

Export Plan

Abstract

This paper intends to present an export planning for a hypothetical business. The feasibility of the plan has been evaluated from both the marketing and financial perspective. The regulations of USA for export business has been discussed in the paper.

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Introduction

The purpose of the document is to prepare an export plan for XYZ trading company. The location of the company will be in Ohio. The company will import products from China as cheap labour is easily available there. After the products are produced in China, they will be exported to XYZ Ltd within a time period as mentioned by the company. The company, after receiving the products, will apply top class packaging and labelling and export them to India. The company's aim is to establish itself as the leader in sales of sunglasses as well as earn a strong foothold in the market in long run. The export plan will cover summary of the subject that will include details about the product, target country, social differences, customer types, export and import regulations, safety regulations, cost assumption, export price, terms of sales, landed cost, local pricing policy, format, question and citation. Therefore, these aspects will be covered under the plan.

Product

The product category, that is chosen, is a range of sunglasses ("Product description"). The product supplier will be China as it produces goods at cheapest possible price. The suppliers selected for this purpose are ready to manufacture the product and timely deliver them as per the contract. They have a good collection of designs, already prepared by their designers, which acts as an advantage. The aviators are given an absolutely new look and hues by these designers. There is also a new line of unique shades of mirrored aviators. The tea shades and shutter shades are shaped in a new form and design. The oversized glasses are designed to have a revived look. In totality, the product range is quite refreshing and a welcomed change from the old formulated designs. They are impressive and notable. The concerned products will be exported

to India, where there is a prodigious appeal for sunglasses, considering the hot and humid climate (“Make Up + Face”). Every other person in India, especially those residing in urban areas, are interested to purchase sunglasses and wear it whenever they move out of their home; so as to avoid excessive heat of the sun. Sunglasses are a source of relief for nearly all the people in India, regardless of age groups. Hence, exporting the products in India will be an assured way to success, as per the research made on the country.

Target market and profile of the country

The target market is India as the product experiences a huge demand in this market. The population of India is 1.27 billion, which is a positive indication for high sales volume. Although most Indians claim their national language to be Hindi, yet, in reality, their de-facto language is English. India’s GDP per capita is 4.9% (“Trade”). India imports a lot of products ranging from apparels to minerals, metals and agricultural products from other countries. India’s currency is rupees (Rs.) and there is lack of stability in Indian currency. Currently, as per the exchange rate in India, 1 USD is equivalent to 62.36 of Indian rupee.

Although India has low GDP and no currency stability, yet the product is easily marketable in India as the population here is known to be very high and the company can tap huge number of customers in that sense. The company has a huge range of sunglasses, varying from high to extremely low prices. This will be another feature of attraction for the buyers. Language will not be a barrier as the product will be sold by Indian sales personnel itself. The product will be sold in all urban cities of India and few shops in the rural areas as well. As can be interpreted from the data, the product will have a profitable business in India.

Social Differences

India is a developing country. Although the literacy rate of India is low, yet it is significantly growing with time. People in India across all age groups are using sunglasses more often because of increase in health awareness among them. Most of the people regard sunglasses as an effective source of protection for their eyes. Sunglasses are used by almost everybody in India. The rate of usage in Indian rural areas is low, as compared to the urban ones, where people are increasingly opting for sunglasses. USA, in that respect, is a developed country and people residing in both

urban as well as rural areas here make full usage of sunglasses. The literacy rate of USA is also definitely higher in comparison, which accounts for the higher awareness among them. Whether they belong to the rich or poor sector, they know that sunglasses help to protect the eyes from harmful ultraviolet rays of the sun. Both urban as well as rural individuals make use of sunglasses, not as a fashionable stance, but mostly as a preventive measure. Whereas, in India, people residing in rural division are hardly found to be wearing a sunglass in their daily lives. The basic reason behind this is that they consider sunglasses as a means of portraying a fashionable lifestyle. Secondly, due to lack of awareness, even if they purchase a sunglass, they opt for local shops that sell the product in cheapest quality. The price of the product is another important factor considered by the rural individuals in India. The company will, thus, try to grab this sector with their low priced, high quality sunglasses, exclusively made by keeping in mind the needs of the same. So, these are the only factors which have a role to play in creating social difference between USA and India. Then again, this difference will not hamper the business, owing to the population of India, which is comparably more than USA. Therefore, this, along with the high demand, will play a huge role in maintaining the turnover for the company. The social differences might persist, but will not be a barrier for the company.

