



# **A PRACTICAL INTRODUCTION TO INTERNATIONAL TRADE – “HOW TO DO BUSINESS”**

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# Why Internationalise?

## **Demand**

- Unless you have created a solution to a domestic problem, the vast majority of demand for your product or service will be outside of the UK
- The NHS provides a fantastic opportunity to access large regional purchasers, however your domestic market is limited in terms of potential growth

## **Competitive Advantage**

- The United Kingdom is known worldwide for high quality, innovative goods and services, customer service, and sound business practices

## **Risk Mitigation**

- The cost of regulation and doing business is a considerable risk for life science companies, exporting your product or service overseas offers some financial stability
- Market trends change, purchasing pathways, re-imburement systems and product registration are all subject to change. Broadening your international market coverage provides greater stability for the organisation.

# Resourcing

## Human

- Who is going to manage international trade?
- Building relationships

## Financial

- Regulatory costs
- Marketing (translation, international differences)

## Production

- Production planning, lead times, international deliveries and individual market adaptations
- Localisation of product and/or service

# Market Identification

## Previous Success

- Market conditions (language, healthcare system etc)
- Competitor base
- Align previous success, interest or commercial gain with potential new markets

## Competitors or Aligned Products

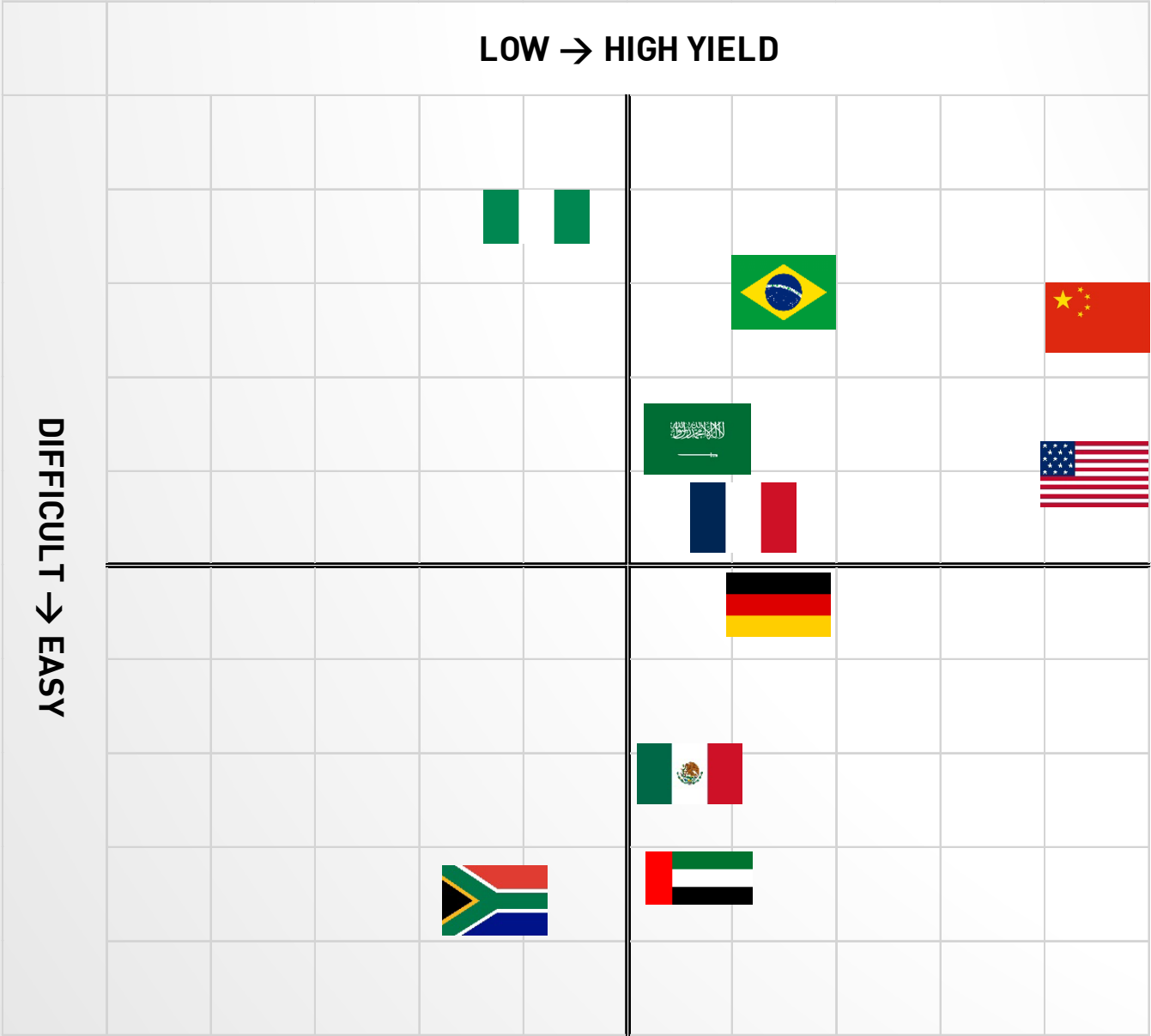
- Has your competitor educated and established a market for your products or have they reduced the overall opportunity?
- Is the market currently using a complementary product or system?

