International Trade Centre | SheTrades

Export 101 – Basics of Exporting – Building an export price

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Program

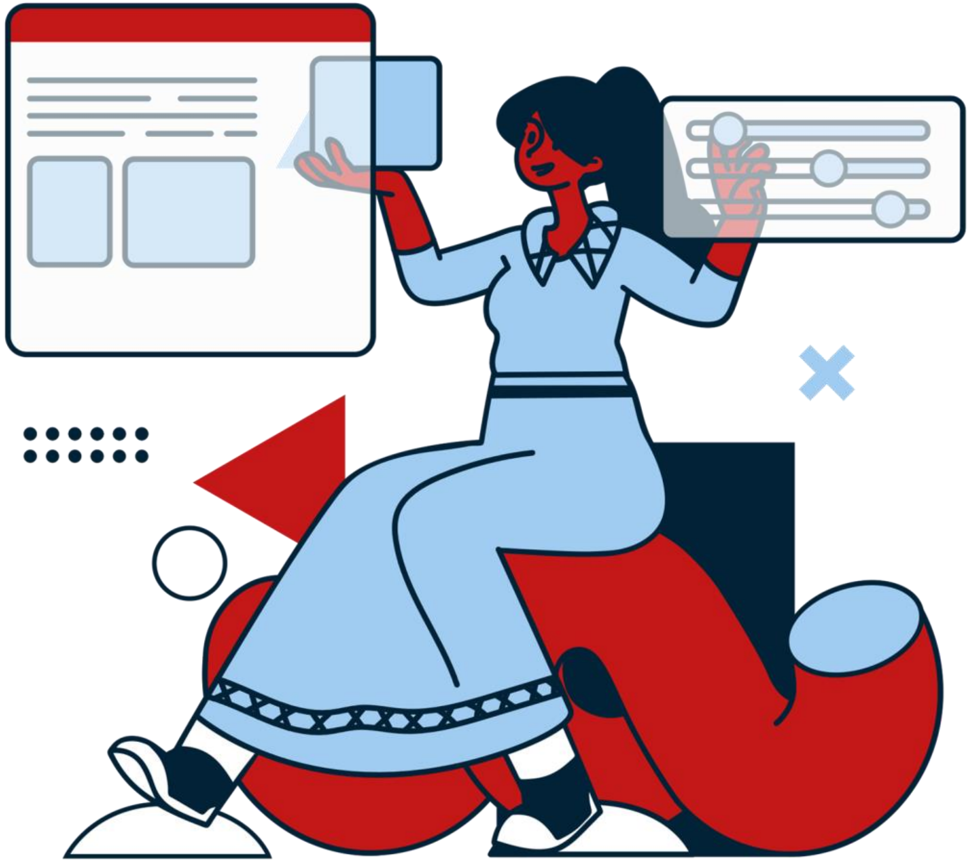
- Introduction – Why Export?
- Export process and steps
- Introduction to export logistics
    - Harmonized System
    - Incoterms 2020
    - Modes of transport
    - Export documents

Program

- Export pricing
    - Cost components
    - Calculation methods
    - Pricing strategies
    - Building the price
- Conclusion
- Discussion

01.

Introduction – Why export?



The Export business: Reality vs. Myths

« I don't export because...

- « ... I don't know where to start from »
- « ... Exporting is for large companies »
- « ... Exporting requires a lot of resources »
- « ... I don't see the point of exporting. My product sells well in the local market »
- « ... I tried once before, and it didn't work »
- « ... I don't think my product is exportable »
- « ... No one [from abroad] has ever been interested in my product »
- « ... I know someone who got into exporting and never got paid »
- Etc.

"Shotgun" exporting or strategic exporting?

NEGATIVE ATTITUDE

- "Exporting is not for me“
- => The company remains domestic

No exporting

PASSIVE ATTITUDE

- Need for a stimulus
- => Reactive exporting

“Shotgun exporting”

PROACTIVE ATTITUDE

- Proactivness
- => Development of a strategy

Strategic exporting

Benefits of exporting

For countries

- Foreign currency inflow
- Job creation
- National image
- Increased investments
- Economic growth
- Reduced brain drain
- Integration into global value chains
- Etc.

For companies

- Economies of scale
- Improved competitiveness
- Risk diversification
- International exposure and learning
- Greater profitability
- More opportunities
- Etc.

Yes, but does the company really have the choice to export or not?

Exporting ... Do companies really have a choice?

Two possible interpretations of the situation created by free trade and globalization:

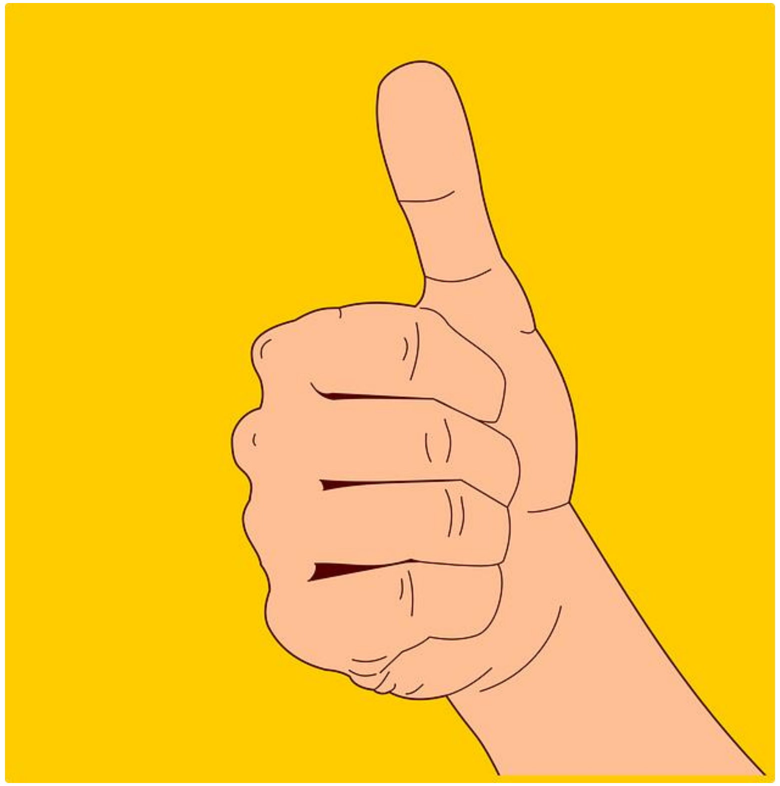
- Pessimistic interpretation
  - Loss of competitiveness and thus markets → Closures, layoffs, and sometimes relocation.
  - Exacerbation and internationalization of competition
  - Intensification and radicalization of consumer demands
- Optimistic interpretation
  - Emergence of new business opportunities due to the new division of labor and the integration of emerging countries. Transition from traditional trade to integrated trade and "global products."

INTRODUCTION

… especially since exporting has many advantages…

Exporting companies are generally:

- More growth-oriented
- More competitive
- More productive and innovative
- More resilient to shocks and crises
- Greater job creators
- More innovative
- More profitable, especially when they export proactively
- Etc.



… But to succeed, they must primarily have …

… a good product	→ SOLUTION
… a good price	→ VALUE
… a good promotion	→ COMMUNICATION
… a good distribution (place)	→ ACCESSIBILITY

02.

