undamaged? | <input type="checkbox"/> | <input type="checkbox"/> |
| Have you allowed for possible delays in delivery? | <input type="checkbox"/> | <input type="checkbox"/> |
| Do you have a guarantee, warranty or return policy? | <input type="checkbox"/> | <input type="checkbox"/> |

Do you have an exit strategy?

Note: Not all of these items on the checklist will apply to you or your business. For more in-depth information on these and other requirements for the US market, contact your nearest Austrade office – we will be happy to assist.



Australian Government

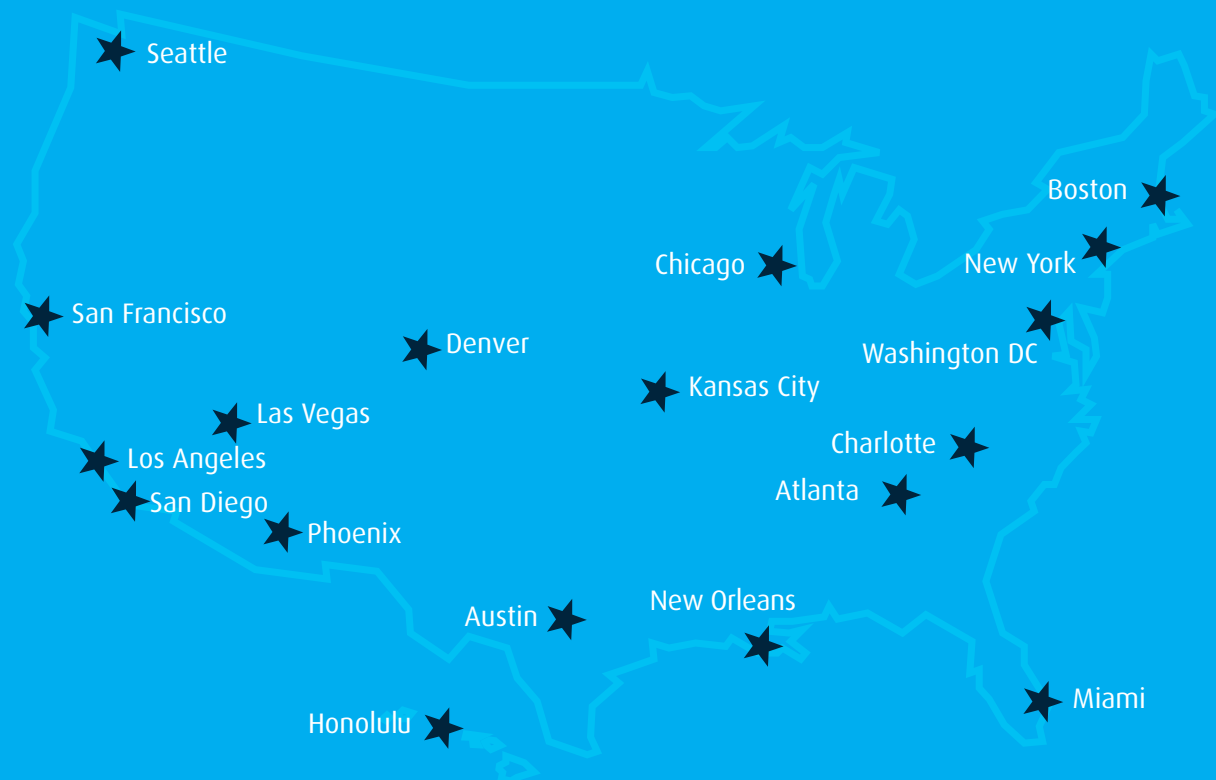
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For further information

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Visit **www.austrade.gov.au**



Austrade has a network of Export Advisers based in Australia and 19 points of service in the United States. We are here to understand your needs and help you grow your business in the US market.