
Doing market research on the United States

a how to guide

contents

introduction	2
market overview	3
trade and production statistics.....	4
demographic information	4
information on competitors and potential partners	5
taxes and duties	7
legal and regulatory information	8
other information sources.....	101
US news sources.....	12
how New Zealand Trade and Enterprise can help	12

is this guide for you?

This guide is designed for new exporters or those already exporting, and who need some practical advice about where to start when researching export opportunities in the United States. It covers the different types of market research most useful for exporters, and a range of practical and efficient tools you can use to find the information quickly and at little cost. It includes:

- a practical introduction to using internet research and online search engines
- links to online resources specifically relevant to exporting e.g. trade statistics, tax and duty rates , regulatory information, media sources

introduction

While this guide provides a number of useful sources for doing market research on the United States, it is not an exhaustive list. In addition to the sources listed in the guide, you should use a range of search engines and other resources such as web portals and directories to ensure that you obtain as much relevant information as possible.

One of the most popular search engines is Google, which provides both very good coverage of the web and fast, relevant results. However, you should also use other search engines which will have links to information that may not be available through Google. Yahoo has a comprehensive list of search engines:

http://dir.yahoo.com/Computers_and_Internet/Internet/World_Wide_Web/Searching_the_Web/Search_Engines_and_Directories/

If you not familiar with using search engines, the University of Canterbury library has developed a quick and easy to use on-line tutorial which will help you understand how search engines work, and provide you with basic techniques for improving your search results:

<http://library.canterbury.ac.nz/tutorial/gen/web/>

Although it is important to use a wide range of sources when undertaking your market research, you also need to ensure that the sources you use are reliable and up-to-date. In general, it is preferable to use information from official government sources and well-recognised international organisations, such as the World Bank, United Nations and the OECD. In addition, industry associations and educational institutions (e.g. universities) are generally also reliable sources of information.

Finally, when you present your research in your business or export plan you should cite the sources of the information that you have used. Firstly, this will demonstrate that you have used relevant and reliable sources. Secondly, if you do need to update the information you will be able to quickly find where you sourced it from.

All links in this document were working at the time of publication, and New Zealand Trade and Enterprise will regularly be checking the document for broken links. However, if you find that the link to a particular page or document is not working you can often find it by searching for the name of the page or document in a search engine.

market overview

The United States is New Zealand's second largest export market, taking NZ\$4.5 billion worth of our exports in 2006, an increase of almost 4 percent on the previous year. Primary commodities including meat (23 percent), dairy (10 percent) and wood (8 percent), along with machinery (8 percent), accounted for the bulk of the total export share to the United States during this period in raw dollar values.

With a market of 300 million people, the United States is the world's largest economy, its GDP alone accounting for about 25 percent of the global GDP. Growth has been slow but steady since recession in the early 2000s, with the recovery led in part by a real-estate bubble and military spending on the wars in Afghanistan and Iraq. Rising global energy prices have threatened to stall growth, but this does not appear to have dampened domestic consumer spending, which has been a strong driver in the United States recovery.

When exports and imports are consolidated, Canada represents the United States' largest trading partner contributing to about 20 percent of overall trade, followed by fellow NAFTA member Mexico (11 percent). In the last decade, China (11 percent) has become an increasingly important trading partner, as well as a competitor in its demand for global raw materials.

Currently, United States regional growth is predominantly in the Southwest (California, Arizona, New Mexico, Texas, Nevada, Utah and Colorado) and in Florida. Current growth sectors include defence and aerospace, software and high technology, biotechnology, and the service sector. The United States Government and each of the states' Governments are some of the largest purchasers in the economy, as are large corporations.

For New Zealand exporters, the United States is a good market for a wide range of quality imported product, due to large numbers of consumers with high disposable incomes. However, exporters should be aware not to approach the United States as a 'single' market: different regions have different tastes (the difference is particularly pronounced between east and west and north and south).

It is often easier and more effective to segment the market by region, and assess which region is likely to have the best consumer profile for your product or service.