Export process and steps

Export process – The key steps

Preparation stage

- Strengths and weaknesses
- Opportunities and threats

Market selection and analysis

- Market identification
- Market analysis

Choice of entry mode

- Without investment
- With investment
- In partnership

Marketing strategy

- Segmentation
- Positioning
- Marketing Mix

YOUR COUNTRY

Decision to export / ERA

- Which product?
- To which market?
- How?
- Cost calculation
- Which marketing?
- Etc.

Identification and selection of the market

Selected market study

Strategy and marketing plan

Research and contact of buyers

Market selection criteria

- Size
- Solvency
- Competition
- Dynamism
- Image
- Partners
- Etc.

Negotiation

Order

Simplified export circuit

FOREIGN MARKET

- Price
- Specifications
- Quantity
- Paiyment
- Incoterm
- Transport
- Documents
- Etc.

YOUR COUNTRY

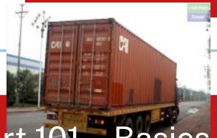
FOREIGN MARKET

Negotiation

Order

Customs clearance for exports

Customs clearance for imports



03.

Introduction to export logistics

The Harmonized System (HS)

The Harmonized System (HS) is an international classification system for goods. It covers 5,300 products at the HS-6 level. The HS has 3 levels:

- HS-2: Refers to the Chapter. Example: Chapter 16: Preparations of meat, fish, crustaceans, molluscs, etc.
- HS-4: Refers to the Heading. Example: 1604: Prepared preserved fish, etc.
- HS-6: Refers to the Product. Example: 160413: Prepared preserved sardines, sardinellas, etc.

At the HS-6 level, products are comparable on an international scale. The national tariff line involves adding 2 to 6 digits to the HS-6 to meet national needs.

Incoterms 2020

''Incoterms'' stands for « **IN**ternational **CO**mmercial **TERMS** ».

The 2020 version consists of 11 three-letter Incoterms that define the distribution of costs and risks between the seller and the buyer.

Incoterms also specify the moment of risk transfer between the two parties but do not define the transfer of ownership of the goods.

The current version of the Incoterms is applicable from January 1, 2020, to December 31, 2029.

Incoterms 2020 – What are they used for?

- **Objective:** To avoid conflicts arising from negotiation ambiguities between two parties from different countries.
- **Means:** A common international language from a logistics perspective.
- **11 Incoterms** = 11 ways to handle logistics; they determine the exact location of risk and cost transfer between the parties.
- They specify who, between the seller and the buyer, is responsible for organizing transport and producing the necessary documents for international sale.
- **Example:** CIF Barcelona

International goods flow

Examples of incoterms

Types of Transport	Any Mode or Modes of Transport		Sea and Inland Waterway Only				Any Mode or Modes of Transport				
INCOTERMS 2020	EXW Ex Works (place)	FCA Free Carrier (place)	FAS Free Alongside Ship (port)	FOB Free On Board (port)	CFR Cost & Freight (port)	CIF Cost, Insurance & Freight (port)	CPT Carriage Paid To (place)	CIP Carriage & Insurance Paid to (place)	DAP Delivered At Place (place)	DPU Delivered At Place Unloaded (place)	DDP Delivered Duty Paid (place)
Transfer of Risk	At Buyer's Disposal	On Buyer's Transport	Alongside Ship	On Board Vessel	On Board Vessel	On Board Vessel	At Carrier	At Carrier	At Named Place	At Named Place Unloaded	At Named Place
Responsibilities & Charges											
Export Packaging	SELLER	SELLER	SELLER	SELLER	SELLER	SELLER	SELLER	SELLER	SELLER	SELLER	SELLER
Loading Charges	BUYER	SELLER	SELLER	SELLER	SELLER	SELLER	SELLER	SELLER	SELLER	SELLER	SELLER
Delivery to Port/Place	BUYER	SELLER	SELLER	SELLER	SELLER	SELLER	SELLER	SELLER	SELLER	SELLER	SELLER
Export Duty, Taxes & Customs Clearance	BUYER	SELLER	SELLER	SELLER	SELLER	SELLER	SELLER	SELLER	SELLER	SELLER	SELLER
Origin Terminal Handling Charges	BUYER	BUYER	SELLER	SELLER	SELLER	SELLER	SELLER	SELLER	SELLER	SELLER	SELLER
Loading on Carriage	BUYER	BUYER	BUYER	SELLER	SELLER	SELLER	SELLER	SELLER	SELLER	SELLER	SELLER
Freight Charges	BUYER	BUYER	BUYER	BUYER	SELLER	SELLER	SELLER	SELLER	SELLER	SELLER	SELLER
Insurance	*Negotiable*	*Negotiable*	*Negotiable*	*Negotiable*	*Negotiable*	SELLER	*Negotiable*	SELLER	*Negotiable*	*Negotiable*	*Negotiable*
Destination Terminal Handling Charges	BUYER	BUYER	BUYER	BUYER	BUYER	BUYER	SELLER	SELLER	SELLER	SELLER	SELLER
Delivery to Destination	BUYER	BUYER	BUYER	BUYER	BUYER	BUYER	BUYER	BUYER	SELLER	SELLER	SELLER
Unloading at Destination	BUYER	BUYER	BUYER	BUYER	BUYER	BUYER	BUYER	BUYER	BUYER	SELLER	BUYER
Import Duty, Taxes & Customs Clearance	BUYER	BUYER	BUYER	BUYER	BUYER	BUYER	BUYER	BUYER	BUYER	BUYER	SELLER

Guided Imports

Types of Incoterms 2020

Multimodal Incoterms vs. Maritime or Inland Waterway Incoterms

Incoterms of Departure vs. Incoterms of Arrival

Types of Incoterms 2020

Incoterms starting with an E: Incoterms of departure, meaning the buyer takes care of everything, and the seller simply makes the goods available. For example, EXW (the only one in the 2020 version).

Incoterms starting with an F: Incoterms where the main transport is not paid by the seller; the buyer is responsible for this cost. For example, FOB, FCA, or FAS.

