Impact of COVID-19 on international trade in general and food industry in particular

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What a year to be living in this world! Our generation or the former never observed a pandemic of this intensity. We are gliding through it and hopefully will survive it. The experts are saying International trade, in general, will face the most significant impact of modern history due to COVID-19. In particular, the food industry has taken the worst hit by the crisis.

Overall, trade is estimated to take a blow of 13-32% as an aftereffect of the global contagion. Since every business was put in nosedive by the health catastrophe, it will have adverse effects on commerce. It is essential to keep in mind the fact that, Global economy be not in its best shape before the lockdowns began. People are comparing the current crisis with the worldwide financial crisis of 2008-09, and many are worried that the present situation might be even weaker. www.wto.org

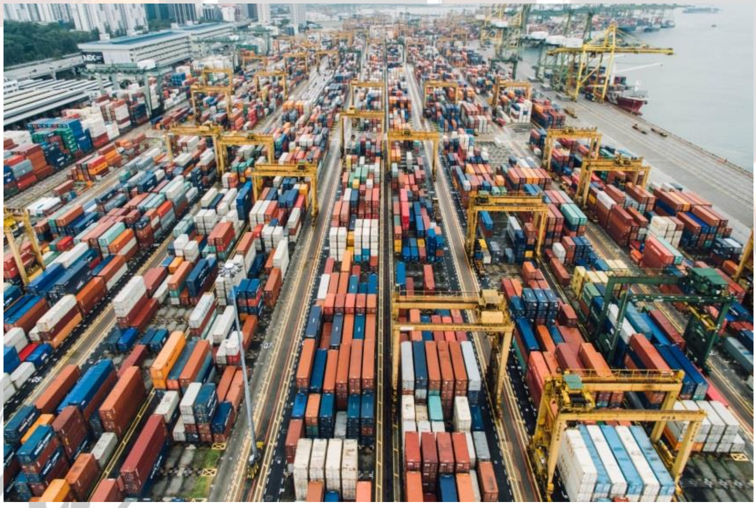
The food industry is near destruction because many countries have banned specific food items to export because of COVID19. These restrictions deem not to be lifted until the world finds a cure for the virus. Therefore, the near future of the Food industry is unstable. Russia, for instance, has proposed to forfeit grain exports. Although the officials are claiming there is no food shortage as of now, there is fuss in-the-air. If this uncertainty prevails and Governments start to panic, it could result in more export stoppages of food trade. It could cause another global crisis amid an ongoing pandemic. If countries stop food exports completely, the international food markets will be scarce. www.steptoe.com

The span of this pandemic had spread in 190 countries. A crisis of this multitude can result in abrupt manners for the traders around the globe, and no one can judge what precisely the loss is going to be. The disastrous day has already dawned on the global oil industry, what more is to come? Is international trade going to hit its rock bottom? The blow to international trade disrupts the airline industry, Freight businesses, productions in China, and other areas. Congressional Research Service

World Governments had put all countries in lockdown to avoid the spread of disease. This self-quarantine has resulted in the closure of the hotel and restaurant industry as well as food production, shipment. The related industries, like beverages and beer production businesses, have been affected. Even if restaurants open in the name of home-delivery or take-away, the burgeoning rise of social-distancing awareness has kept the customers from hanging out. Panic buying had its fair share of negative impact in the bargain. The food supply chain was disturbed by impulsive buying. In some areas, sellers and vendors increased their prices far above the reach of people. These specific dangers have put the Food Industry on the step back. wikipedia.org

The population of the world hinges on the International Trade and Food Industries for the supplies and day-to-day livelihood. Business people and Trade industries must support their Governments and come up with a plan to avoid the situation. They must ensure there are no shortages around the world, as no country can deal with the crisis on its own. All the nations around the world need to work together as a team.

