

January 1994

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Recommended Citation

Mullin, John R.; Kotval, Zenia; and Moriarty, Maureen, "Creating Successful Partnerships in Export Promotion" (1994). *Economic Development Review*. 17.

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Creating Successful Partnerships in Export Promotion

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Introduction

Until recently, many small firms had little or no interest in exporting as the complexities of working within the international marketplace proved to be a deterrent for many of these companies. However, the steady erosion of the U.S. share of total world exports during the 1960's and 1970's has been important not only from a statistical point of view, but from its impact on the national economy. According to the Department of Commerce, it is estimated that an additional one billion dollars of the trade activity creates close to 40,000 jobs and generates 400 million dollars in State and Federal revenue.

In response to this need to increase American exports, local, state and federal agencies have worked to provide the resources necessary for small business to successfully compete in the global marketplace. This assistance has been offered in the form of export education programs, one-on-one counseling services on a variety of trade issues, as well as the availability of written materials and how-to guides for new-to-export companies.

At the same time, cooperation and partnership among organizations involved in export promotion can dramatically affect the success of firms committed to doing business overseas. This paper will illustrate how this was achieved among a group of New England artisans and the partnership of various public and private agencies in reaching a few of the most prominent cities in Europe – London and Paris.

Creating Global Partnerships – Government Moves Overseas

The Trade Department Unit of the Massachusetts Port Authority is committed to helping New England companies become successful overseas. Among the services the TDU provides to business includes participation in overseas industrial trade exhibitions and trade missions, as well as direct links to trade representatives with experience in international commerce. In addition Massport maintains a comprehensive trade database called ACCESS, which allows local companies to identify international buyers and target companies for potential exports. For those businesses exploring the possibilities of exporting, Massport offers an eight-week export course covering the basics of international trade. Information on export funding programs and market research is also available for interested businesses.

All of these services are strengthened through a global network of offices with representatives in London, Tokyo, Berlin and Taiwan. These offices serve a vital function in acting as an intermediary in linking companies here at home with needed contacts abroad. They provide the expertise and experience needed to help companies unfamiliar with the logistics of doing business internationally. This case study will illustrate the important role such offices play in that they were able to advise the New

England artisans and manufacturers on a variety of exporting issues ranging from packaging and labeling to freight forwarding to legal considerations. Overseas connections such as the Massport satellite offices complete the chain of public-sector resources which can effectively bridge the gap for those companies wishing to export, but lack the expertise to actually do business internationally. However, the function of these offices is clearly enhanced by the support of other private and public organizations, at all levels, who support export initiatives.

New England Artisans in the European Marketplace

Imagine for one moment nearly 400 New England artisans. Their craftwork ranges from hand-dipped candles, to gourmet food products, to shaker furniture. For many, their market is almost totally domestic – perhaps a few have successful mail-order businesses. The quality of their work exemplifies a New England tradition of pride and excellence.

The scene moves to two of Europe's most cosmopolitan cities – London and Paris. These cities are home of the renowned department stores of Harrods and Le Printemps. Now imagine these stores transformed into an authentic New England Village, with a variety of gifts available for purchase. The window displays of these stores are filled with the craftwork of the selected artisans.

The following case study will trace the linking of the traditional crafts person and New England manufacturer into the contemporary, urban settings of two of Europe's premiere department stores. It will also trace the active role which several economic development agencies took in matching these two unlikely groups to become one of the most successful export initiatives for traditional New England products ever.

“Omnia, Omnibus, Ubique” – London's Search for a New England Christmas

Harrods Department Store, established in 1853 by Charles Henry Harrod, maintains a one hundred and fifty year old tradition of adhering to its mission of being “All Things, to All People, Everywhere”. It is located in the Knightsbridge section of London on a site of approximately four and one-half acres with over 700,000 square feet of selling space. Harrods' seventy-five display windows draw nearly 35,000 customers each day who shop in the 300 departments within the store. With over twenty percent of sales from these departments reaching overseas customers, the search for new ways to appeal to the customer is never-ending.

The inspiration for the creation of a “New England Christmas” at Harrods came from the Chairman of Harrods, who long admired this most traditional region of the United States. In 1991 the assistance of the Massachusetts Port Authority was requested by the London store to seek out New England made products to offer British customers during the peak holiday shopping season.

In January of 1992, the Director of Promotions from Harrods visited New England to survey potential consumer goods for display, as well as to encourage regional cooperation and support for the six week promotion. In order to bring the best that New England had to offer the idea of a series of trade displays was initiated by Andrew Bendheim, Executive Director of Massport's Trade Development Unit. Here, artisans

and manufacturers of a variety of products reminiscent of the New England tradition would be able to display their products for buyers from Harrods.

In recruiting for these trade displays, Massport worked closely with a wide range of public and private organizations who are involved in economic development. These included state economic development agencies such as the Massachusetts Small Business Development Center and the Massachusetts Office of International Trade and Investment. In addition, trade associations and Chambers of Commerce were contacted, as well as other private business organizations. It was through this cooperation and contact that the opportunity to present to the buyers of Harrods was made available to the business community. Information regarding appropriate products for the promotion was funneled through these partnerships to reach Massport.