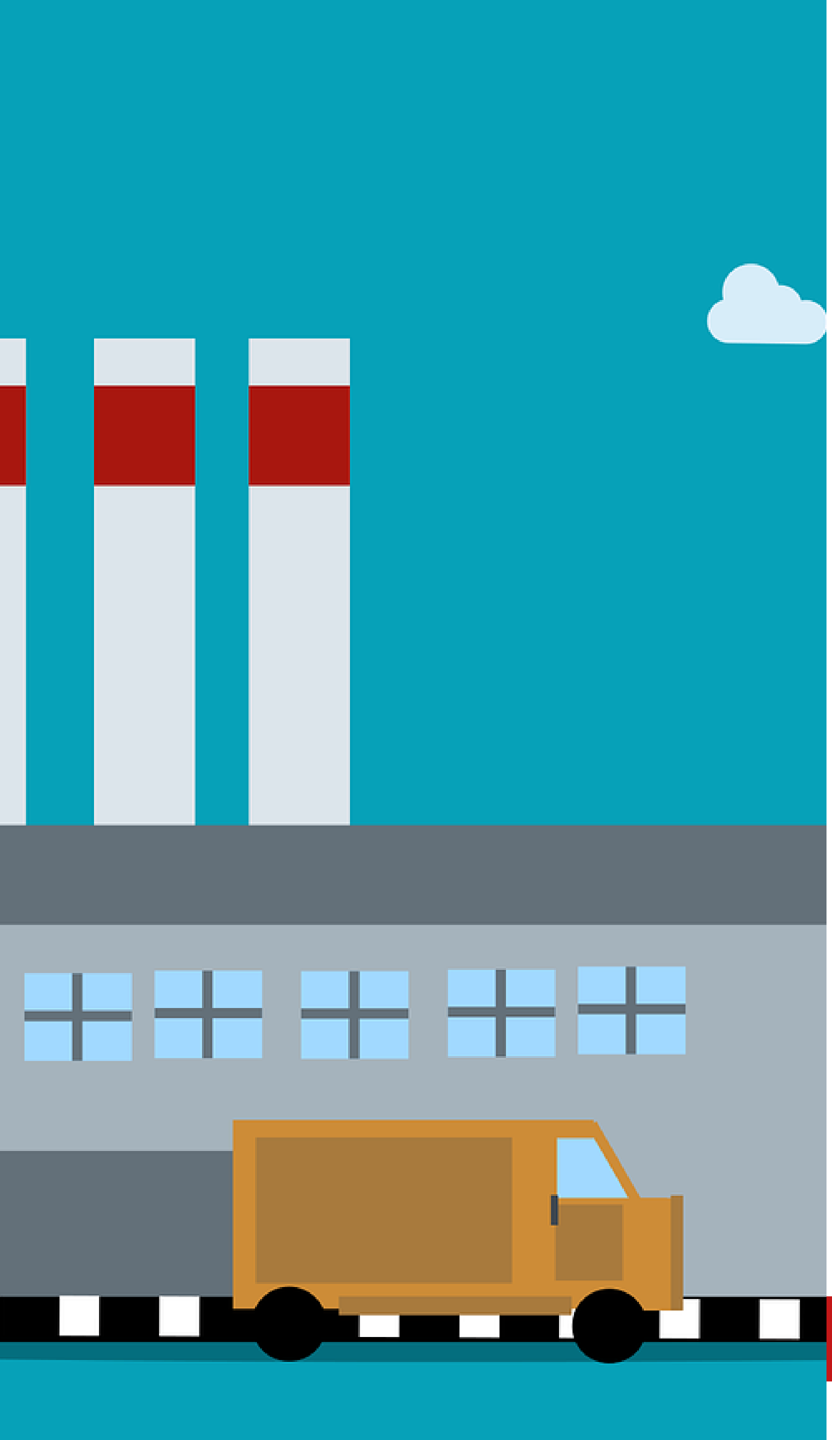
Incoterms beginning with C: Incoterms where the main freight is paid by the seller, e.g. CIF, CIP, CFR, CPT.

Incoterms beginning with D: Incoterms of arrival, i.e. the buyer takes care of nothing until the goods arrive in his/her country. Everything is managed and paid for by the seller. e.g. DAP, DPU, DDP.

Main features of Incoterms 2020 - EXW

Transport	Seller	Buyer
Risk	Seller	Buyer
Insurance	Seller	Buyer

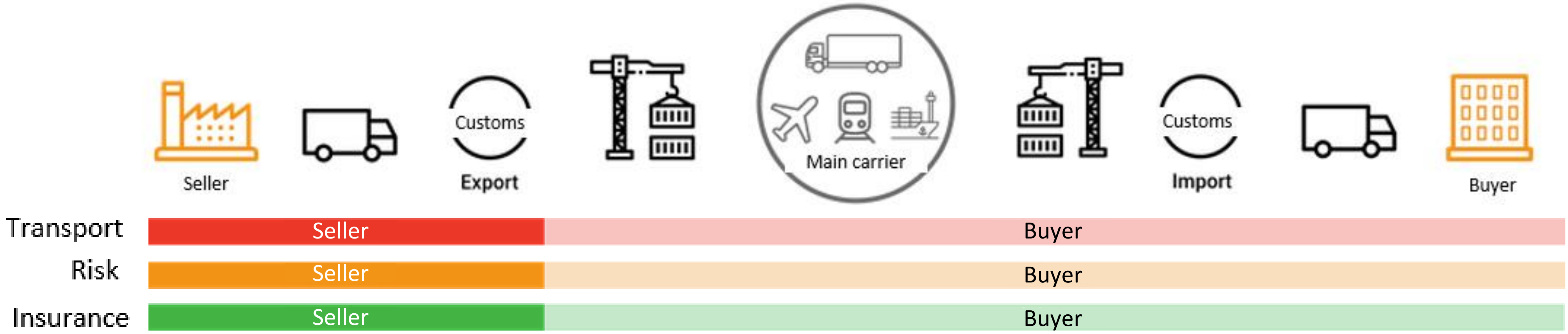
EXW features



For international transport using the EXW Incoterm, the seller is responsible for:

- packing, labeling and marking the goods
- making the goods available to the buyer at the seller's place of business (factory, warehouse, etc.).

Main features of Incoterms 2020 – FCA



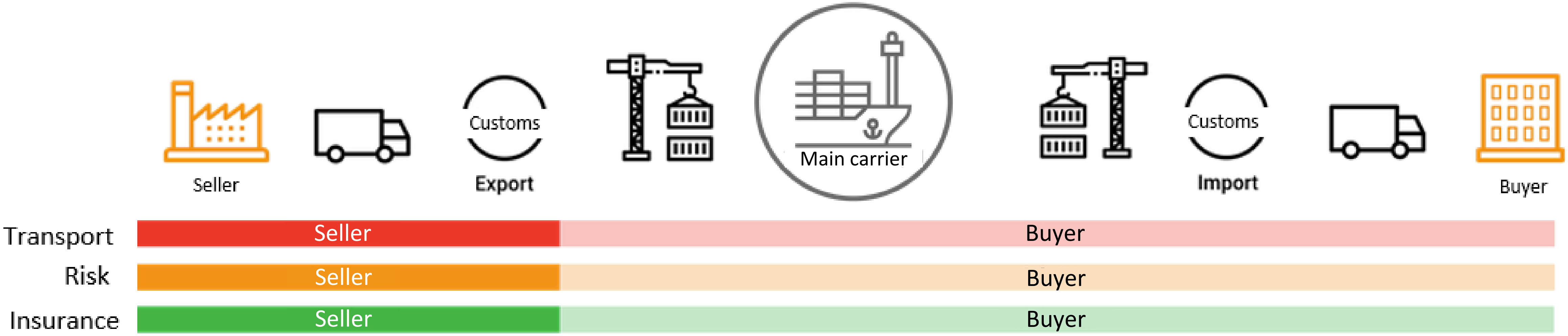
Free Carrier Alongside

FCA features

The seller is responsible for:

- Packing, labeling, and marking the goods.
- Loading the goods onto the local transport truck .
- Organizing and paying for the pre-transport of the goods from the seller's factory to the point of loading (at the main carrier's location).
- Completing the customs formalities in the seller's country and paying all fees and taxes related to customs clearance of goods to be shipped.