Managing exports risk in general and in the food industry



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Every business is going global! The expansion of any enterprise has not entirely flourished without indulging in the export function. There could be many reasons for exporting your products, ranging from better prices & more significant margins to market niche & business share. Whatever your reasons are for the export business, you need to be prepared for the jittery wind along the way. It has high risks of transportation, demographics, cultures, stereotypes, laws, and lack of time management for every industry. It is imperative to manage those risks to grow your business through exports.

As far as the food industry is concerned, many developing nations solely depend on their food exports. With high dependence comes excellent preparation! They need to ensure food safety and quality, meaning their items should reach their buyers in the global economy as per their standards. It can be managed by keeping the global supply chain intact and every country playing its part by maintaining food control measures. If it's a balanced fit between industries and the Government, then the risk factor is minimized. Global Trade

Budgeting is an export-risk involving the industrial sector on a larger scale as well as the food industry. It could be related to the foreign currency exchange rate because countries have different currencies, and the forex rate keeps changing repetitively. A company's budget could see an incline or decline based on the rapid variation of forex rates. One can avoid such a situation by introducing a customary forex policy to cope with the different pricing for your products.

The other types of risks involved with exports are payment related, as you are not physically meeting the buyer. If you export the product without clearing the debt first, it is not risk-free. Especially when you are dealing with new customers with no prior credibility, it is best to receive cash in your account before supplying. In the case of a repeat client, you may afford to take such small-scale risks based on previous experiences.

Credit sales constitute a significant risk involved in the export industry. If you shipped a container of grains, for instance, on a 20 days' credit, and the party refuses to lift stock from the shipment yard due to any given circumstances. This interruption will delay the payments and disrupt your cycle of debts. There could also be a scenario where your client claims the delivered product is unsatisfactory; hence, the fee is not cleared in time. We can not emotionally or morally influence the buyer in export business, whether it is only the food industry or as a whole. However, if it was a local customer, we could set up a real meeting in an instance and resolve the issue. Six risks

What if your client refuses to pay you the amount before receiving the product? Many people in the trading business and particularly in the food industry use a Letter of Credit. This document is a financial instrument that is secure for both sides without any risk. The payment mechanism in the export business usually revolves around the Letter of Credit. We can manage this export risk efficiently by using this instrument. 4 Methods

There are many risk factors, but if one learns how to overcome them or manage them, rest is only a heavenly story. Generally, all industries face risks, and the food industry is no different. The only thing that matters the most is the management of those risks. You could manage them by avoiding credit, introducing a stable exchange policy, ensuring safer financial instruments, and maintaining the highest level of quality.

Common Import / Export Documents Food Industry

Start your day with Continental breakfast, Moroccan Couscous for the Lunch Hour, and finish off with a Chinese take-away for Dinner. Everyone fancies a versatile food-day. In today's global world, people want to relish food items from all around the world. They like to share their mealtimes on Social Media, create small digital stories with the different types of gourmet from a diverse variety of countries. Food Industry has given meaning to the term GLOCAL in the real sense by exporting/importing the Local foods on a Universal scale. People want to eat their Olives from California, Mangoes from Pakistan, Pasta from Italy, Spices from India, and the list goes on. The industry that serves the international edible needs requires documentation. We have jotted down a listing for your comfort so that you can check the list when you are exporting your items or importing those.

These papers are of following natures, and we will explore each briefly:

1. Lading Bill is a paper requirement of the Government, which is a signed contract between carrier and seller. It is to emphasize the Cargo procedures, which include goods type, destination, origin, and it serves as a receipt. The shipping company compiles this document with the help of Exporter. It also comes with waybills of airways or seaways.
2. Commercial Invoice is another obligation, produced by the Exporter to interpret the complete transaction from start to end. It includes essential information for each party involved in the process. These parties are banks, brokers, customs, shippers, and importer.

