Trade Promotion Approaches for Services Exports

Positioning Your Country as a Provider of Quality Services

The basic challenge in exporting a service is to convince a foreigner to try a service that does not exist yet. The foreigner has to believe that the service will be of good quality and will meet their needs. Usually the foreigner forms that belief based on recommendations, referrals, or somehow seeing the service provider in action. There are also several roles that trade promotion activities can play in building that belief or credibility.

When people think of computer software and IT services, they think of India which now has 12% of the global market. Any Indian IT firm benefits from that reputation, which was built up over a period of ten years. You need to find or reinforce some special quality that your country has so that when potential customers hear about a service supplier from your country, their first response is, “Oh yes, I’ve heard good things about services from your country.” Here are some questions to ask yourself to help identify that special quality:

1. Do you have a geographic advantage?
   For example, Panama is already known for being a transportation and distribution hub due to the Panama Canal and its strategic position between Central and South America. Based on its ICT infrastructure and links to four submarine fibre optic cable systems, Panama can now market itself as the regional hub for e-services, supported by the City of Knowledge Technopark.

2. Do you have a language or cultural advantage?
   For example, Peru has large Japanese and Chinese immigrant communities.

3. Do you have a human resources advantage?
   For example, Jordan has a number of well-trained professionals who were trained in the U.K., U.S., or France and have extensive work experience in the Arab Gulf countries.

4. Do you have a reputation for being particularly business friendly or familiar with other ways of doing business?
   For example, Barbados has a reputation as a politically stable, open economy with over 8,000 offshore businesses.

5. Do you have a reputation in a particular sector that can be leveraged as a country image?
   For example, Jamaica has a global reputation of reggae music, which is being leveraged as a lead sector.

6. Can you provide your customer access to a range of other markets?
   For example, a CARICOM country like Trinidad & Tobago can position itself as the gateway to the Caribbean (and South America through links with Venezuela) for services like market research.
Selecting and Differentiating Priority Sectors

There are probably already over 60 categories of services being exported from your country. For successful trade promotion, you will need to pick priority sectors for the focus of your resources – i.e., sectors where you have (a) some competitive edge to exploit, (b) sufficient domestic capacity to support rapid export growth, (c) some potential for synergies among services, and (c) a service industry association to work with government on trade promotion strategies.

In picking priority sectors, you will need to be able to differentiate your service suppliers from those in other countries. You will need to be able to answer the question, “Why pick our service suppliers?” Here are some examples of rationales:

Architecture/Construction/Engineering
Awards for well-known structures; familiarity with a particular type of environment or building materials. For example, Fiji’s Association of Architects is promoting its members’ tropical architecture expertise.

e-Services/Back Office Operations
Known for a strong work ethic; excellent telecommunications infrastructure; English language capability. For example, the Philippines has an English-speaking, computer literate workforce and years of experience with U.S. business culture from which many outsourcing contracts originate.

Education & Training
Well-known academic institutions or training institutions; well-known graduates of educational institutions; ability to deliver training in multiple languages. For example, Botswana’s Institute of Development Management provides public and private sector training in 10 surrounding countries.

Health-Related Services
Awards for health facilities; known for well-trained health practitioners; known for a particular specialty. For example, Peru’s Hospital Neoplasicas is known for world-class oncology services.

Legal Services
Known for a strong judicial system; well-trained lawyers and paralegals; familiarity with more than one legal system. For example, Jordan has a modern legal framework of intellectual property and FDA laws that are the most advanced in the region, as well as familiarity with common, customary, and Muslim legal systems.

Selecting Target Export Markets

In general, services are exported to a wider range of markets than are goods. Already your country’s services are probably being exported to at least 30 different export markets. For effective use of resources, you will need to select geographic markets that hold the greatest growth potential. You will want to take into account the following:

- The number of firms already exporting to, or interested in, that market
- Economic growth patterns in that market
- Attitudes in that market towards importing services, especially from your country
- Historical links with that market, including investment and tourism
- Ease of access for your exporters (direct flights, visa requirements)
- Ability to pay, including exchange restrictions, inflation rate, currency stability
Planned Trade Promotion Activities

While goods promotion typically focuses on the tangible product (making use of virtual trade shows and online catalogues), services promotion needs to focus on the solutions that can be provided by your service companies. Customers are particularly interested in one-stop (or “bundled”) solutions. For example, a consortium that includes architecture and design, engineering, construction, and project financing is more competitive than any of those services on their own.

While there is a wide range of services being exported, from a trade promotion perspective there are five general categories of services that benefit from slightly different promotional approaches:

- **Infrastructure services**
  These include architecture, engineering, construction, transportation, distribution, and financial services.

- **IT-related services**
  These include computer consultancy, software development, data processing, database management, and call centres.

- **Business services (non-IT-specific)**
  These include a wide range of business support activities such as research & development, equipment leasing or maintenance, market research, management consulting, translation, investigation & security, etc.

- **Professional services**
  These include the licensed professions (other than architecture and engineering) like accounting, legal services, medical & dental services, nurses & midwives, and veterinarians.

- **Quality of life services**
  These include education & training, health-related services, entertainment services, cultural services, recreational services, and sporting services.

There are eight general types of activities that have proven useful in promoting services. Table 1 links these activities to the five categories of services.

- **Participation in global or regional trade events**
  For some services, there are annual or biannual trade events that provide excellent profile building and networking opportunities. Examples include CeBIT, Medtrade, and WTA. In some instances, you may find that a regional trade event that is held in an export market of priority to your country is even more useful. To maximise effectiveness, you will want to have some kind of country presence – a booth with information about service capabilities, a sponsored reception for participants from targeted export markets, speakers from your country on the program, etc.