General Sources of Information on the US

Other good general sources of information about the US market include:

- United States Government Official Portal: www.U.S.A.gov
This a portal website links to federal and state agencies, United States Government information and services.
- United States Government Business Portal: www.business.gov
The United States Government business portal is a one-stop source for finding regulatory and compliance information for businesses operating in United States.
- Information on the United States: <http://usinfo.state.gov/usa/infousa/>
Comprehensive directory of links to information about American society, political processes, United States Government policies, media etc.

trade and production statistics

Researching a country's trade statistics helps you to find out what products a country imports, and where the products are being imported from. Examining the statistics over a period of several years will also help you determine whether the market for a particular product is growing or shrinking. To access United States trade data and statistics, follow the links below:

- United States International Trade Commission
http://dataweb.usitc.gov/scripts/user_set.asp
Provides access to the latest United States import/export trade data. You can create customized reports by sector, country, and product (based on the Harmonized Tariff Schedule), organized by month, quarter, year or annual series. The database requires you to register, but the data is free to access.
- United Nations Commodity Trade Statistics Database
<http://comtrade.un.org/db/default.aspx>
Another source providing a detailed breakdown of United States export and imports.
- United States Census Bureau
www.census.gov/foreign-trade/www/index.html
The United States Census Bureau is the United States' official statistics agency. The Census is conducted every ten years (the next is in 2010), but the Bureau also publishes more recent United States trade statistics by sector, state etc. USA Trade Online (www.usatradeonline.com) provides the latest and most comprehensive range of United States trade data; there is a cost to access these statistics.
- FedStats
www.fedstats.gov
Provides links to statistics collected by over 100 federal agencies including age and population trends, foreign trade, energy use, farm production, and more.

demographic information

Demographic information can provide valuable information about potential customers and their spending patterns. For example, statistics such as the population make-up, per capita income and spending patterns can be important indicators of the market potential for your product or service.

The entry for the United States in the CIA World Factbook provides an overview of the United States' population, age structure, ethnicity and religion:

<http://www.cia.gov/cia/publications/factbook/geos/us.html>

Further demographic information can be found at the United States Census Bureau, where you can access population estimates and projections by state, ethnicity, age etc:

<http://www.census.gov>

information on competitors and potential partners

Another issue worth investigating is the number of competitors selling similar products or services in the market you are interested in. Business directories are a useful way of finding information about the number of competitors operating in a particular market, and who they are.

Some general business directories include:

- **Kompass**
www.kompass.com
A business directory listing 1.8 million companies in 75 countries including the United States. Although you need a subscription to access some of the advanced features of the directory, there is a significant amount of information available for free.
- **Thomas Net**
www.thomasnet.com
A directory of United States manufacturers and distributors organised by state and type of service/product. Brief company profiles include annual turnover, number of employees, product description, and online contact details.
- **Yellow Book**
www.yellowbook.com
Yellow Book USA is the fifth largest publisher of yellow pages in the United States. It is a member of the Yell Group, an international directories business.
- **SuperPages**
<http://yellowpages.superpages.com>
Search by category, business name, city, and state. You can also do a nationwide search.
- **Switchboard Yellow Pages**
www.switchboard.com
Allows you to search by business name or category, although the categories are relatively limited.

Another avenue for finding information about market competitors is searching either current or past trade fair directories:

- **DMG World Media International**
www.dmgworldmedia.com
Organises international trade fairs and public exhibitions.
- **M&A Expo Database**
www.expodatabase.com
Searchable directory of international trade fairs.

Competitor analysis

It is important to try and find more detailed information about your potential competitors, not just how many there are and who they are. The United States is an extremely competitive marketplace. Not only do exporters entering the market have to compete against each other, they must also compete against United States suppliers who may already have well established domestic selling channels, extensive consumer awareness, and large offshore export markets.

Public companies in the United States are required to publish regular reports and financial information. In addition to disclosing the company's financial performance, these documents may also contain valuable insights into company strategy, market share, product innovation, and planned expansion into new markets.

Directories of listed companies are available online for both of the major United States sharemarkets: the New York Stock Exchange (www.nyse.com/about/listed/listed.html) and the NASDAQ (www.nasdaq.com/services/listedcompanies.stm).