Main features of Incoterms 2020 – FOB



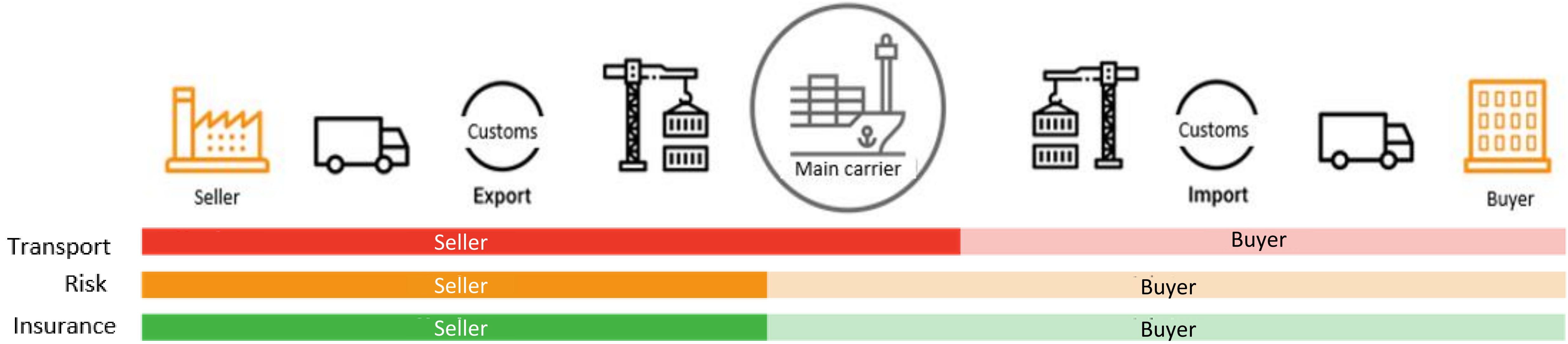
Free On Board

FOB features

The seller is responsible for:

- Packing, labeling, and marking the goods.
- Loading the goods onto the local transport truck.
- Organizing and paying for the pre-transport of the goods to the port of shipment.
- Completing the customs formalities and bearing the taxes related to customs clearance in the seller's country.
- Organizing and paying for loading the goods onto the ship.

Main features of Incoterms 2020 - CFR



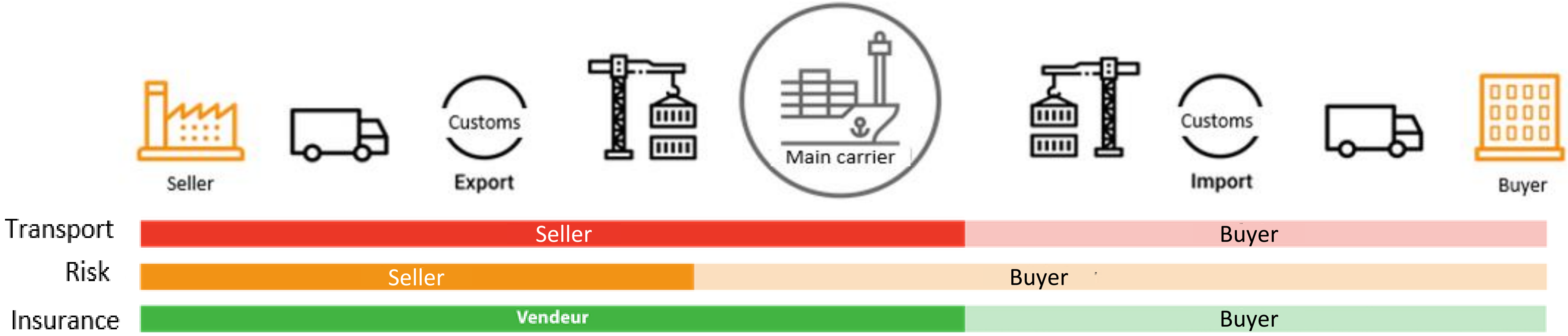
Cost & Freight

CFR features

The seller is responsible for:

- Packing, labeling, and marking the goods.
- Loading the goods onto the local transport truck.
- Organizing the pre-transport of the goods from his/her factory or warehouse to the port of shipment.
- Completing customs formalities in his/her own country and bearing the taxes related to customs clearance.
- Loading the goods onto the ship.
- Organizing and paying for the main transport to the port of destination.

Main features of Incoterms 2020 - CIF



Cost, Insurance and Freight

CIF features

The seller is responsible for :

- Packing, labeling, and marking the goods.
- Loading the goods onto the local transport truck.
- Organizing the pre-transport of the goods from his/her factory or warehouse to the port of shipment.
- Completing customs formalities in his/her own country and bearing the taxes related to customs clearance.
- Loading the goods onto the ship.
- Organizing and paying for the main transport from the port of shipment to the port of destination.
- Organizing and paying for insurance on the main (international) transport.

Main features of Incoterms 2020 - DDP

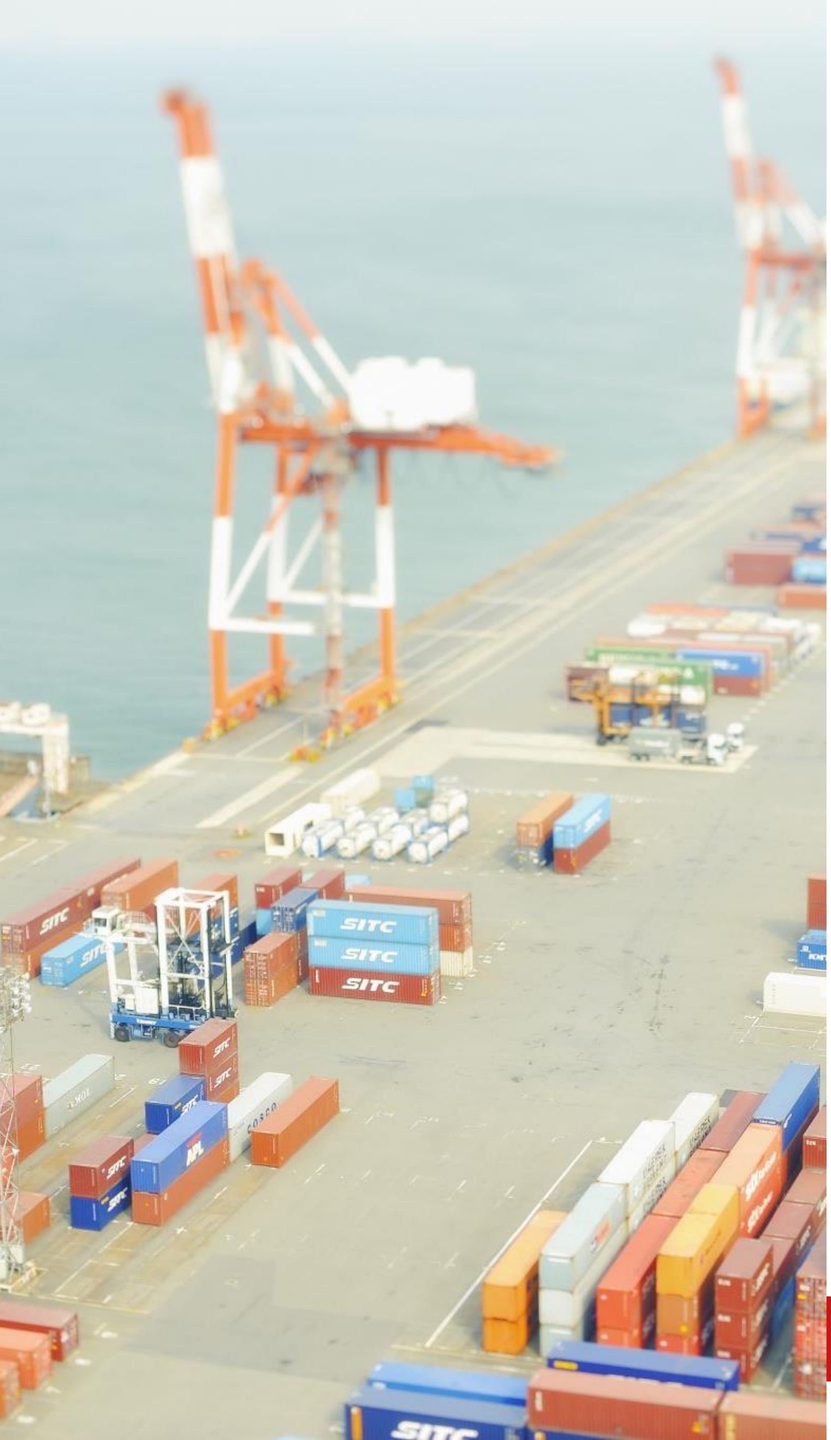
Transport	Seller	Buyer
Risk	Seller	Buyer
Insurance	Vendeur	Buyer

Delivered Duty Paid

DDP features

The seller is responsible for:

- Packing, labeling, and marking the goods.
- Loading the goods onto the local transport truck.
- Pre-transporting the goods to the place of shipment.
- Completing customs formalities and bearing the fees and taxes in the seller's country.
- Loading the goods onto the main mode of transport.
- Organizing and paying for the main transport to the final port.
- Unloading the goods from the main (international) mode of transport.
- Organizing the post-transport of the goods to the final destination.
- Handling customs formalities in the importing country.



