



**TOGETHER**  
*for a sustainable future*

## OCCASION

This publication has been made available to the public on the occasion of the 50<sup>th</sup> anniversary of the United Nations Industrial Development Organisation.



**TOGETHER**  
*for a sustainable future*

## DISCLAIMER

This document has been produced without formal United Nations editing. The designations employed and the presentation of the material in this document do not imply the expression of any opinion whatsoever on the part of the Secretariat of the United Nations Industrial Development Organization (UNIDO) concerning the legal status of any country, territory, city or area or of its authorities, or concerning the delimitation of its frontiers or boundaries, or its economic system or degree of development. Designations such as “developed”, “industrialized” and “developing” are intended for statistical convenience and do not necessarily express a judgment about the stage reached by a particular country or area in the development process. Mention of firm names or commercial products does not constitute an endorsement by UNIDO.

## FAIR USE POLICY

Any part of this publication may be quoted and referenced for educational and research purposes without additional permission from UNIDO. However, those who make use of quoting and referencing this publication are requested to follow the Fair Use Policy of giving due credit to UNIDO.

## CONTACT

Please contact [publications@unido.org](mailto:publications@unido.org) for further information concerning UNIDO publications.

For more information about UNIDO, please visit us at [www.unido.org](http://www.unido.org)

We regret that some of the pages in the microfiche copy of this report may not be up to the proper legibility standards, even though the best possible copy was used for preparing the master fiche



08997



United Nations Industrial Development Organization

Distr.  
LIMITED

ID/WG.296/29  
19 July 1979

ENGLISH

---

Seminar on Wood Processing Industries,  
Cologne and Hannover, FRG, 16-30 May 1979

STRATEGY FOR THE EXPORT PROMOTION AND COMMERCIALISATION  
OF WOODEN PRODUCTS FROM DEVELOPING COUNTRIES \*

by

K. H. Koch \*\*

---

\* The views expressed in this paper are those of the author and do not necessarily reflect the views of the secretariat of UNIDO. This document has been reproduced without formal editing.

\*\* Marketing Consultant, Essingen, Federal Republic of Germany.

id.79-5780

## Contents

Introduction	1
1. The Export Potential Survey in a Developing Country	2
1.1 Identification of exportable manufactured wooden products	2
1.2 Constraints to successful export promotion and commercialization	3
1.3 Transportation aspects	4
2. Marketing Investigation in European Target Markets	4
2.1 Preparatory steps	4
2.2 Information campaign in the target markets	5
3. Direct Contacts with Trade Associations and Importers	5
3.1 Product-relevant data	5
3.2 Export-company-related data	6
3.3 Catalogues and prospectus, price lists, etc.	6
3.4 Samples of promoted products	6
3.5 General information on the exporting developing country	6
4. Contacts with Distributors	7
5. Marketing - Check-List for the Promotion of Wooden Products to Sweden, West etc.	8
5.1 Legislation	8
5.2 Standards	8
5.3 Transport and Distribution	8
5.4 Production capacity	9
5.5 Product competition	9
5.6 Product promotion	10
5.7 Product advertising	10
6. Recommendations for an Effective Follow-up to the Market Investigation	10
6.1 The institutional organization in the developing country	10

## Contents

6.2	Cooperation between private and Government sectors	11
6.3	Organization in the target markets	11
6.4	Practical export promotion strategy for wooden products	11
7.	The Cooperation of Technical Assistance	12
Appendix 1	Information Campaign in Support of a Marketing Investigation in European Target Markets (Benelux and the Federal Republic of Germany)	13
Appendix 2	Contact Registration Form for Marketing Investigation	14
Appendix 2	Continuation	15
Appendix 3	Practical Examples of Technical Assistance for the Promotion of Wooden Products within a result-Oriented Strategy	16

Introduction:

This report describes the principle steps necessary for the successful export promotion and commercialisation of manufactured wooden products from developing countries to Europe. Based on an exact analysis of the export potential - including existing obstacles - in the developing country, a positive marketing investigation in the European export target markets can be realized. An export strategy with recommendations for practical followup provides guidelines as to ways in which the private sector and the Foreign Trade Ministry of a developing country can successfully approach new markets.