While private companies are not required to disclose as much information about their financial activities as listed ones, you can often find out information about them by regularly checking for coverage of the companies in newspapers and journals. Here is a list of major business news outlets in the United States:

- CNN Financial News: www.money.cnn.com/news
- The Wall Street Journal: <http://online.wsj.com/public/us>
- Reuters Business News: www.reuters.com
- Financial Times (United States edition): www.ft.com/home/us
- Bloomberg: www.bloomberg.com

Due diligence

As well as researching your potential competitors, it is just as important to research any companies you are considering doing business with to ensure that they are reliable. This process is generally known as due diligence.

Basic credit checks can be purchased from Dun & Bradstreet which includes credit and financial information, details of the company history and its management team, and any legal problems. There is a cost to view these reports:

www.dnb.com

The Securities and Exchange Commission has a list of legal proceedings filed against companies available on their website:

www.sec.gov/index.htm

taxes and duties

Taxes

Exporting to the United States means that you will have to become familiar with a new set of business laws. The United States applies taxes to both businesses and individuals. It has two different levels of tax jurisdiction: the first is at the federal level under the Internal Revenue Service (IRS), and the second is at the state level. Taxes can be based on income, or on the sale or use of a good or service (for example, state sales taxes).

For further information on United States taxes and tax compliance, visit the following websites.

- Internal Revenue Service (IRS):
www.irs.gov
The US federal tax collection agency
- Taxsites.com
www.taxsites.com
Comprehensive directory of links to information on federal, state and local taxes, including rates, tax forms, and how-to-guides
- Multistate Tax Commission
www.mtc.gov
Provides links to all state tax departments
- Deloitte International Tax and Business Guide (United States)
www.deloittecountryguides.com/index.asp
Deloitte publishes a clear, concise guide to the US business and regulatory environment, covering corporate tax law, entry requirements and the investment climate

Duties

In order to determine the duty rate that applies to a particular product, you will need to know the Harmonised System code that applies to it. The international Harmonised System uses a six-digit number to classify goods involved in international trade.

The Harmonised System is logically structured by economic activity or component material. For example, animals and animal products are found in one section; machinery and mechanical appliances which are grouped by function are found in another. More information about the Harmonised System (including a list of codes and the United States tariff schedule) is available on the United States International Trade Commission website:
www.usitc.gov/tata/hts/bychapter/index_2005.htm

In general, United States tariff rates for manufactured items and consumer goods are very competitive by international standards with most being under 10 percent.

Punitive tariff rates occur in the agricultural, textile and sugar sectors where strict tariff quotas are applied. Importing product outside the quota allocation normally attracts such punitive tariff rates as to make import non competitive.

- United States International Trade Commission
<http://dataweb.usitc.gov/>
Comprehensive information on United States tariffs, organized by Harmonised System codes
- United States Customs and Border Protection
www.customs.gov/xp/cgov/import
Provides up-to-date information on import regulations and compliance standards. The United States Customs and Border Patrol also produces several publications on importing that are valuable reading for new exporters to the United States market.

legal and regulatory information

Laws and regulations governing certain businesses and products may vary from state to state on such issues as the sale of alcohol, environmental and safety controls, and taxation. It is wise to research these issues. As an example, while efforts are made to ensure harmony in building construction codes across the country, local municipalities have considerable jurisdiction to add local rules, e.g. no cedar roofing tiles can be used as building materials in fire risk areas in the south-west United States.

United States Food and Drug Administration (FDA) Regulations

The United States Food and Drug Administration (FDA) Regulations covering food (human and animals) exports to the United States have changed in recent years with the introduction of the new Bioterrorism Act regulations in December 2003.

It is important that you have a thorough understanding of how the Act affects your exports. Food exporters who do not comply with these will have their goods refused for entry to the United States. For example, you will need to register and provide prior notice of your food exports, as well as registering food manufacturing, holding or warehousing facilities.

