

Exporters report higher profits than domestically focused counterparts

Regus has released its annual South African exporter survey, which finds that more South African exporting businesses report growth in revenues or profits than companies focusing on solely domestic trade.



For the third year running, exporting firms confirm they have an advantage, with 42% reporting profit growth over the last twelve months compared to only 29% of those trading only domestically. Similarly, 52% of South African internationally trading firms report revenue growth in the last year compared to only 47% of domestically focused firms.

While reaching out to a larger pool of prospects certainly plays a part in exporter's success, this survey also confirms that that having a presence in the same country as clients or customers carries a number of benefits. Specifically, 82% of South African businesses say physical proximity increases customer retention rates. Being close to clients also means businesses can boost sales (80%), improve customer satisfaction (79%) and deal more effectively with customer problems (79%).

However, foreign expansion is a big step for businesses to take and a difficult one if support is lacking. In particular, South African firms report that aside from making customer introductions, their government trade delegations could most usefully help them expand abroad by providing advice on legal and regulatory matters (60%).

More findings

Other findings from the survey show that South African firms find:

- Being close to customers, means businesses can understand customers and markets better (75%);
- Almost half of firms (48%) think they could develop better products;
- Introductions to local business organisation and associations (53%) and advice on taxation (42%) would also help businesses planning foreign expansion;
- Almost a third of businesses (29%) would like help with local custom and 38% would benefit from a directory of places to network.

Rona Sauer, area director for Cape Town and Port Elizabeth at Regus comments, "This survey reveals that more exporting firms are doing well than those solely focusing on domestic markets. This may be because exporting businesses have a wider prospect base, or also that, having a wider reach, they are able to shift their focus to areas of the world where demand for their products or services is growing.

"People always talk about 'getting close to the customer', but in export markets that can be true. Our survey respondents told us that having a physical presence close to their customers brings about a number of benefits. In particular, businesses report that better customer retention, faster problem resolution and greater satisfaction can be achieved by setting up a location in proximity to their customers or clients.

"On the other hand, setting up a presence abroad is a challenging task if you don't have the right support from your home government. Businesses globally report that the best help they could expect from their government trade delegation when expanding (aside from client introductions) is getting legal and regulatory advice, taxation and local custom information and tips on where to network and meet local businesses. Where this information is not made available or is incomplete, businesses would do best to partner with firms that understand the world of business and that can provide local know-how and connections."

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