Limitations of Incoterms

- The use of Incoterms is optional. It only becomes mandatory if it is formally mentioned in the contract.
- Incoterms continue to cause confusion. For example:
  - The American FOB, followed by the name of the port of departure (e.g. FOB New York), allows the seller to deliver the goods to the city's railway terminal without specifying who will be responsible for the goods before they are placed on the ship. Only the FOB followed by the name of the ship, or the port of departure has the same meaning as the FOB ICC.
  - The FOB UK implies the loading of the goods at any port in the United Kingdom.
  - The "landed" CIF makes the seller responsible for the unloading and docking charges of the goods upon their arrival, etc.

Limitations of Incoterms

The Incoterm does not address the issue of transferring ownership of the goods.

Maritime Incoterms, such as FOB (Free On Board) and CIF (Cost, Insurance, and Freight), are often wrongly used with other modes of transport. For instance, you might sometimes see "FOB-Mohamed V Airport."

To avoid any confusion, it is recommended to add "ICC 2020 version" after the Incoterm and the location (departure or arrival).

Criteria for choosing the appropriate incoterm

The appropriate Incoterm is chosen based on :

- The negotiation between seller and buyer
- Market habits
- Practices of competing companies
- The chosen mode(s) of transport
- The international context
- Costs to be borne
- Risks to be taken and insurance to cover them
- Mastery of transport modes and logistics capacities
- Mastery of customs clearance procedures"

Modes of transport

- Maritime
- Air
- Road / Land / Roll-on-Roll-off (Ro-Ro)
- Rail
- Postal or Courier
- Inland Waterway
- Pipelines
- Cable
- Multimodal
- Drones

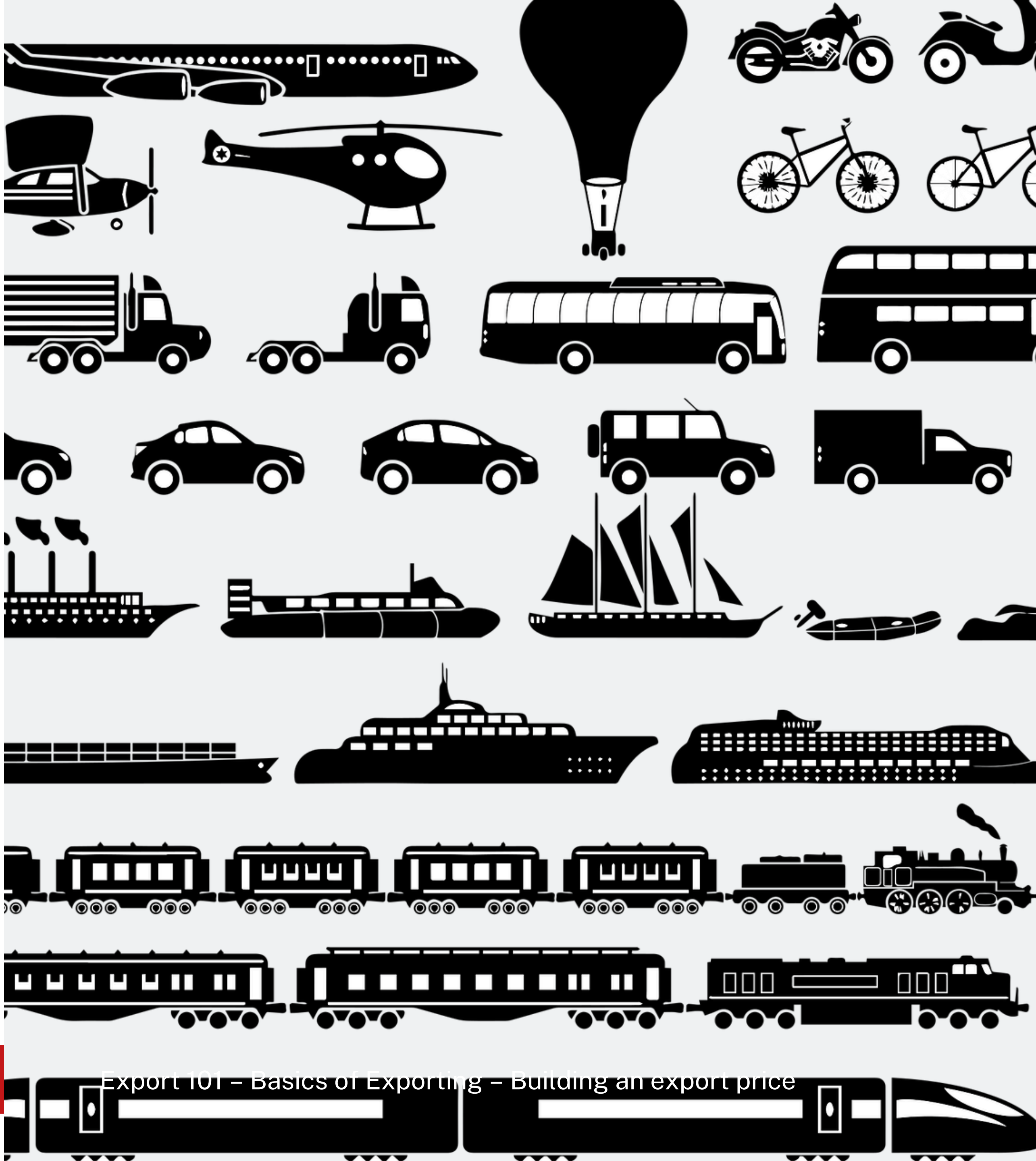
Modes of transport

– Transport for own account

– Chartering

– Exclusive shipment (FTL, FCL, Full Wagon, etc.)

– Grouping (LTL, LCL)



Modes of transport

Mode of transport	Characteristics and techniques	Advantages	Disadvantages
Sea transport	- Diversity and adaptation of different types of ships (container ships, ro-ro ships, versatile or specialized ships). - Widespread use of containers prevents break bulk (saving time and improving safety), reduces handling costs and insurance.	- Advantageous freight rates to certain destinations - Storage possibilities in port areas - All points of the globe can be served	- Significant delays - Port congestion in certain areas - Some routes are not containerized - Break bulk and handling are sources of damage - Higher insurance and more expensive packaging
Air transport	- Mixed and all-cargo aircraft - Loading in ULDs (igloos, pallets, containers)	- Speed, security for merchandise (horizontal handling) - Inexpensive packaging Lower financial and storage costs	- High price that prohibits the shipment of dense or low-value goods - Limited capacity - Prohibited for certain hazardous products - Break bulk
Road transport	Practice of containerization and possibility of combining rail and road combiner rail et route	- Door-to-door service, without break bulk - Relatively quick delivery times	- Security and delivery times depend on the countries travelled and climatic conditions. - Developed mainly in continental Europe for medium distances.

