

Industry News

Finding an easy, cost-effective way to break into new markets

Jacqueline Balian, GAMBICA



GAMBICA members are extremely competent exporters. They sell to every corner of the globe and in the last year the overseas market for lab equipment and chemicals has been considerably stronger than home demand. But however great the spur to tap into lucrative foreign markets, growing market share overseas or entering new territories requires substantial investment, not least in research into the local market. Consequently, GAMBICA members wanting to sell into markets in Iberia, took a shortcut last month by joining a GAMBICA mission to Spain and Portugal, organised by expert trade advisors at the Department for International Trade. The Trade Mission allowed them to offload all the first part of the activity to experts, leaving them to do the thing they do best - closing the deal.

Although Europe is our biggest trading partner and closest neighbour, trading is not always as easy as its proximity would suggest.

Those wanting to develop sales in Spain, for example, have to consider some unhappy realities: in the recent past Spain has suffered a massive double dip recession and inflation which at its worst reached 86%. Unemployment today is half what it was then, but still stands at 14.7% (probably 10% if you take out the black economy), with 25% of the population on short term contracts.

In spite of those scary headlines, Spain is considerably more promising for exporters than some territories. The Spanish economy has been growing at 3% p. a. for the last four years, better than the EU average and will probably grow at 2.5% this year, double the rest of the Eurozone. It's true that the Spanish are loyal to existing providers and that the market is very price sensitive. But as one of the buyers meeting the trade mission explained: "We are not France. Decisions are not made based on the nationality of the products. Here, price is more important."

That's why GAMBICA leapt at the offer made by DIT's Spanish and Portuguese teams to organise a trade mission for GAMBICA's members covering three centres; Lisbon, Madrid and Barcelona. The teams liaise with mission participants, finding out all about their products, USPs, competitors etc carry out the necessary research, add in their own local knowledge of market size, potential purchasers and distributors, tendering systems, payment issues and more, and then make appointments with prospective buyers. There is a charge for this work, but on a trade mission the costs are shared so are considerably lower than they would be if carried out for a single firm under the Overseas Market Introduction System (OMIS).

Like most things in life, what you get out of a trade mission is directly related to what you put in. Time spent briefing the DIT teams on what products you want to push and what existing relationships you have really does pay dividends, helping them to reach out and find distributors likely to be interested who don't already have a relationship with your rivals.



Shona Brown of DIT (Centre) hosts lunch for mission members in Madrid

Jessica Griffiths Senior Trade and Investment Advisor in Barcelona points out that although Catalonia is a big market in life sciences, with a territory comparable to that of Holland and key industries of biotech, pharma and chemicals, in some ways it's a small world: "Emails just don't work in Barcelona, we reach out by telephone and even better if we can get face to face. When we are reaching out to prospects, we are particularly careful with companies which might have relationships with your rivals. We always do lots of careful questioning before we give any information out."

So, the embassies help you to avoid mis-steps and also get you meetings you wouldn't have been able to secure yourself. According to Shona Brown, Senior Trade and Investment Advisor in Madrid: "Particularly outside the major cities, potential partners can be quite flattered to be contacted by the embassy and will make time to read over the briefs we send and consider whether your business would be of interest to them."

That was certainly the case at the trade mission's stop in Madrid, where one company travelled from five hours away to see the mission participants and arrived having studied what was on offer and ready to buy.

One of the participants in the trade mission was Pete Keenan of Atom Scientific. Pete had some initial concerns that relatively few meetings had been scheduled during the mission but; "I was really impressed by the extent and quality of the research the teams had done in each location. While an already fairly saturated market meant that there weren't large numbers of visits for the participating companies, we were given the contact details of all the interested companies who had been identified, and these are excellent leads - we will be following them up. I can easily pop back across for a day to meet with them."

As well as carrying out research themselves, the teams introduced the mission members to local trade associations with intimate knowledge of the markets and arranged visits to end users which made the market and how it operates much more real and understandable.



GAMBICA trade mission visits one of the largest private lab networks in Portugal

In Lisbon, Zelia Henriques was able to arrange a meeting with a distributor who not only had a major operation in Portugal, but who also has extensive trading links with Mozambique and Angola. This offers an easier than usual way into these more challenging markets. Similarly, one of the buyers in Madrid also exports 30% of its sales to territories including Algeria, Switzerland and France. The team in Lisbon provided a market overview of the Life Sciences sector together with the National Accredited Labs Association and also organised a site visit to the Laboratory for Chemistry and Environment, part of one of the largest lab networks in Portugal.

Yugen Naidoo, Export Dealer Manager for Camlab joined the mission to introduce a new range of smart meters to the Spanish and Portuguese markets. Camlab was ready to recruit dealers and distributors to increase the awareness of its products and services within these markets where they have little representation. Yugen was pleased with the meetings set up for her commenting: "I had two very promising meetings in Barcelona and all-in-all the trade mission was very productive.

So what lessons have I learned from this trade mission?

1. You have to be fit to fly on a trade mission;
2. Evening flights are always delayed;
3. You can't get anything nice to eat at an airport; but
4. None of the above matters because there's a great sense of camaraderie on these trips and you can have fun anywhere in the right company.



Buyers travelled considerable distances to meet the GAMBICA mission and arrived ready to buy

The Automated Lab

One of the visits organised for the trade mission was to an amazing hospital laboratory which had achieved between 8 and 12% year on year productivity improvements without any increase in staff, by automating. The mission participants were given an insight into the buying policies of the hospital lab, and into some of the issues which arise when dealing with 9000 samples every day - over 9 million tests per year.

Susana Malombres, the doctor in day-to-day charge of the clinical laboratory at Hospital Germans Trias i Pujol is justifiably proud of their facilities which cater for the 1.5 million people in the greater Barcelona area, but she recognises the risks of managing such huge throughput by means of heavily automated systems.

"Automation is a strength and a weakness," she says. "You become reliant on it because you can do so much, but occasionally it does break down. For example, today, the connection between the machines was lost and while the doctors know a lot about the systems, on this occasion we weren't able to fix it ourselves. When that happens, even though we do have some alternative equipment, sometimes we have to go back to paper systems. That is OK for staff who were working here before we automated, when we used paper systems, but for those who have only known the automated systems - they have no idea where to start."

As the person responsible for keeping the lab functioning, Susana's favourite piece of equipment is the automated reagent store which records exactly what is available, keeps it cold, and presents it to you, when asked.

"One of my two indicators of success is the turnaround time for the samples, so when I see the levels of re-agent dropping, I get really worried that I might have to turn a machine off."

Interestingly - even though the hospital has clearly done exemplary work in designing, specifying and setting up a system which works and has improved productivity so dramatically, they might have to do it all again...

All hospitals in Spain are required to purchase through framework agreements set up at regional level. A new framework is being put in place to cover automation systems. They hope that the one they have used will be chosen, but there is no guarantee. No health facility may purchase more than €15,000 worth of goods or services per year from a supplier who is not on the approved list, so if their current supplier is not chosen, they will have to find a new one - even though the systems are working well and the cost of switching would be substantial.

I'm told that if any other UK companies would like to visit the Hospital Germans Trias i Pujol through DIT Barcelona you would be warmly welcomed so if you are interested - do get in touch. You can reach me at Jacqueline.balian@gambica.org.uk.



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