The first trade display was held in January of 1992 with more than one hundred consumer goods companies participating in the hopes of catching the eyes of the buyers from Harrods. The success of this event, exemplified by the twenty-five companies who were selected for the "New England Christmas", served as a catalyst in generating still more enthusiasm and interest in the promotion. Two months later, one hundred businesses from the six-state region participated in two more trade events, one for household goods, jewelry and clothing and one for food products only. Buyers were on hand from each of these respective store departments to select merchandise for the British shoppers. In addition, two more trade events were held in April and May in search of appropriate greeting cards, paper products, luggage, kitchen and bathroom accessories. Several of the fifty participants of these two shows were also selected for purchase by the Harrods buyers.

Tradition Meets the Big City – New England does Business in London

By November of 1992, one hundred and ten companies were selected by Harrods for participation in a New England Christmas. The store was indeed transformed into a series of New England style villages with a variety of high-quality, high-end items available for purchase. The retailer's Christmas Catalog, with a circulation of 200,000 to 500,000 customers featured these made-in-New England products as well. To encourage travel to the region, a large interior window was dedicated to the six states, complete with each state's name, its flag, photographs promoting tourism, as well as products native to each New England state. Finally, a media campaign including participation by radio, newspaper and television extensively advertised Harrods' New England Christmas.

In total over 450 companies were introduced to Harrods, with sales of those participating reaching a total of almost 3 million dollars. Although all of the companies who met with the buyers from Harrods may not have been selected for the promotion, nearly all realized the possibilities of doing business internationally and many were referred to other consumer goods companies or distributors in England, which translated into sales internationally. In addition, artisans and manufacturers were introduced to the government resources available to them in the future should they decide to explore other markets.

“Noel En Nouvelle Angleterre” – A New England Christmas in Paris

The success of the Harrods experience encouraged Massport to continue to promote New England products abroad. In early 1993, Massport began discussions with the French department store, Le Printemps. In February of 1993, buyers from Printemps traveled to three locations throughout New England to view the products of almost 300 artisans and manufacturers. The initiative was implemented using the Harrods experience, with the Trade Development Unit once again utilizing the assistance of other state, regional and local economic development groups in the public and private sectors.

The evolution of the selling of the New England experience has expanded, however with this initiative to emphasize the region as a travel destination for French tourists. Since Le Printemps operates a successful travel agency within their stores, the concept of increasing trade and commerce between New England and France was increased to include tourism as well. Currently Massport is working with travel and tourism groups at the state, local and regional levels throughout the six-state region. These agencies and organizations are working together to plan a complete itinerary of events throughout the 16 stores of Le Printemps for the coming holiday season.

Conclusions

The Harrods and Le Printemps experience is one positive example of successful partnerships at work. In efforts to increase Massachusetts exports, government at the State level was able to serve as a broker to market traditional New England products. Below are some of the lessons which reflect the importance of partnerships, patience and persistence in creating successful export initiatives.

- Agencies such as Massport, in cooperation with public and private business and economic development agencies can provide invaluable services to small business. Many small firms cannot afford either the time or funds required to place their products in Europe. Professionals versed in understanding the export process were able to consult the New England businesses on a variety of issues. Therefore, Massport was able to serve as a “broker” for the participants.
- First results are not necessarily last results. The success of the partnership between New England, London and Paris resulted in extensive sales for dozens of companies. At the same time there are benefits beyond sales including multiplier effects in terms of income and employment.
- Quality pays. The appeal of the traditional New England products is a direct result of the region’s reputation creating useful, unique and high quality items.
- The success of New England in Europe’s finest department stores can serve as a foundation for similar initiatives in stores around the world, as well as serve as a model for other areas within the United States wishing to capitalize on products native to their region.
- Media, publicity and promotion are crucial to export promotion. They expose companies who might not consider the possibilities of exporting to success stories. This can do much to break the “fear factor” which many small companies feel in the face of global trade.

- Patience! Success in doing business globally requires commitment and developing export opportunities takes time. It can take months and sometimes years to gain a foothold overseas, but the benefits in terms of company image is enormous.

The success of bringing the products of New England artisans and manufacturers to other countries is significant at two important levels. First, it highlights the possibility of reaching into new markets by an “industry” which traditionally finds its markets here at home. The Harrods/Printemps case study drives home the point that exporting can, indeed, be for everyone. However, on a second level, it must be noted that the gap between realizing the opportunities of the international marketplace and actually getting there could not have been bridged without the cooperative partnership of a variety of economic development organizations within our cities, regions and states. Together, they were able to pool their resources and contacts to bring the finest products to some of the most sophisticated consumers in Europe. United States exports mean jobs and in the frantic search to find new ways to stimulate the economy, the success of New England products abroad is a positive example of commitment and cooperation in meeting the demand of the global marketplace.