- An overview of the new Bioterrorism Regulation: www.fda.gov/oc/bioterrorism/bioact.html
- A fact sheet on the FDA's new Food Bioterrorism Regulation: www.cfsan.fda.gov/~dms/fsbtac12.html
- The final Rule on Registration of Food Facilities: www.cfsan.fda.gov/~furls/ffregfr.html
- Detailed information on Prior Notice requirements: www.cfsan.fda.gov/~pn/pnoview.html

Import / Quota Restrictions

United States Customs and Border Protection (CBP) administers the majority of import quotas. United States import quotas may be divided into two types: absolute and tariff-rate. Absolute quotas strictly limit the quantity of goods that may enter the commerce of the United States for a specific period. Tariff-rate quotas permit a specified quantity of imported merchandise to be entered at a reduced rate of duty during the quota period. Once the tariff-rate quota limit is reached, goods may still be entered, but at a higher rate of duty. More information is available from: www.cbp.gov

The United States operates strict quotas in certain product sectors including beef, cheese, butter, milk powder and textiles.

Detailed information on the operation of the beef and veal tariff quotas are available from the New Zealand Meat Board: www.nzmeatboard.org.

The dairy quotas in many instances provide specific quota volumes for New Zealand products (e.g. cheese). These New Zealand-specific quotas are administered by Fonterra under the Dairy Industry Act.

Certain dairy products are subject to annual import quotas administered by the Department of Agriculture and may be imported at the in-quota duty rate only under import licenses issued by that Department. Detailed information on the licensing of these products, or the conditions under which limited quantities of the products may be imported without licenses, may be obtained from the Dairy Import Group, Foreign Agricultural Service, United States Department of Agriculture.

For further information on textiles quotas, see the United States Customs and Border Protection

website (www.cbp.gov/xp/cgov/import/textiles_and_quotas/quota_restrict.xml), and the United States Office of Textiles and Apparel (<http://otexa.ita.doc.gov/>).

Customs Documentation

The United States Customs authorities are extremely vigilant about import documentation being complete and accurate. Inaccurate and incomplete documentation may result in delays or even seizure of your goods. It is therefore important that you spend a little extra time on your paperwork to ensure a problem-free customs clearance. Employing the services of a customs broker is strongly recommended.

To find a United States customs broker, the National Customs Brokers & Forwarders Association of America (NCBFAA) has a searchable directory of its members:

www.ncbfaa.org

The United States Customs and Border Protection website provides useful information about United States customs and entry procedures, including import requirements and a list of custom brokers:

www.cbp.gov/xp/cgov/import/communications_to_trade/diduknow.xml

Product Liability

Products imported to the United States have potential product liability exposure, especially where the products may cause personal injury. Business conditions are much more litigious in the United States when compared to New Zealand, and the cost of defending your product in court is often higher than settling out of court.

New Zealand Trade and Enterprise has enlisted the services of international lawyer Robert Auerbach to produce a guide to product liability in the United States, which you can access at marketnewzealand.com.

Intellectual Property

For many businesses, their intellectual property and/or proprietary technology can be their most valuable assets. Protecting your intellectual property in the US through a patent, for example, can be expensive and companies should take specialist advice in this area before entering the market. International lawyer Robert Auerbach has produced a checklist for potential exporters which is available at marketnewzealand.com. Other useful links include:

- United States Patent and Trademark Office: www.uspto.gov
- United States Copyright Office: www.copyright.gov

Market access regulations for plant and animal products

Biosecurity New Zealand maintains summaries of the phytosanitary requirements required by other countries for plants and plant products within documents called *Importing Countries Phytosanitary Requirements* (ICPRs):

www.biosecurity.govt.nz/commercial-exports/plant-exports/icpr-register

The New Zealand Food Safety Authority maintains *Overseas Market Access Requirements* (OMARs), which are documents outlining overseas country requirements for animal products exported from New Zealand. These documents are password protected, and restricted to New Zealanders registered with MAF/NZFSA as an Exporter or Operator.

www.nzfsa.govt.nz/animalproducts/publications/omar/?page_ref=document_link

Packaging and Labelling

It is important that your products are correctly labelled and packaged when exporting to the United States. The Federal Trade Commission, the Food and Drug Administration, and the Department of Agriculture all have guidelines that must be met, depending on the product.