1. The Export Potential Survey in a Developing Country:

1.1 Identification of exportable manufactured wooden products:

Wood-processing industries in developing countries can be divided into three basic categories:

- a) Companies with satisfactory export potential.
- b) Medium sized companies with comparable small export potential, but able to increase production if demand should make it necessary.
- c) Small-scale manufacturers with limited, or without present export, capacity but with product lines for export markets (mostly handiwork or labour intensive semifinished or finished products). These companies would need special financial support and technical assistance in product development and product adaptation, should sufficient export potential be developed.

Certain criteria for the selection of companies to participate in the export promotion needs to be identified. These amongst others would include:

- export capacity and sufficient production equipment;
- quality of the manufactured product;
- capability to realize exports (eg. experience in exports to countries differing from the selected target markets);
- administrative capability to develop business with foreign countries;
- satisfactory and efficient management;
- manufacturers interest in the target markets.

The actual products selected for export promotion will - on the basis of the above criteria be selected by the Foreign Trade Ministry in conjunction with the marketing consultant and the manufacturers concerned.

1.2 Constraints to successful export promotion and commercialisation:

There are a number of major obstacles to the initial development of a practical export strategy in developing countries. These in many cases may by themselves require serious consideration before proceeding with any major export development.

These obstacles include: <sup>1/</sup>

- Poor supply of the desired quality raw materials
- irregular supply of the desired quality raw material
- lack of a qualified labour force
- insufficient production equipment
- maintenance problems and lack of supply of spare parts
- difficulties in obtaining credits
- lack of adequate sales technique and aids (catalogues, brochures, etc.)
- misleading price quotations
- inadequate transport

---

<sup>1/</sup> Technical and quality aspects for manufactured products refer UNIDO documents ID/WG. 209/24, ID/WG.296/16, ID/WG. 296/26



1.3 **Transportation Aspects:**

An important aspect of any successful export venture is the efficiency of transport services linking the developing country to the target market(s). The factors which need to be explored include inadequate container service, regularity of overseas transport, proper packaging, the latter being specially important for the export of wooden products, due to their moisture content.

2. **Marketing Investigation In European Target Markets:**

2.1 **Preparatory steps:**

The first task in developing an export strategy is the selection of the most appropriate target markets. In most cases this selection requires professional expertise of a marketing consultant who is acquainted with the needs and possibilities in foreign markets.

Information which should be acquired includes the names of the relevant chambers of commerce and industry, specialized trade associations, importers and other distribution channels for manufactured wooden products.

This should be followed up with initial contacts with the above bodies in order to make known the manufactured wooden products from the developing country in question. Once the above mentioned authorities have been adequately informed, direct contacts - including the presentation of samples and sales aids of all products to be promoted - should be made with potentially qualified distributors.

2.2 Information Campaign in the Target Markets: <sup>2/</sup>

2.2.1 Special publications:

The marketing consultant should, where possible, obtain advertising free of cost in trade journals as well as in publications of Chambers of Commerce and Industry. (Refer to appendix I, "Information Campaign in Support of a Marketing Tour for a Developing Country in Benelux").

3. Direct Contacts with Trade Associations and Importers:

3.1 Product-relevant data:

- Product description;
- Quotations and prices, (FOB or CIF);
- Production volume available for export (Minimum/maximum);
- Delivery time;
- terms of payment;
- packaging;
- availability of sales aids such as catalogues, bulletins, price lists, photos, etc.;
- other product-related data (moisture content).

---

<sup>2/</sup> The Centre for the Promotion of Imports from Developing countries is an agency of the MINISTRY of FOREIGN AFFAIRS of the Netherlands. Its aim is to contribute to the prosperity of the developing countries by providing information about marketing opportunities for their manufactured products in the advanced countries, especially those of Western Europe, and furthermore to undertake any activities likely to result in an increase in imports by the advanced countries of products from developing countries.

3.2 Export- company-related data:

- Address;
- Person to be contacted;
- Type of business;
- Language of correspondence;
- Capital;
- Bank references;
- Employees (in production, in administration);
- Other company-related data.

3.3 Catalogues and prospectus, price lists, etc.

3.4 Samples of promoted products:

A marketing investigation will only lead to concrete business (eg. trial orders) if adequate samples can be shown to the interested importers. It is important to note that in Europe measurements and sizes must be given within the metric system. Information on new products, and in particular new wood types, which had not been exported before, is of interest to the target markets.

It should be made clear that importers appreciate both samples of the relevant wooden products and catalogues with price lists to be left with them for reference purposes.

3.5 General Information on the Exporting Developing Country:

This should include information on the country's population, economy, political structure and government, infrastructure, including transport, banking system, tourism, etc. If possible it would also be well to include information on investment-conditions.