3. Certificates of Origin, Manufacturer, and Inspections come in handy. Food items are perishable; this credential ensures Quality and Quantity. Traders need to declare the origin as many countries have restrictions in place, and the importing authorities need to verify the source. Production certification requires a notarized paper depicting the manufacturer's details to make sure the product is ready for shipment.
4. Insurance papers are generally the insurance policy for the goods on-board. One needs to buy Insurance to prevent any significant losses or to take care of the liability. It needs to list down the specifications of the product, the extent of coverage, and proof of Insurance to satisfy buyers or the host country. The Exporter could produce this with the help of a broker, or the Insurance Company can issue the report to provide security of the goods in transit.
5. Commercial Demand Note or the Invoice is the reflection of the Sales Contract, which shows the agreement between both parties. The details contain Payment Conditions, Goods Sold, and the Trade Terms. The importer will use it for Customs' clearance, and the document provides a legal binding for the Exporter. It is best to consult your legal advisor beforehand to work on this vital document.
6. Quotation of Terms is the detail of delivery, payment, import, export, quality, quantity, and price of the products shipped. The seller is expected to cultivate a Quotation before actually starting the process, and it is roughly the first step of the trade business.
7. Letter of Credit is a Bank's guarantee to the Exporter to pay the decided amount and to emphasize on the satisfactory completion of essential documentation. This financial document secures both parties involved in the process.

If you have closed a sale/purchase successfully and are getting the documents ready for the process, the list mentioned above will sort you out. You can rest assured your business is secure.

Tips for food and beverage products export success

Behind every successful Wine and Dine, there is a background of chain events. Multifold Companies and Individuals fill this supply chain. They are trading day and night for the right food and beverage products in the right markets. Amid so much competition, how could your business flourish? Eating and Drinking come hand in hand, but the exporting organizations do not always deal with both types. We will focus on the Tips, which will work for the benefit of both products.

Niche

If you set about selling your product anywhere-you-can and the overheads will be skyrocketing. It is critical that you thoroughly research and identify the market niches, which have the most demand for your products. These factors could include a Price Advantage or less Competition. Price benefit means that you can upsell your product at a higher profit margin if you could find the exact demography with the top-paying customers. Since the products similar to your business are already priced higher, your company can make a fortune if you make a move to export into that country/area. That is to say, you could make your product the right fit for that marketplace. Another area of research is the competition. The sweet truth of marketing is the first-mover advantage. If you can't be the very first Exporter in a market, choose the market with a lesser quantity of traders. If your Area Niche is adequately studied before entering, and you find the exact option, your business will be booming in no time.

Quality

Product Quality will beat the competition, position your company best in consumer's heads, and the market image will be enhanced on any given day. If you have Quality Items, you have the keys to the city. Your business needs to be superior to the products available in the area where you are exporting your products. If you conclude that your quality is not according to the industry standards of that area, choose another demography. The bottom line is, excellent products have room everywhere.

Familiarity

Know your target market! Period. If you are not familiar with the market, hire a local professional. You need contacts, references, information, data, and analysis for the target market for your product. You need to think like the locals and then indulge your product accordingly. It is also essential to be knowledgeable about the country/state's laws about trades and business activities. Your Lawyers can work closely with the local Lawmakers, or Solicitors to come up with a solid plan. Legal hindrance for your export business is not good.

Advertisement

If you are well established in your country, it is brilliant! Show it to your new audience that you are a well-known company. The best advertisement is vital to your business' success. You need to advertise according to the country as well. Wine, for instance, cannot be announced in a Muslim country. You cannot market your meaty products in an Indian community. The right advertisement will mushroom your organization's success.

Export marketing strategies for a developing country

There are more than 150 developing countries on the world's map, says WTO. It means, in no way, those nations are not talented. If you look closely, most of these countries are full of natural resources, and a few have less corruption too. What makes an excellent Export marketing strategy for emerging nation-states? One needs to distribute the products of a rising state, to the countries with the most celebrated purchasing power. If your country can mark itself in the big game, the sky will be the limit. Many republics have their go at Exports but fail miserably. We have come up with strategies with proven records of accomplishment that can mushroom the trade channels. Imagine the employment and prosperity it could bring if served right.