Modes of transport

Mode of transport	Characteristics and techniques	Advantages	Disadvantages
Rail transport	- Shipment by single wagon between 5 and 60 tons and the possibility of full trains for higher tonnages (automobiles, bulk materials, aggregates, etc.) - Diversity of available equipment and use of mobile containers	- Development of intermodal transport and possibility of door-to-door service. - Smooth traffic flow and adherence to schedules. - Adaptation to long distances and large tonnages.	- Unsuitable for short distances. - Limitations of the rail network. - Requires pre- and post-transportation outside of the intermodal system. - Break bulk.
River transport	Use of natural waterways and canals (Northern Europe, Rhine basin, some river-sea deliveries)	- Remarkable carrying capacity, 300 to 2,500 tons depending on the convoy - Low cost	- Slowness and thus immobilization of the merchandise during transport - Cost of pre- and post-transportation
Postal services	- Shipping of packages and small quantities of goods worldwide - Simplicity and diversity of services	- Simplified customs procedures - Possibility to use guaranteed delivery options	- Priority of shipments and services varies by destination - Limited to small shipments

Criteria for choosing the mode of transport

Criteria and parameters for selecting modes of transport:

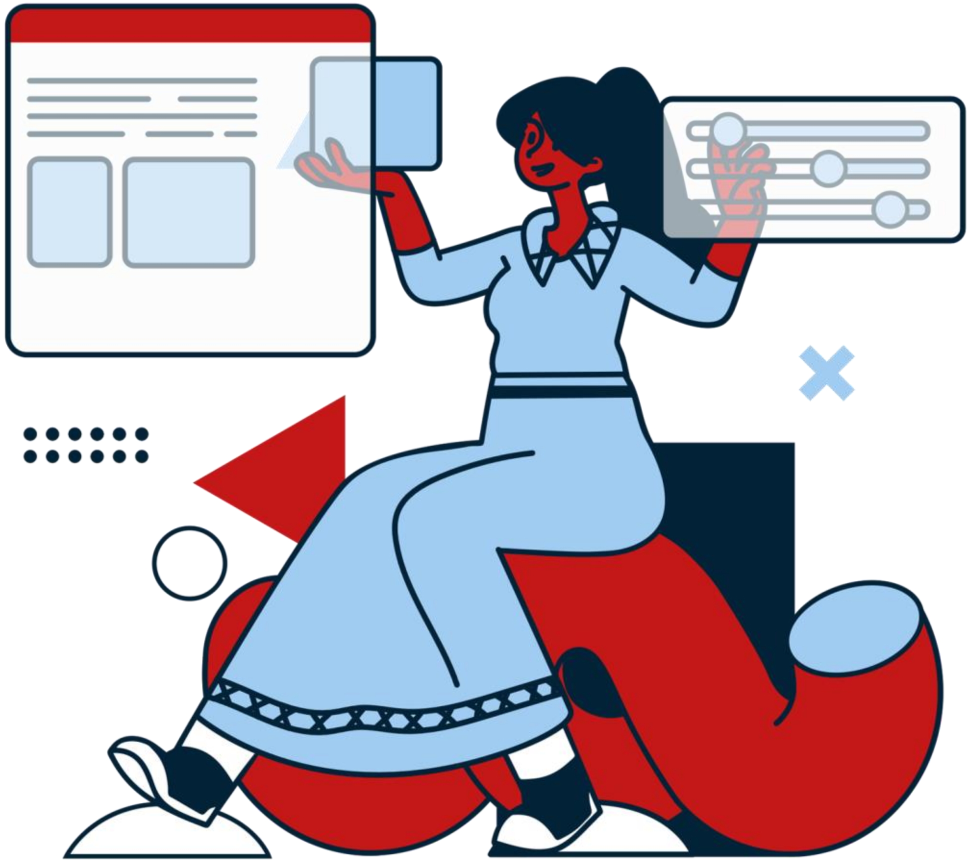
- Nature and characteristics of the merchandise
- Quantity, weight, or volume of the merchandise
- Transport cost
- Packaging cost
- Additional costs and fees
- Delivery frequency
- Storage locations
- Distance
- Available infrastructure
- Etc.

Export documents

- Pro forma invoice
- Commercial invoice
- Consular invoice
- Weight certificate
- Packing list
- Transport document (B/L, LTA, CMR, etc.)
- Fumigation certificate
- Pre-shipment inspection certificate
- Insurance certificate
- Certificate of conformity to specific standards
- Certificate of origin
- Etc.

04.