4. Contacts With Distributors:

In order to enable the exporters, as well as the Foreign Trade Ministry in the developing country, to follow up the contacts realized in the target markets, the consultant should send without delay all information obtained on a "contact registration form" (refer to Appendix 2) together with a list of all contacts. The latter would include:

- company contacted in the target market,
- address, telephone, telex
- responsible person contacted,
- type of company
- results obtained
- exporters name in the developing country concerned for whom the contact was initiated.

Type of company:

Importers, wholesalers, agents, department-stores, trading companies, specialized furniture store chains, retailers, "do-it-yourself"-retailers, man facturers, etc.

Type of Association:

Chambers of Commerce and Industry, Associations of importers in the wood trade, banks, international trade fair organizations etc.

The results obtained may be characterised by:

- sample orders
- trial orders
- complete offers
- general information on the exportable product(s).
- product adaptation (technical assistance offered by importer)
- joint ventures (offered by importer)
- no interest

5. Marketing-Check-List For The Promotion of Wooden Products  
To Foreign Markets:

This check-list can be seen as a guideline for an exporter of wooden products who approaches the foreign markets.

Exporting Developing Country:.....  
Product-Definition.....  
Product Group..... Specific Product.....

5.1 Legislation:

Trade agreements: bilateral, others (eg. EEC)  
Quantitative import restrictions, quotas  
Product-related restrictions  
Administrative restrictions/Discrimination;  
others  
duty-free importation  
taxes  
duties  
patent/licencing/trade mark confirmation;  
other regulations: health, sanitary, safety, etc.

5.2 Standards:

Size :        }  
weight:        } Metric system  
packaging (do-it-yourself shops)

5.3 Transport and Distributions:

Transport cost analysis  
calculation on nearest/best "entry" to the import-market  
... in respect of distribution-channels/capacity/exact  
destination (including terms of delivery), sea port/  
airport/surface-transport

"Calculable" (cost-time-aspect): line from importer to consumer

Availability and capacity of transport: Ship, cargo plane, etc.

Technical circumstances: Duration of transport, affect on quality.

Packaging: safety of packaging, humidity-protection (sea transport) ideal form - transport packaging/consumer packaging easy to transport, easy to stock, to split up into smaller transportable sizes, ready-to-sell packaging for do-it-yourself products.

Distribution: Does the distribution-network of the importer cover the main areas (degree of concentration of population) Which additional services offers the distributor regarding product-development/adaptation?

#### 5.4 Production capacity:

- Technical equipment: adaptability of the product, potential to compete with other products to keep up with consumer-tastes, trend, etc.
- Amortisation of capital to be invested
- Availability of credits,
- Possibilities for joint ventures.

#### 5.5 Product competition:

- Main competitors,
- Percentage held by market leaders
- Advantages and disadvantages of the product to be exported in comparison with that of the competitors.
- Pricing: Arrangement and method of calculation (compared with competitors)
  - Price-concept of competitors
  - Discounts, commissions,
  - Terms of payment
  - Cost-factors: cost-line up to the consumer.

5.6 Product Promotion:

- Concept of introduction: test-market/all-markets-covering concept, introduction one by one market.
- Advantage against competitors: exclusive new product?
- Analysis: Why is the competitor successful with his product?
  - What distribution channel is applied?
  - Adaptation to consumer expectations.
  - Comparison with the market-leaders product.

5.7 Product Advertising:

Does the advertising follow a strategy of promotion?  
Choice of effective advertising and self/product-presentation.  
Cost of advertising for the introduction phase/after the introduction  
Medium and long term concept of advertising supporting the manufacturers export-concept.

6. Recommendations for an Effective Follow-up to the Market Investigation:

6.1 The Institutional Organisation in the Developing Country:

The basis for successful export promotion leading to continuous exports is a well-organized export promotion office, preferably with branches in the important industrial regions of developing countries in order to cultivate close and continuous contacts with the manufacturers. Precise information on the manufacturing sector enables the governmental institutions to launch effective export-promotion programmes.

6.2 Cooperation Between Private and Government Sectors:

Export promotion can only lead to maximum results if the private and governmental sectors co-operate constructively. This also means that export promotion activities and programmes - mostly financed through development aid should not be planned and decided upon without agreement of the manufacturers.