Positioning

Consider your country as a brand, what position does it have in the minds of other countries, and how could you make it trustworthy? These are the questions you need first to ask yourself. People have stereotypes and glass ceilings for particular countries, and it is harmful to the export business. If we can rectify the positioning in the minds of consumers, it will be a win-win situation. Kenya, for example, branded itself as a Tea Growing country and promised the best quality of Tea out there. They saw their potential in the Tea industry and grabbed the opportunity with both hands. This leap of faith has turned into a billion-dollar industry for the Kenyan Republic.

Friendly Laws

Traders and Investors are afraid to develop business relations with particular countries due to their rigid laws. If you want your developing country to see it to the other side of rainbows of trade business, your Rules & Regulations should be as friendly as possible. Your state could flourish if the investors feel safe and have a comfortable working environment. If we take Bangladesh's example, a few years ago, their lawmakers made it a business-friendly country. Other countries' nationals from all walks of life, bet on that and shifted their units to Bangladeshi cities. It has become the South-Asian tiger in terms of economic growth. Would you believe if I told you, Bangladesh is to be richer than India by 2030? Standard Chartered Bank Projection

Quality Assurance

If your country as a whole can ensure the product's quality, it is destined to blossom! Take Chile's example; they did not compromise on their condition. Slowly and steadily, their products positioned as the best quality when it came to their fruits. They were out and about and came back with a bang. Thus, their food exports marked 25% of its overall exports, and the country saw a blissful future in it. A study by Bianchi et al

The point we tried to make is, every developed nation was once under-developed. If you can focus on the right strategies, your country can top the next list to be published by an international institution. India has applied diverse yet impeccable strategies to its export industry. Indian exporters rank number one in the export niche of Mangoes. Their

Services exports are enormous and bringing impressive foreign income to the country. The world is at your arm's length; you just need to make the right start.

Quality production and management of food products before export

Before diving into the sea of Exports, you need to ask yourself this, do you have what it takes? Do you have a Quality Production, and how good is your Management of Food Products?

People often mistake export as a regular business, thus fail gloomily. For example, if you start exporting your products to a country and it turns out to be an overnight success. If your production is at capacity, you will not be able to meet the demand. The first impress will always remain the last, and if you fail to supply repeat products, you are going to hit rock bottom without knowing. You need to work out these basics before a leap of faith and turn it into a calculated risk.

When it comes to the Management of Food Products, you need to work on your strengths first. If you have skilled labour, it is best to train them with modern techniques to improve productivity. You need to assess and evaluate your business trends for at least the past two years and work out the best strategy for exporting your products now. This evaluation must include the performance of your company in the domestic markets.

Your Organizational management needs to visit and analyze the target market of your exports. The findings' requirement is a report on demographical needs, competition level, & local law familiarisation. As a manager, you must develop contacts within the focus territory. You will need to estimate the business outcome before entering the market. Set a goal and achieve it. No way around it!

The food industry is a tricky business, as it is very delicate. Your food items are perishable, expired after a certain period, and also fragile. You can handle it with care while producing, but in transit, your packaging must be reliable. Food products come from farmers, fishers, and processing factories. One needs to ensure the quality of production to rank higher as a company. Your management needs to put all the Food Security standards in place.

A company needs to be vigilant when it comes to the Quality and Management of Food products before exporting. It is useful to obtain specific certifications implying the top quality, and that’s the role of management. The pain point of shipping food-related items is to be able to clear the host destination’s quality standards. Your product could be the highlight in your current demography, but is it according to the demands of the territory where you want to sell it?

The forefront of your organizational style is bringing out the best of quality, to sell it efficiently in the export arena. Your raw material cannot be substandard. Your human capital needs to be motivated to ensure compliance with your ground rules. If you are going to export processed food, contamination and food safety will haunt you in your nightmares. The idea for prepping yourself before shipping and entering a new market is to ensure excellence and research well. If you are well resourced with the measures mentioned above, you will rock the export business!

