DIVERSIFICATION OF EXPORTS

Diversify your TPO's services!
BIG questions about Diversification:

- Is it a **cause** or a **consequence**?
- Are we **promoters** or **followers**?
The world **CHANGED**, we **must** change

- Capitalist society drives individualist desires.
- Individualism fuels consumption niches.
- Niches are within an economy of abundance.
- Selling to these niches means: **diversification**, **differentiation**, using **new channels**, **new branding**...
The one person market: The ULTIMATE NICHE

José  María  Ana  Luis
Costa Rica’s export Diversification:

The only way to go for us...
Diversification:

The footprint of Costa Rica's development

- NO ARMY
- EDUCATION
- GREEN COUNTRY
- OPEN TO TRADE
- FDI
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Costa Rica in NUMBERS: Traditional vs non-traditional goods exports

[Graph showing the percentage of total exports from 1983 to 2015 for traditional and non-traditional products.]

Traditional Products: coffee, banana, beef, and sugar. 67% in 2015.

Non-Traditional Products: 89% in 2015.

Source: PROCOMER
COMPOSITION OF EXPORTS 2013

**Exports by market**
- United States: 39%
- China*: 9%
- Netherlands: 7%
- Panama: 5%
- Nicaragua: 4%
- Guatemala: 4%
- Honduras: 3%
- El Salvador: 3%
- Belgium: 20%
- Malaysia: Others

**Exports by sector**
- Electrical & electronics: 28%
- Others: 5%
-Textiles, leather, & footwear: 2%
-Rubber: 2%
-Livestock & fishery: 1%
-Plastic: 3%
-Metalworking: 5%
-Chemical & Pharmaceutical: 12%
-Food: 14%
-Precision equipment & medical devices: 21%
-Agricultural: 1%

143 countries

4500 products

*Including Hong Kong / Source: PROCOMER
A DECADE OF STRONG SERVICES EXPORTS GROWTH

Evolution of total exports

Sources: PROCOMER and BCCR
... in simple terms:

4500 products → 4.5 million inhabitants → 1,000 people
The future for PROCOMER: How to foster diversification EVEN MORE?
Operations
Key internal changes

Some innovative ideas:
- Country brand’s licensing protocol
- Distribution centers for SMEs
- Cross-functional teams for each exporter (development projects)
- Incubation of potential exporters (innovation system expansion)
STRATEGY EXAMPLE 2

New markets on global value chains

New wave of Costa Rican exporters

High tech foreign investors

PULL DEMAND

Certifications, SME training and Financing to make a wider waist

PUSH OFFER

Local suppliers development program (last 14 years)
Some final considerations

On **diversification:**

Are we seeing this?
Produce into **value added** foods

Or foreseeing that?
**3D Printing** food
Some final considerations:

On **diversification:**

Are we seeing this?
- **Services:** attract big FDI operations

Or foreseeing that?
- Crowdsourcing, Freelancing, open innovation
Some final considerations:

On *diversification*:

Are we seeing this? *Using* the internet for *promoting* our products

Or foreseeing that? *Wearing* the internet, *using it within* our product or business model (IoT)
Thank you!

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