6.3 Organization in the Target Markets:

Developing countries aiming for continuous and increased exports in the highly competitive industrialized markets must have representation, particularly in those countries which offer the greatest potential. The developing country's export promotion institute with its contact in an industrialised country can provide the manufacturers with current data, which is a necessary requirement for successful export penetration. In conjunction with such an institution a network of commercially trained persons should support the manufacturers' promotional efforts.

6.4 Practical Export Promotion Strategy for Wooden Products:

Representatives of the manufacturing and governmental sector should develop a practical export promotion strategy: Positive results within a given period of time must be the main objective. Such an export promotion strategy would be based on:

- a) Precise information on the export potential of the developing country and of specially selected wooden products.
- b) If the target markets are interested in the products offered, immediate action must follow: Their main effort should concentrate on the most promising export market(s), until positive



results are achieved. Depending on export capacity, demand from the target markets, and the financial resources for export promotion, it is often preferable to penetrate only one selected market. With the experience gained from this, it is often easier to obtain results in the other markets.

- c) The developing country might alternately concentrate on the promotion of one product-group starting with the most promising export market.
- d) There are certainly advantages in first penetrating the most competitive market for wooden products. Once the acceptance of the product has been achieved, it would be relatively easier to export successfully to other markets.

#### 7. The Cooperation of Technical Assistance:

Export promotion action can successfully be supported by technical assistance programmes: There are many possibilities for developing countries to obtain technical assistance in export promotion; besides aid programmes offered by the UN, the UNCTAD, etc. Bilateral aid from European countries can be obtained.

The technical assistance offered could bring better results if there was greater co-ordination. Experience proves, that the export promotion programmes such as market research, participation in trade fairs, exporters' missions, etc. - sometimes free of charge within the development aid programmes - are not organized within a concerted strategy.

By concentrating a number of available promotion programmes on the wooden manufacturing export sector, the developing country would have the opportunity of realising the above strategy almost free of charge! (refer to Appendix 3).

Appendix 1

Information Campaign in Support of a Marketing Investigation in  
European target Markets (Benelux and the Federal Republic of Germany)

COUNTRY VISITED	PUBLICATION	TYPE AND DATE OF EDITION.	PUBLISHER	READERS
Benelux	"News Bulletin"	Monthly (April 1979)	C. B. I. Rotterdam	300 importers mainly in Holland, Belgium and other West European countries.
Federal Republic of Germany	"Technisch-Wirt- schaftlicher Dienst	Circular letter on demand (11 April 1979)	IFERO-AMERIKA- VEREIN E.V. Hamburg	300 selected im- porters Northern Germany, mainly Hamburg and Bremen
Federal Republic of Germany	Nachrichten In- dustrie und Han- delskammer Mitt- ler Neckar	Monthly (June 1979)	Chamber of Commerce and Industry Stuttgart	1500 members of the Chamber of Commerce and Industry in the Stuttgart area.

Appendix 2

Contact Registration Form for Marketing Investigation  
(Name of the Developing Country)

Country visited.....  
Address of importer contacted.....  
Place..... Telephone.....  
Telex..... Cable.....  
Name of Responsible contact:.....  
Type of company/institution.....  
Exist already contacts with d.c.? no..... yes.....  
If yes, with whom/product field/positive or negative  
experience, etc.....  
.....  
Interested in d.c. product? no..... yes.....  
d.c.'s exporter concerned:.....  
Product of interest.....  
Information wanted:  
General product information.....  
.....  
Prices and sales conditions.....  
.....  
Detailed offer on:.....  
.....  
Samples wanted? yes..... no..... trial order  
..... which?.....  
Other useful information on the product/adaptation needs....  
.....  
.....  
.....  
Other recommendations:.....  
.....

Appendix 2

Control check for Foreign Trade Ministry:

1. Has exporter responded? yes..... no.....
2. Should additional offer be made by other d.c's exporter?  
yes..... no.....
3. Follow-up recommended for efficient promotion.....  
.....

Remarks:

.....  
.....  
.....  
.....  
.....

- 17 -

Appendix 3

**Practical Examples of Technical Assistance for the Promotion  
of Wooden Products within a result-Oriented Strategy:**

Source of Finance

Promotion programmes for a Dev. Country

I. T. C.

Marketing Survey:

Possibilities for the Commercialisation of Selected  
Manufactured Products in Belgium, Holland, W-Germany

Participation in International Trade Fair "Partners  
of Progress" in Berlin, W. Germany.