Agribusiness: What international strategy to adopt

Farming in a peaceful green field has so much more to it! The production of agricultural commodities is a prospering business, and experts anticipate it to grow more in the coming years. A research conducted by Sandhya Keelery suggests that Indian Agribusiness has seen a burgeoning rise in recent years and foresaw a 350 billion USD business in 2022. Gone are the days when only farming was considered the Agricultural industry. In today's world, Chemicals, Crop distribution, Machinery, Seeding, Retail sales of agriculture products are all party of Agro-industry.

Do you wish to expand your consumer base? You need to execute an efficient global strategy to achieve a higher amount of business and, consequently, maximizing your profit ratio. We have listed what international strategy to adopt for your Agribusiness below:

International Events

Agriculture societies around the world arrange Seminars and Exhibitions; therefore, you must attend them to ensure your year is better than the last. These dealings are crucial for establishing contacts and build relations. The relationship you create with vendors, buyers, even competitors in those meetings, will scale up your business in the international market. The conferences also provide you with a chance to display your products as well. Seeds distribution, for example, is promoted with a display counter showcasing your products in the symposia. You get to attend sessions with consultants and enrol in training workshops as well. The atmosphere broadens your horizons and makes you think out of the box. The build-up to your company's profile can play a significant role in your quest.

After-Sale Services:

You could have all the technological advancements in your pocket, the best organic techniques in your resume, but it could all go wasted. You need to retain your customers! Your buyers need to keep coming back for your products, and the best way to ensure the retention of your clients is After-Sale Services. The problem with selling internationally is that you are mostly dealing through online communication means, and the handling of customer complaints is not efficient. You could set up an offshore call centre, or invest in a local presence, be it through the office or a service centre. If you are dealing with Agro-Machinery, and your client faces a mechanical hazard, your prompt service will ensure the customer will find you again.

Data:

Information is the secret ingredient. Developed countries' individuals need transparency and access to information. When you are marketing your product or selling it, you need to provide all the required information. If your Agribusiness is food-related, you need to let out the info about calories, vitamins, minerals, expiration, and origin, etc. Furthermore, you must maintain data of your current clients or potential customers. You can do this by creating an Email Subscription list, Telesales, and Memberships. Your record should contain the contact information, customer profile, and purchase history with you. Harness the data and use it for introducing a new product or upselling your real commodity.

Overall, Agribusiness or Agro-industry has excellent potential in the worldwide economy. You can keep your foot on Data, Services, and displaying through the professional channel will make all your dreams come to life.

Good practices for accessing the food industry export market

We have listed the effective ways of accessing the export industry by a food exporter. Here is the kick-off.

Market Needs

Once we have identified a target market to export our food products, It is crucial to grasp the conceptual desires of customers of that specific market niche. We will need to understand the emotional and practical needs of our audience to secure our volume of business. When a Food Industry's Exporter wants to be successful while making the first impression in the international market, they identify the gaps.

Product Fits

Another good practice for accessing the food industry's export market is to ensure that the value your product is offering must match the customer needs. If the competitors do not appropriately serve a targeted segment in that particular export market, it is your cue to jump right in and balance the product fit. Your product's core value should match the effectiveness of the distribution channel. The supply chain is crucial in providing the right product fit to meet the precise demands of customers.

Food Safety Standards

There is a trend in the food industry's export markets, which is on the rise in recent years, to favour the products that have food safety standards in place. Packaging Food Standards, for instance, are vital to ensure the safety and quality of the goods in transit. Furthermore, Labelling standards are required by law in many countries, and you might be exporting to one of those regulated countries. It is obligatory to label the food products to caution end consumers with any sensitivities they might have. Gluten, grain or other food allergies should be mentioned on the product to make its mark in the export industry.

