

# Preparing to export

## Consultation and bespoke research

There is a range of online information for exporters including advice and guidance on how to thoroughly research overseas markets. Visit: <https://www.great.gov.uk/> for more information.

## Researching the Brazilian market

It is important to acquire local knowledge in the Brazilian market. Thorough research is necessary, ideally using a combination of market visits and desk research in order to consider all possible routes and market entry requirements.

You need to find out:

- is there a market for your product/service?
- is your pricing competitive?
- do you need to change or adapt your business model?

The questions listed here should help you to focus your thoughts. Your answers to them will highlight areas for further research and also suggest a way forward that is right for your company. You may then want to use this as a basis for developing a formal Brazil strategy, although this may not be necessary or appropriate for all companies:

### Your aims:

- Do you wish to buy from Brazil, sell to Brazil or both?
- Do you wish to establish your own company presence in Brazil (for example setting up a local company, branch office, commercial agency or representative office) or direct sales, online selling, licensing or franchising?
- Do you need to be involved in Brazil at all?
- Do you see Brazil as part of a wider plan including e.g. other Latin American markets now or in the future?

### Your company:

- Can you carry out a detailed SWOT analysis of your company?
- Are your competitors already in Brazil? If so, what are they doing?

- Can you carry out a detailed SWOT analysis of your competitors?
- What are the unique selling points (USP) of your product or service?
- Do you know if there is a market for your product or service in Brazil?
- Do you know if you can be competitive in Brazil?
- Do you have the time and resources to handle e.g. the demands of communication, travel, product delivery and after-sales service?

**Your knowledge:**

- Do you know how to secure payment for your products or service?
- Do you know how to locate and screen potential partners, agents or distributors?
- Have you carried out any Brazil-specific customer segmentation, and do you know how to best reach potential customers in-market?

It is unlikely that you will have the answers to all these questions at the outset and these 'knowledge gaps' could form the basis for further research and investigation. Some of these questions will require quantitative research in your sector, while others involve more-contextual and cultural considerations.

*[Source – Department for International Trade (DIT)]*

Ideally, you should make regular visits to Brazil as well as making contact with other people in your industry/sector. This will enable you to access the most up-to-date advice and information, and may lead to new insights, or at the very least form the foundation for further research.

Visit: <https://www.great.gov.uk/>, for information and guidance on how to develop your marketing strategy, competitor and SWOT analyses and customer/market segmentation. The IOE&IT can also offer help with this, visit: <https://www.export.org.uk/>.

One option to test how viable your product/service could be in the Brazilian market would be to attend trade shows, which are generally held in Brazil every year. The Department for International Trade provides funding for eligible businesses in the form of grants to enable them to attend trade shows overseas via the Tradeshow Access Programme. Visit: <https://www.gov.uk/guidance/tradeshowaccess-programme> for more information.

The funding can help your business:

- to gather market knowledge
- to gain experience in attending and getting the most from overseas trade shows
- to receive advice and support from trade experts

To discover future events and trade missions in Brazil, visit the DIT events portal at: <https://www.events.great.gov.uk/ehome/index.php?eventid=200183029&>.

For company launches and events held at British Embassy locations, contact the Department for International Trade (DIT) in Brazil: <https://www.gov.uk/world/organisations/department-for-international-trade-brazil#contact-us>.

### Start-up considerations

For a UK company starting up in Brazil, the most common options are:

- agents or distributors
- branch
- limited liability company (LLC)
- corporation
- joint venture
- direct or indirect investment

Before entering into an agreement or contract you should seek legal advice, as the tax and legal obligations pertaining to each business structure can be different.

*[Source – DIT: Doing business in Brazil: Brazil trade and export guide]*

You can avoid costly mistakes by seeking help and advice from a local lawyer. The UK Government website provides a list of lawyers in Brazil, see: <https://www.gov.uk/government/publications/brazil-list-of-lawyers>.

Once you have chosen your route of entry into the Brazilian market, due diligence checks are essential. If you wish to develop and establish a business relationship which will go beyond exporting however, you will need to carry out more research.

### **Direct exports and sales**

Direct export means supplying your products/services directly to the customer/client, and involves you taking care of the logistics of marketing, selling, exporting and getting paid.

You also have the option to use local representation, for example by using an agent, distributor or wholesaler.

To help you to identify local representatives in Brazil, contact a specialist trade advisor at the Department for International Trade at: <https://www.gov.uk/overseas-customers-export-opportunities>.

### **Appointing an agent, distributor or importer**

It is not uncommon for overseas companies to assign at least one agent or distributor who can monitor market regulations which may change at short notice. It is advisable to research a number of potential agents or distributors before choosing one. Beware of agents who are promoting products or services which are the same or similar to yours.

The Department for International Trade (DIT) in Brazil can assist in locating and meeting potential agents and distributors. Visit: <https://www.gov.uk/world/organisations/department-for-international-trade-brazil#contact-us> for more information.

### **Online selling**

The Department for International Trade (DIT) can help you export your goods to Brazil through the E-Exporting programme. Find out more at: <https://www.gov.uk/guidance/e-exporting>.

DIT has also negotiated listings at better-than-commercial rates. See online marketplaces in Brazil at: <https://selling-online-overseas.export.great.gov.uk/>.

### **Franchising**

For more information on franchising, visit the international section of the British Franchise Association website, at: <http://www.thebfa.org/international>.

### **Financial considerations**

#### **Getting finance to fulfil an export contract to Brazil**

In the World Bank's Doing Business Report 2019, Brazil ranks 99th out of 190 global economies for ease of getting credit. See: <http://www.doingbusiness.org/data/exploreeconomies/brazil>.

There are schemes available to simplify the growth of your business and to fulfil an export contract, aimed at UK companies who wish to sell products and services to Brazil. Contact your bank or financial advisor for more information on any current schemes.

UK Export Finance (UKEF) has significant risk capacity to support exports to Brazil. See: <https://www.gov.uk/guidance/country-cover-policy-and-indicators#brazil>. You can contact one of UKEF's export finance advisers at: <https://www.gov.uk/government/publications/find-an-export-finance-manager> for free and impartial advice on your finance options.

### **Payment risks**

UK Export Finance (UKEF) helps UK companies to get paid by insuring against buyer default.

Be confident you will get paid for your export contract. Speak to one of UKEF's export finance advisers at: <https://www.gov.uk/government/publications/find-an-export-finance-manager> for free and impartial advice on your insurance options, or contact one of UKEF's approved export insurance brokers at: <https://www.gov.uk/government/publications/uk-export-finance-insurance-list-of-approved-brokers/exportinsurance-approved-brokers>.

[Source – UK Export Finance (UKEF)  
<https://www.gov.uk/government/organisations/uk-export-finance>]

### **Currency risks when exporting to Brazil**

In order to fix your price, it is essential to fix your exchange rate. Before signing any contract you need to consider whether the best option for you is to agree terms in Pounds Sterling (GBP) or Brazilian Real (BRL). It may also be advisable to seek expert financial advice on exchange rates (FX).

[Source – DIT, UKEF, gov.uk]

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