E. E. C.

Further Possibilities for Trade Fair Participants

Mission of D. C.'s exporters to Selected European  
countries.

Bilateral Aid:

Governments

NL

Participation in "Wood" Int. Trade  
Fair in Rotterdam.

FRG

Possibilities for further technical  
assistance in export promotion

**Abbreviations:**

D.C.'s.....Developing Country's

I. T. C.....Internation Trade Centre/UNCTAG/GATT

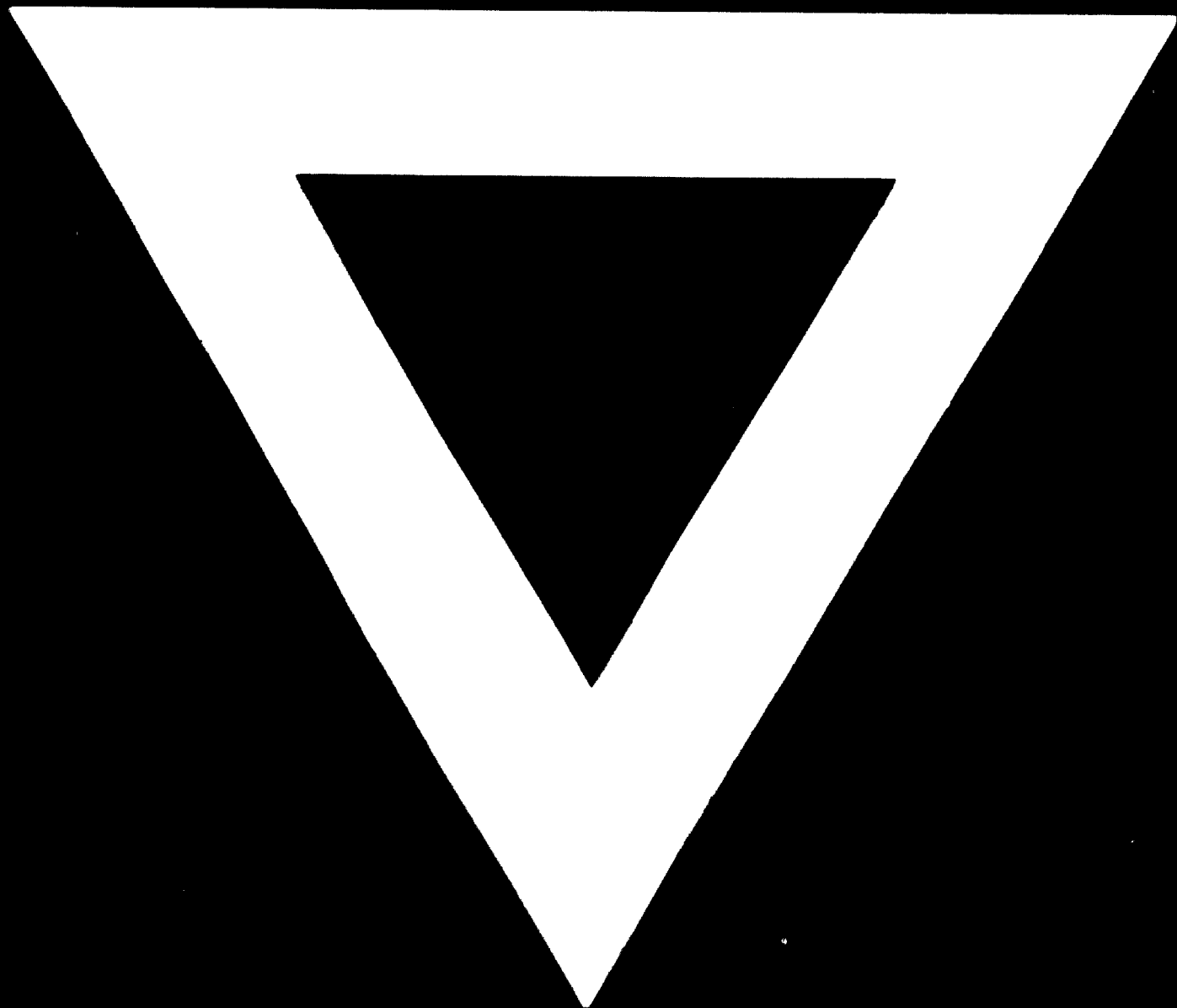
E.E.C.....European Economic Communities

NL.....Netherlands

FRG.....Federal Republic of Germany



**C-149**



**80.04.16**