- **Sector-specific trade missions**
  These trade missions would be comprised of service firms that are already exporting or wishing to export. To maximise effectiveness, you will want to have some kind of theme to the mission and organise opportunities for mission participants to meet not only with potential customers but also with potential partners and with their sister association. A component of the mission would be educational presentations by mission participants. An example of this type of mission is the health services missions Malaysia has.
led to Cambodia and Brunei in order to convince local health practitioners to refer patients to Malaysian hospitals for specialised care.

- Cross-sector trade missions
  These trade missions would be comprised of service firms from several industries willing to work together to provide ‘bundled’ services.

- Partnering events
  The purpose of such an event is to encourage collaboration between organisations, either across national boundaries or across sectoral boundaries. Such events can be held for service firms and/or for service industry associations (as in ITC’s Bridges Across Borders initiative).

- Media tours
  The purpose of this type of event is to raise media profile of your service firms’ capabilities in the media of developed markets where media coverage confers credibility. The structure would be to identify a small group of service firms with unusual capabilities and successes, and then to hire a public relations firm in the target market to arrange a series of media interviews with those firms.

- Incoming missions
  Incoming missions from target export markets provide a low-cost opportunity to acquaint potential foreign customers with the capabilities of your service suppliers. The structure would be to have an educational event at which service suppliers could provide useful information, followed by a networking reception.

- Networking with investors
  Sometimes foreign investors import services (especially professional and business support services) because they are unaware of local capabilities. Providing a structured opportunity to highlight local expertise gives your firms the chance to engage in Mode 2 exporting.

- Mission to IFIs
  These missions would be comprised of service firms that provide the types of services currently being funded by international financial institutions such as the World Bank, the regional development banks, or bilateral aid agencies. The purpose would be to apprise the officers of the capabilities of your country’s service firms both to deliver IFI-funded projects in your country and also to deliver quality services in other donor-funded markets.
Table 1: Linking Type of Trade Promotion Activities with Type of Service

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<tr>
<th>Type of Trade Promotion Activity</th>
<th>Type of Service</th>
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<tr>
<td></td>
<td>Infrastructure Services</td>
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<tr>
<td>Participation in trade events</td>
<td>✓</td>
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<tr>
<td>Sector-specific trade missions</td>
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<td>Cross-sector trade missions</td>
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<td>Partnering events</td>
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Proactive Trade Promotion Activities

In addition to planned trade promotion events, it is also possible to identify immediate unmet needs in export markets (e.g., through media reviews) and organise a consortium of service suppliers to respond. One such example that would involve some pre-planning is the ability to respond to natural disasters in another economy. The first step, after convening an appropriate consortium, would be to acquaint responsible agencies (including the Red Cross and similar aid organisations) with the cluster of capabilities – e.g., medical care, design and construction for temporary buildings and reconstruction, environmental services, security services, etc.

Support Activities: Associations

There are also other activities that service industry associations can undertake to support the exporting activities of their members, such as:

- Establish a Service Exports committee
- Publish a newsletter about members’ achievements
- Establish an awards program for excellence in service exporting
- Publish a directory of members and their capabilities
- Encourage members to get listed in global and national online directories
- Provide seminars on international trends and quality standards
- Join the international sister association & display that logo on website
- Establish friendship agreements with sister associations in export markets
- Participate in international trade events on behalf of members
- Provide opportunities to network with other industry associations
- Provide a forum where members can raise services exporting issues
- Provide training to members on how to export services
- Advocate for members with the government on services trade issues
- Receive training on related ITC’s Successful Services Exporting modules:
  - A-1: Promoting Your Members’ Capabilities
  - A-2: Helping Your Members Make Global Contacts
Support Activities: Trade Promotion Offices

In addition to trade promotion events, trade promotion offices can also undertake the following types of activities to support services exporting:

- Collect and publish examples of successful services exporting
- Provide radio/TV programmes with information on successful services exporting
- Post stories of services exporting successes on the trade promotion website
- Publish and distribute (online) a directory of service firms and their capabilities
- Establish an awards programme for service innovation
- Establish an awards programme for services export success
- Establish links with alumni and expatriates in target service export markets
- Promote the capabilities of service firms to investors on the investment website
- Provide services trade statistics and success stories for official speeches
- Provide services trade statistics for the national website
- Set (and meet) specific targets for increasing the number of service exporters
- List top service exports on the national website
- Establish a partnership database to link service firms with interested partners in export markets
- Include services in the national export development strategy
- Encourage service firms to become registered to ISO 9001:2000
- Conduct study tours into export markets to determine service needs and standards
- Supply services firms with international benchmarks for performance
- Convene a national or regional conference on services trade, featuring your own exporters
- Receive training on related ITC’s Successful Services Exporting modules:
  - G-1: Raising Awareness of Your Service Exports
  - G-2: Supporting Services Exports

Support Activities: Services Officer

If your country is able to designate a Services Officer with time to focus specifically on promoting services exports, the following are additional activities that could be undertaken:

- Make sure that all mentions of “trade” or “exports” include services trade or exports
- Review various online directories to make sure that service suppliers are listed
- Make sure that all incentives provided to manufacturers are extended to service firms
- Work with banks to accept accounts receivable as collateral for overdrafts
- Work with the standards body to ensure that they are familiar with service industries
- Make sure that government agencies do not compete with private sector firms for export contracts
- Ensure that service sector needs are clearly represented in national development plans
- Work with the central statistical agency on improving services trade statistics
- Engage the private sector in consultations on what would increase service exports
- Convene a working level coordinating body across all ministries dealing with service industries