Export pricing – Cost components

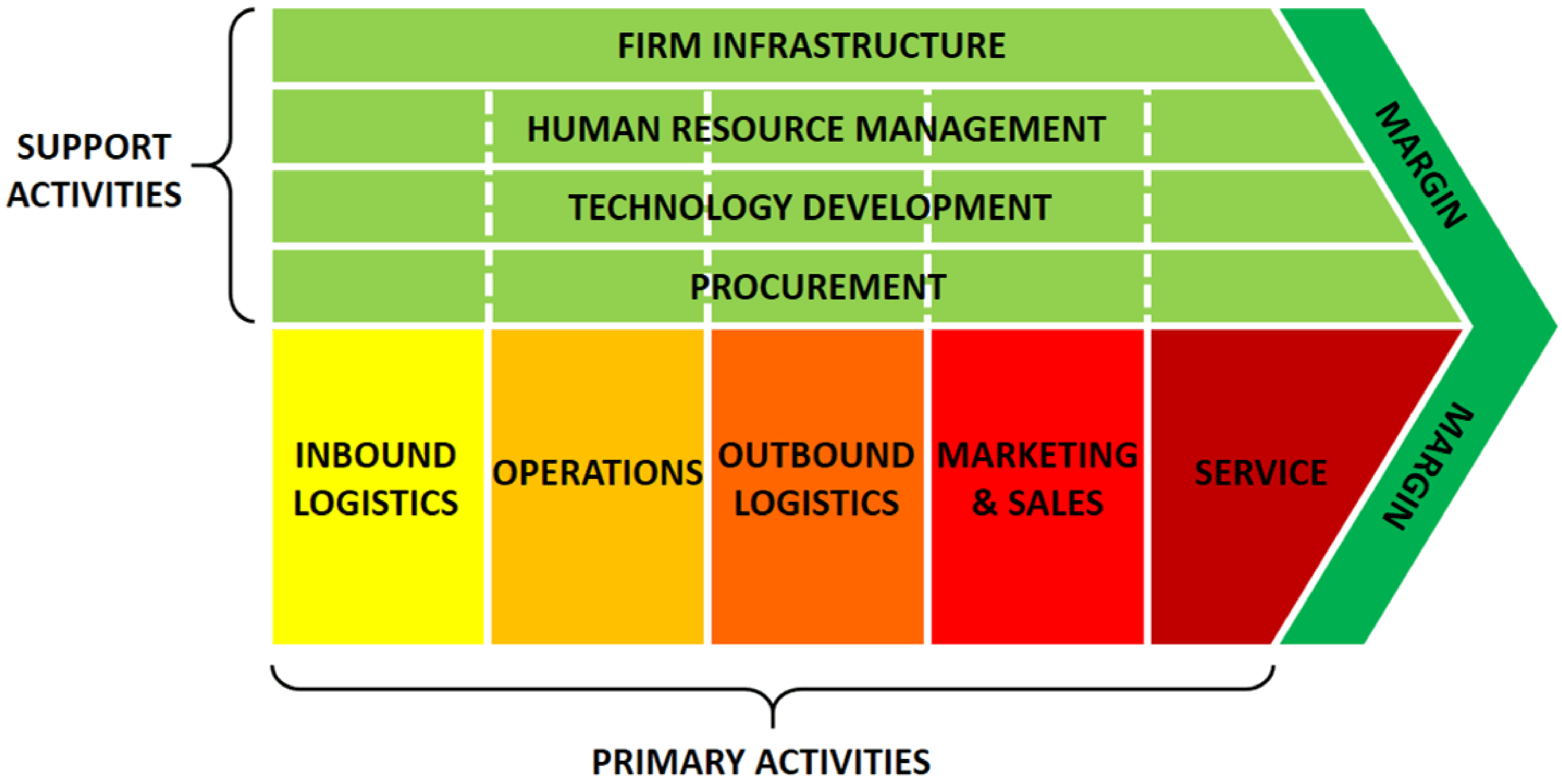


Pricing – A question of balance

Two important considerations:

- Accounting and finance
- Marketing

Production cost and value chain



Production cost

- The production cost consists of fixed costs and variable costs. Fixed costs are those that do not change with the volume of sales. Variable costs, on the other hand, are those incurred in the production of each unit and vary in proportion to the volume produced.

- Thus, the production cost comprises all direct and indirect expenses related to the production process, from the purchase of materials to the stage immediately preceding the sale.

Components of production cost

Fixed costs are not always applicable, depending on the chosen calculation method, when it comes to export sales. The manufacturer may allocate them only to production intended for local customers, especially if the export market is new, and achieve better profits in foreign markets.

Components of production cost

Variable costs for export include:

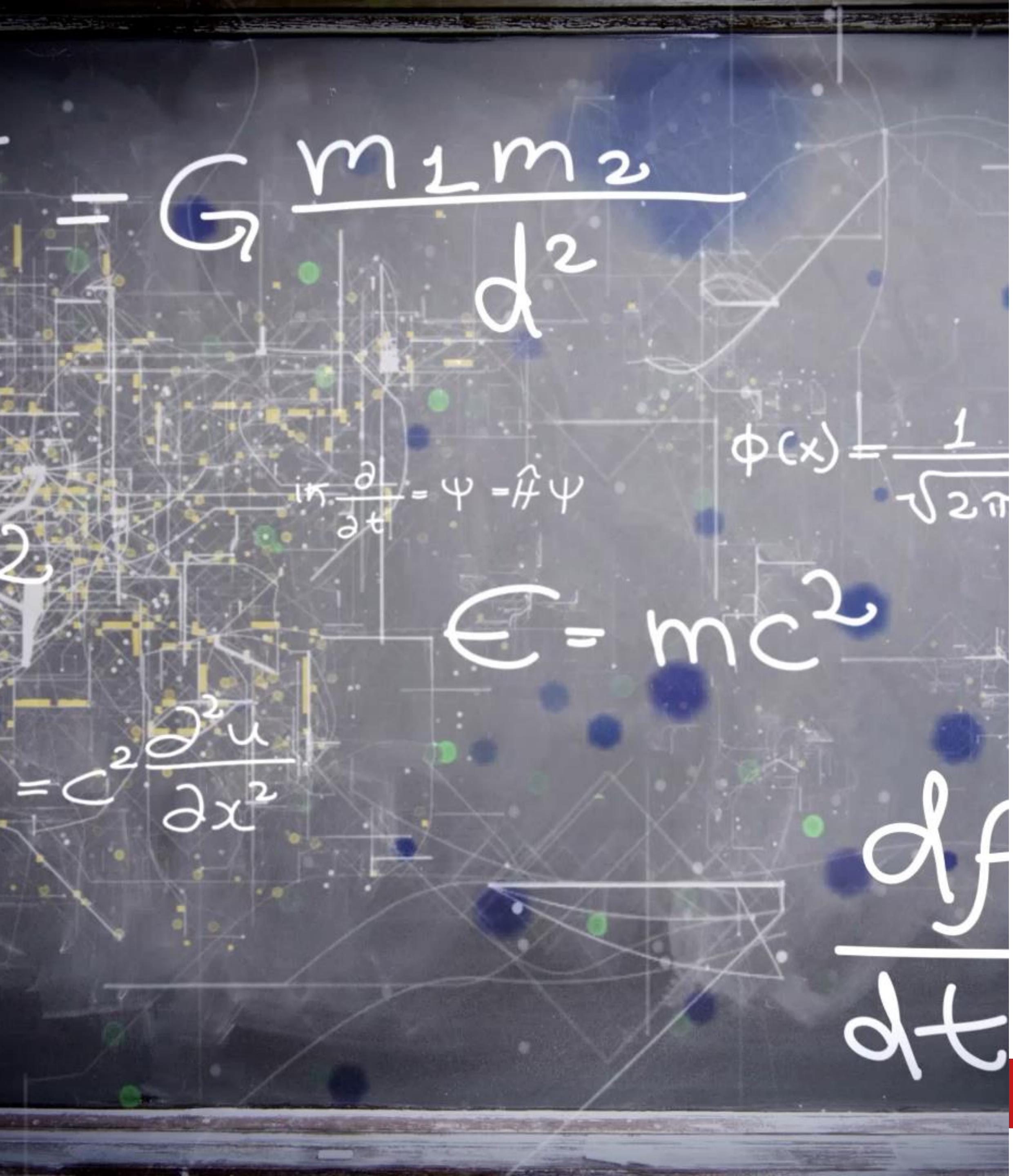
- Costs to adapt the product to the foreign market
- Development costs specific to the foreign market
- Representation costs
- Transport costs of the merchandise
- Customs clearance fees
- Insurance costs
- Etc.

Components of production cost

FIXED COSTS	VARIABLE COSTS
Heating	Raw materials
Electricity	Manufacturing labour
Insurance	Supervision
Salaries of management members and administrative staff	Representative commissions
Local and business taxes	Packaging and labeling
Depreciation of buildings	Depreciation of equipment
Mortgage interests	Customs duties on imported materials
	Transport
	Volume purchase discounts

05.

Export pricing – Calculation methods



Price calculation methods

Four methods are generally used for calculating export prices:

- The marginal cost method
- The national cost-plus method
- The full cost method
- The foreign market price method

Marginal cost

The marginal cost method is particularly suited to a market penetration strategy. In this method, export is considered as an activity that supplements the manufacturer's domestic market. If the company has sufficient revenues in its domestic market to cover its fixed costs, it can then produce units for export by only considering the marginal production costs.

Marginal cost – Example

	Domestic market	Export market
Unit fixed costs	8,00 €	0,00 €
Unit variable costs	12,00 €	15,00 €
Total – production cost	**20,00 €**	**15,00 €**
EXW selling price (25% profit margin)	25,00 €	18,75 €

National cost-plus

- The national cost-plus method is considered by many to be the simplest to use, as it relies on the same base price as the domestic market price, minus local sales and marketing expenses, with added transportation and marketing costs (market research, foreign travel, for example) directly related to exportation.

- However, this method does not take into account the level of demand and competition in the target market. Additionally, if the estimate is based on costs from the previous year, it could distort the final price.