There is a great deal of information available on the web relating to United States packaging and labelling requirements; however, the advice is often widely spread across numerous agency websites, and it is therefore difficult gaining an overall picture.

- Food and Drug Administration (FDA)
www.cfsan.fda.gov/label.html
 The FDA provides an excellent food labelling guide on their website
- Federal Trade Commission (FTC)
www.ftc.gov/os/statutes/fplajump.html
 Provides information about labelling, including the requirements of the Fair Packaging and Labelling Act.
- United States Department of Agriculture (USDA)
www.fsis.usda.gov/about/labeling_&_consumer_protection/index.asp
 USDA has responsibility for ensuring that the commercial food supply is safe and correctly packaged and labelled.
- Customs
www.access.gpo.gov/nara/cfr/cfr-table-search.html
 All items entering the United States must be marked with a country-of-origin statement; details are available on this website

Marking / Bar Codes

Most United States retailers and distributors require Universal Product (UPC) bar codes, rather than the EAN system used in New Zealand and other countries. Although both systems officially merged in 2005, many United States scanners still cannot read EAN-13 codes.

You should contact EAN New Zealand Limited (www.ean.co.nz) if you require a UPC code. The Uniform Code Council (www.uc-council.org) also provides useful information on bar coding.

other information sources

- Economist Country Briefing – USA
www.economist.com/countries/USA
 The Economist's Country Briefing provides links to recent articles from the Economist about the US, and a range of economic data. Some of the material requires a subscription to the Economist for access, but most of the content is free.
- New Zealand United States Council
www.nzuscouncil.com
 A non-partisan organisation funded by business and the Government, and committed to

fostering and developing a strong relationship between New Zealand and the United States.

- American Chamber of Commerce in New Zealand

www.amcham.co.nz

Run and financed by New Zealand-based business people with the goal of increasing New Zealand- United States trade. They also provide practical assistance to New Zealand members seeking to enter the United States market or wishing to develop activities in the United States.

- New Zealand Embassy – Washington DC

www.nzembassy.com/home.cfm?c=31

United States news sources

CNN

<http://edition.cnn.com/US>

Los Angeles Times

www.latimes.com

MSNBC

www.msnbc.msn.com

New York Times

www.nytimes.com

San Francisco Chronicle

www.sfgate.com

Washington Post

www.washingtonpost.com

how New Zealand Trade and Enterprise can help

- The fully funded Enterprise Training Programme designed to help develop and grow your business, complemented by one-on-one follow-up coaching with the course presenter:
www.nzte.govt.nz/etp.
- New Zealand Trade and Enterprise Enterprise Development Grant - Capability Building component. This grant is designed to assist businesses and entrepreneurs to build business capability. Applicants can apply for co-funding for a range of activities including employing a business mentor, or employing the services of an external expert to help develop a business or marketing plan, complete a feasibility study, or conduct international quality standards certification. For more details refer to:
www.nzte.govt.nz/edg.

For businesses that are well under way in their preparation for export (scores of 70 or more), we recommend any of the above the programmes as well as:

- New Zealand Trade and Enterprise Enterprise Development Grant – Market Development component. This grant can be used for marketing-related expenditure related to entering or promoting a better position in an international market. For more details refer to:
www.nzte.govt.nz/edg.

Please note market development activity in Australia is ineligible in respect of grants.

For businesses that are advanced in their preparation for export (scores of 90 or more), we recommend any of the above programmes. In addition we may be able to offer services and market intelligence to help you succeed in export, including:

- assistance with market selection and market entry
- valuable business contacts worldwide
- advice on export procedures and regulations
- overseas market research

For further guidance or clarification please phone New Zealand Trade and Enterprise on 0800 555 888, email us at info@nzte.govt.nz, or visit www.nzte.govt.nz.

Disclaimer:

While New Zealand Trade and Enterprise has verified the information in this document, we make no representation as to the completeness, correctness, currency, accuracy or fitness for any purpose of the information. New Zealand Trade and Enterprise will not be responsible for any damage or loss suffered by any person arising from the information contained in this document, whether, that damage or loss arises from negligence or otherwise.