## Cost/Risk of Doing Business

- Is there a definite opportunity before you start to invest?
- Prepare, plan and research each market to achieve a return on your investment

## How Many Markets?

- Difficult, Easy, High Yield, Low Yield...



\*Example based on fictitious medical device company, manufacturing patient warming devices

# Market Research

- Price
  - Market conditions (private, public, etc)
  - Competitor pricing
  - Capital vs consumable
  - Import vs domestic manufacture
- Barriers to entry
  - Regulation
  - Legal system / corruption
  - Education and training
  - Getting paid
  - Logistics
  - Localisation requirements
  - Competitor presence or the lack of
- Free trade agreements
- Trade statistics and desk based research
- Visit the market, meet your potential partners and interact with end users

# International Sales

## Passive

- Typically involves an overseas buyer and end user purchasing the product online or via a catalogue service

## Domestic Buyer

- Similar to the above but the online service or catalogue purchases the product in bulk and then makes the sale themselves

## Direct Export

- Less common as it is becoming more typical that a company needs an registration held in that market by a domestic company. This also required the supplier to take on all after sales obligations to each individual purchaser

## Indirect Export

- The most typical route to market for medical device manufacturers is via intermediaries. These are usually distributors or sales agents both of whom would be based in market

# Indirect Export

## Agents

- Working on your behalf but not in partnership
- Identifies and drives in market sales
- Seller negotiates contract terms directly with purchaser
- Low risk option to access new international markets
- Incentivisation of a sales agent is the most important consideration
- Doesn't have to be internationally based, as UK agent can be just as effective but you must thoroughly research your partner



# Indirect Export

## Distributors

- Unlike agents, distributors take on the title of goods and responsibilities
- Distributors re-sell the products to local buyers
- Adding your products or services to their wider portfolio
- The easiest regulatory route is not always the best – take advice
- The most common route to market for life science and healthcare companies
- The success or failure of a distribution agreement often comes down to two factors:
  1. **The distribution agreement**
  2. **The relationship**

# Indirect Export

## Consolidators

- Consolidate shipments on your behalf and on the behalf of other suppliers
- Traditionally catalogue based although now moving towards online ordering processes
- First time access to new markets
- Non exclusive
- UK based with specific international market focus
- Logistics handled by the consolidator
- Unusual route to market for life science companies

# Considerations at Arab Health 2023

- Qualify a potential new partners suitability, experience and credentials
- Have they worked with UK or European companies previously?
- Cultural differences and relationship building
- Regulation
- Routes to market
- Exclusivity and contracts

# National and International Support

## **Department for International Trade (DIT)**

- Domestic support, advice and sign posting
- International Commercial Officer network
- Exhibition funding
- Trade missions
- Export academy

## **Medilink UK**

- International regulatory pathway mapping
- Sector specialist market research
- Exhibitions, training and support
- Innovation and commercialisation services
- PR & marketing services

Thank you.  
Any questions?

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