Decide on customer type

The product will be distributed by a local company of India, through hired agents, to all shopping malls in the urban sector and to a few selected shops in the rural areas. The company will mainly focus on city-based customers, who generally find more usage of sunglasses in their daily life. In rural areas, the young generation will be the company's target. The sunglasses that will be supplied to the rural areas will mostly be low priced, so as to increase the company's appeal among rural people as well as satisfy them economically. The urban sector will, thus, get a colossal set of sunglasses of their choice, directed at the lower middle, upper middle as well as the rich classes. All these classes will serve as the company's target for the suburban division. Hence, the company's aim is to capture customers of nearly all types.

USA's export regulation and hiccups if any

USA's export regulation has less stringent laws for apparels like, sunglasses. So, there will be no hiccups as such in exporting the sunglasses to India. The company will follow all the

export regulations, procedures and requirements, before or at the time of delivering goods to India, without faltering. An export license is already obtained from the Department of Commerce.

Import policy for the product of XYZ ltd.

India does not have any strict import rules for apparels and products like, sunglasses. The products will be imported to India through air cargo as it will be less costly, least time-consuming and will avoid extra documentation hazards. The distributor in India will appoint an agent, with the responsibility to clarify all legal aspects for receiving goods. These goods will then be distributed to different malls and shops. The custom duties, vats and taxes will be paid by the distributor on behalf of the company and all the import procedures and documentation will be carried and abided by as per the rules. A custom duty of 15 % will be paid by the agent. Later, the company will pay off the costs incurred by the distributor through the bank.

Safety Regulations that applies to the product

The safety regulation, which applies to the product, is that packaging of the product should be proper. The importers are asked to arrange the products in beautifully designed boxes with variegated designs. Those directed at the female population should be more elegant and sophisticated with motley of hues. Those for the male counterpart should be trendy and classy, yet sober ("Product"). Packaging of the entire set of glasses should be done in compact, protective cartons in order to avoid scratches. If faulty or broken glasses are discovered, they will be returned to the supplier. The glasses will be exported from the company, only after thoroughly checking them. Labourers of the company will check all the cartons sent by suppliers in order to locate damaged products, if any. The suppliers will not be paid for those products, as per company regulations. Then again, the products, which are not faulty, will be repacked into the cartons, labelled properly and sent to India, after following the shipment procedures. This is how compliance with all the safety regulations will take place.

Cost assumption for your product

The company, XYZ Ltd., will pay \$30,000 for 10 cartons to the suppliers in China and will export 10 cartons to India for Rs. 40 million ("Products/Services"). The company, in this

way, can make a profit of at least \$2100000. Hence, after incurring the costs of suppliers, agents and labourers, the company will still make a considerable profit. Revenue of the company will be more than the expenditure incurred.

Landing cost

Landing cost	
Import cost	
No. of imports per year	130 cartoons
Shipping charges	\$ 50000/ cartoon
Total shipping charges	\$ 650,000.00
Cost of products	\$ 1,000.00
Total cost of products shipped	\$ 130,000.00
Insurance charges (7.5%)	\$ 9,750.00
Packaging cost (5%)	\$ 6,500.00
Export cost	
No of exports per year	130 cartoons
Price of products	Rs 620
Price of total product (in Rs)	80600
Export price	\$ 4,352,400.00
Profit	\$ 3,702,400.00

As mentioned earlier, the products are first imported from China and then exported to India. The whole process includes certain costs related to the shipment of products and their packaging. When the products are exported from China to XYZ Ltd., a US based company, it has to pay the suppliers in dollars. The dollar payment is subject to exchange rate fluctuation, which demand certain required calculations. XYZ Ltd. has to pay shipment charges for importing the products from China, which amounts to \$650,000. In case of any unfavourable event during the shipment, the insurance will secure the products and money of the company, since the whole amount is insured. The packaging charges are estimated to be 5%. While exporting the products to India, XYZ Ltd. will be paid in dollar and thus, will get an opportunity to earn a profit of \$3,702,400.

Local pricing strategy

The pricing strategy will be competitor based. Landed cost might be more for the first year compared to the competitor, but will be controlled, after the product gets high rate of market acceptance. Therefore, the company will maintain a good margin of profit, but will not be too greedy at the beginning. The company's aim is to supply good quality sunglasses at considerably lower prices, as compared to the top brands like, Gucci, Ray Ban, Polaroid, Prada, Oakley and Vogue Eyewear ("Brands"). It has to face a lot competition. So, main motto of the company will be to maintain quality and develop designs of sunglasses. The company appears to be making more than a basic profit, as can be inferred from the cost assumptions.

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