Production Capacity

An excellent practice to access the food industry's export market is to ensure you have the means and facilities to meet the increased demand. If your production capacity is not up to the mark or if you are not equipped to produce in bulk, you might have repercussions beyond imagination.

Budgeting

Budgeting is not the same when it deals with the food industry's export market. An organization needs to consider the placement of extra staff, not only senior levels but junior levels as well. Extensive travelling comes into play for the initial research and period of exporting the food industry's products. All in all, a company needs to be prepared financially to access the export market. An export business might take one year to flourish exponentially, and the firm needs to have advance budgeting for that period, based on estimates.

Conclusion

It is safe to assume that the food industry’s exporter will not fail while accessing the international markets if he follows these effective practices. It starts at pinpointing the market needs and finding the right product fit. A business which considers food safety standards gains the best customer satisfaction. If a trader adopts these good practices, and he has the production capacity and appropriate budgeting; the sky is the limit.

How to choose your distribution channel for export

Way to go, if you are already an exporter or aspiring to become one! Choosing the distribution channel could be a difficult decision, and it may not guarantee growth in your business. How to decide which distribution channel is the right fit for your export business is technical.

There are numerous distribution channels for export business. You could be directly exporting, which means you approach your buyer viz a viz and close a deal to start your business proceedings. Many companies prefer dealing with the manufacturer or a supplier directly. Alternatively, you could choose the option of E-commerce. It is a simple way of approaching your potential buyers, and digital marketing is the best tool. If you don't have a background in IT, freelance digital marketing experts could solve your problem. This service would help promote your product in the destined country. Alternatively, you could use the old-fashioned way of hiring an intermediary, a commission agent, who would contact the buyer and secure a deal for you. It is essential to consider all the options and come up with the best strategy. We will simplify the process for you.

Competitors

Firstly, you need to analyze the distribution channels of your competitors. People who are in the same business as you, and maybe more experienced, have a selected distribution channel. You must assess the effectiveness of that channel; evaluate the outcome and the experience. After the evaluation, you need to decide what's best for your business and your clients. It is also important to note here that you do not blindly copy what your competitors are doing. The point we are making here is that you do your due diligence of research and analysis. The onus is on you to decide whether to go with the same channel or choose a similar one.

Cost

You need to consider the cost factor when deciding the distribution channel. If Indirect Exporting is proving expensive for you, you can always start approaching the clients with your efforts while remaining ethical. You cannot merely steal your commission agent's client as it does not seem noble. However, if the client approaches you or you start using the Direct Export Channel, it might prove more beneficial for your business. Thus, the related costs to a distribution channel are the deciding factor.

Strategy

Once you are in the process of choosing which distribution channel is the go-to for your export business, it is best to create a strategic road map first. Here you will line out everything from start to end of the trading process. You could also judge from different options of E-commerce or direct/indirect selling, and rank the selections accordingly. Plan your progress with the help of advance-planning. You could also hire the services of an export consultant to rate your different plans. Still, the efficient way is to run a virtual analysis either by you or by an expert.

Change the channel

If your current network is not working out well for you, choose another. It is essential to keep assessing your business strategies and evolving with time. If your selected distribution channel for exports is not cost-effective or the results are not satisfactory, you could add another distribution-channel. Online marketing, for instance, could be added to your current choice. Alternatively, you could change the export channel altogether. After all, this is your business. You will always need to choose what's looking best for your profits and customers.

Differentiation factors of the product internationally

Every business dreams of a Competitive edge! R&D works around the clock to differentiate its product from its competitors. When you are exporting and penetrating markets worldwide, it is a different ball game. It is crucial to distinguish your product on a shelf from related merchandise. If you want to gain exponential sales, the best way to go about is to identify the differentiation factors of the product. This understanding will help you trade effectively in the international markets.