- The national cost-plus method is frequently used by exporters who have difficulty determining competitor prices.

Full cost

- The full cost method takes into account both fixed and variable production costs, as well as variable costs associated with exportation. The final price must be high enough to cover all of these costs. This method obviously assumes that the target customer is willing to pay this price.

- Although this method is less attractive than the previous two, it allows the exporter to maximize profits. The full cost method is well-suited for a skimming strategy, especially when the exported product is highly differentiated and has little or no competition.

National (marginal) cost-plus – Example

- Production cost (A)		1.200 €	
- Cost of raw materials and consumables	850 €		
- Fixed costs		0,00	
- Variable manufacturing costs	350		
- Adjustment of duties and taxes (B)			- 120 €
- VAT refund		90	
- Refund of customs duties (Drawback)	30		
- Net production cost (A-B)			1.080 €
- Variable costs related to export		245 €	
- Export packaging	50		
- Advertising costs	40		
- Financing costs	20		
- Export documentation		20	
- Credit insurance	15		
- Agents commissions	100		

Exported product: Vegetable preserve
Port of departure: Lagos
Port of arrival: Barcelona
Chosen Incoterm: CIF-Barcelona

National (marginal) cost-plus – Example (continued)

- Factory price 1.325 €
- Desired margin (20% of rounded factory price) 265 € (1.325 * 20%)
- EXW (Ex Works) price 1590 €
- Delivery and customs fees 255 €
  - Freight forwarder fees 60
  - Road transport to the port 130
  - Road transport insurance 20
  - Customs duties and fees 45
- FOB (Free on Board) costs 120 €
- FOB Lagos price 1.965 €
- Sea freight 300 €
- CFR (Cost and Freight) Barcelona price 2.265 €
- Sea transport insurance 75 €
- CIF (Cost, Insurance, and Freight) Barcelona price 2.340 €

National (full) cost-plus – Example

- Production cost (A) 1.500 €
  - Cost of raw materials and consumables 850 €
  - Fixed costs 300
  - Variable manufacturing costs 350
- Domestic selling price (20% margin) 1.800 € (1.500 * 1.20)
- Adjustment of duties and taxes (B) - 120 €
  - VAT refund 90
  - Customs duties refund (Drawback) 30
- Net production cost (A-B) 1.380 €
- Variable export costs 245 €
  - Export packaging 50
  - Advertising costs 40
  - Financing costs 20
  - Export documentation 20
  - Credit insurance 15
  - Agents commissions 100

Exported product: Vegetable preserve
Port of departure: Lagos
Port of arrival: Barcelona
Chosen Incoterm: CIF-Barcelona

EXPORT PRICING – CALCULATION METHODS

National (full) cost-plus – Example (continued)

- Factory price			1.625 €
- Desired margin (20% of rounded factory price) (1.325 * 20%)			325 €
- EXW (Ex Works) price			1950 €
- Delivery and customs fees			255 €
- Freight forwarder fees		60	
- Road transport to the port	130		
- Road transport insurance	20		
- Customs duties and fees	45		
- FOB costs		120 €	
- FOB Lagos Price 2.325 €			
- Sea freight		300 €	
- CFR Barcelona Price			2.625 €
- Sea transport insurance		86 €	
- CIF Barcelona Price			2.711 €

Foreign market price

- An exporter selling undifferentiated products has limited flexibility regarding pricing policy. Often, they have no choice but to align with prices set by competitors.
- The foreign market price method assumes that the exporter knows their cost price and that the average price in the foreign market is higher than this cost. Otherwise, it would not be wise for them to export at a loss.
- The exporter must also be aware of retail prices, distributor purchase prices, and discounts offered by competitors, in order to adjust their price accordingly.

06.

Export pricing – Pricing strategies

Market penetration strategy

The exporter who opts for a penetration strategy (or an attack price) sells their product at a relatively low price, but one that covers their cost price. The goal is to quickly capture a significant market share. This strategy generally works in markets where consumers are sensitive to prices.

Skimming strategy

- The exporter can offer their products at high prices to achieve a higher profit margin and/or position their products at a superior quality level. In the second case (positioning objective), this strategy could be adopted even without a monopoly situation.

- The drawback of high prices is that competition quickly becomes interested in a lucrative market. Therefore, the profit margin can generally be maximized only for a short period of time. The exporter must therefore be vigilant about competitive movements in the market during the skimming phase.

Fixed pricing strategy

The exporter can offer their products at the same price as in the local market, either including or excluding shipping costs. This fixed pricing strategy is simple to manage but does not take into account the realities of foreign market prices. This could devalue the product or encourage competitors to adopt a penetration strategy that would divert customers away from the exporter’s products.

Variable or flexible pricing strategy

Variable or flexible pricing strategy involves setting different prices for various customer segments, which constitutes a variable (or flexible) pricing strategy. This approach allows for a more attractive return on investment or export compared to fixed pricing strategies; however, it risks upsetting some customers if they find out they paid a higher price for the same product.

So, how to choose?

To choose the right strategy, the exporter must know, among other things,

- Its internal cost structure
- Fixed costs covered by sales in the domestic market
- Production capacity
- Competitor prices
- Psychological pricing
- Purchasing power of foreign buyers

Fixed costs should not be allocated to export units, as this would inflate the price, resulting in the loss of a significant competitive advantage..

07.

Export pricing – Price construction

Export pricing process

1. Calculate the production cost of the product
2. Determine the marketing costs for export
3. Calculate the costs of adaptation to the target market, which include, among other things :
    - Special permits
    - Advertising
    - Transport and accommodation expenses
    - Promotional materials
    - Rental and setup of a booth at trade fairs
    - Labeling
    - Modification of packaging
    - Modification of the product itself

Export pricing process

4. Determine the delivery costs of the goods according to the negotiated Incoterm
5. Research competitor prices
6. Research the buyers' psychic price
7. Choose an appropriate pricing strategy
8. Define a profit margin
9. Set a base price, preferably in a stable currency
10. Establish a pricing grid for the target market

EXPORT PRICING – PRICE CONSTRUCTION

Pricing process

In the export pricing calculation process, it is necessary to consider other influencing factors, particularly :

- The chosen Incoterm
- Customs duties of the destination country and payment terms
- The chosen payment method, which may involve a holding of funds for a more or less extended period
- Possible exchange rate fluctuations

Export pricing process

- **Base cost price**
  - Costs related to export preparation
    - Study costs
    - Marketing costs
    - Financial costs
    - Risk coverage
    - Logistics costs
    - Discounts due to the use of active improvement
- **Full cost price**
  - Miscellaneous expenses (deposits, etc.)
  - Margin
- **Factory gate price (EXW)**

Export pricing process

- **Factory gate price (EXW)**
    - + Pre-shipment
    - + Export customs clearance
    - + Main transport and insurance
    - + Import customs clearance
    - + Post-shipment
    - + Insurance
    - + Storage (if applicable)
    - + Distribution margins (consumer goods) or installation costs (industrial product)
- **= Final selling price in the foreign market**

08.

Conclusion -

CONCLUSION

Key points

- The right price is one of the key pillars of your success in foreign markets and should be determined in relation to your export marketing strategy to support the positioning of your product/service.
- Calculating and defining the right export price depends on the quality of market and logistics information.
- Calculate your export price in such a way that it can be offered under different Incoterms, whose risks you must assess.
- Unless opting for a skimming strategy and only if the market is willing to pay a high price, do not account for fixed costs. Allocate them entirely to products meant for the domestic market.

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Thank you for your attention! Any questions?

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