Product differentiation adds value to the business; it is the reason why your consumers will choose you over your competitors. The most acute factors that play a role while differentiating your product are listed below:

Unique merits

Every business needs a core competency, and similarly, all products need exclusive qualities. When you advertise your product, you ought to focus on the particular uniqueness of your merch. It could be a special ingredient, health benefit, organic nature, taste, durability, or design. If you have no unique advantage over your competitors after careful evaluation, you need to market it differently. Your service or after-sale services can play a critical role in international markets.

Origin

You can differentiate your business in the offshore markets by advertising the origin of the product. For example, if you are selling fruits, stressing on where they were produced, how those farms rank number one in the world, etc. People in the international marketplace love purchasing things from different origins; it gives them a sense of association. Especially if you have many immigrants in that targeted country from your home nation, they will be the first ones to buy. Everyone loves buying pasta that was made in Italy.

Price

Price is a critical differentiator factor of the product in the global markets. China plays big on this merit because they usually have economies of scale, and their production costs are economical. They always try to bid a price that is even cheaper than the locally produced merchandise of that country. Pricing below the generally accepted norm will make your product different. For that, you need to understand all the price points in place. Your research on the price trends will matter a lot when setting up your price in that demography.

Types

The most crucial differentiation factor for a product is knowing which type of differentiating you are encountering. There are three main kinds of the discussed topic, and we will explain each in a single line. The horizontal level is when your quality and price are equal to the competition, and you need to differentiate by positioning your brand in the consumer's mind based on their class. The other type, Vertical differentiation, is when your competitors have different prices, and you score your product with a brand name. The simple distinction, the third type, is where you have a horizontal level of rates and scope. Still, you market your products targeted on relationships or manufacturing standards. Once you fathom the types, you will know what you are going into.

How to choose freight solutions for export?

Photo by Vidar Nordli-Mathisen on Unsplash

Exports business could turn tricky if you don't get your shipments right, and things could go south quickly. You should choose the appropriate freight solution for trading internationally by considering the following tips.

Prepare well

When you visit a freight forwarder, and you have no homework with you, it will waste a lot of time and effort. You need to identify your objectives and research your industry niche. Decide which form of transportation and the size of the shipment you are going to require. You should chart out the job-specific services that your task demands. You must research the export treaties and other obligations as are necessary for your exporting business. Also, verify if the freight forwarder is authentic and registered with the relevant organizations. A company should always plan the required speed of delivery and cost of service, including the options of rail, sea, roads, and air.

Consider your options

There are many factors when transporting merchandise internationally. Freight rates, or the infrastructure costs like warehouses and the way-fare, play the deciding factor. Price impacts your decision, but one should not always go for the cheapest possible option, instead find value for money. The face-price might be more affordable, but when all the additional services, some of which are essential, are considered, then the process might be expensive. You should not fall for the asking price, and due research is what you must conduct, and this is how you choose freight solutions for export.

Arranging the right documents using a software

Many software is available in the market to do this task for you. When you need to confirm whether you have arranged all the necessary documents and those are typo-free, you can use the digital tools to save time. These apps/tools also enable you to email directly from the interface. Screening the package against the export regulations in place is possible as well. It would help you avoid the penalties. Using computer tools for exports is an excellent strategy. If you are using software for the surface work, you will choose the freight solution without much trouble and lesser costs.

The reputation of the freight service

Use your corporate network to gain knowledge of the reputation the freight service provider possesses. You could check their website for reviews, but it is always best to use your reference to conduct the research. Once you have determined that the transporter has the right reputation in the market, you could decide easily. The legitimate freight solution company would be able to provide you testimonies from their respected clientele. Additionally, their licensing documents and registration certificates could guide you as well.

Choose one with experience in your field

The freight solution, you are going to choose, needs to be professional and expert in handling the goods of your business. The food industry, for instance, could be a naïve field for the general shipment services. The products are perishable and delicate, which would require a skillful shipment. Take a look at the freight solutions your competitors are using. Best of luck!

Customs procedures for food industry sector

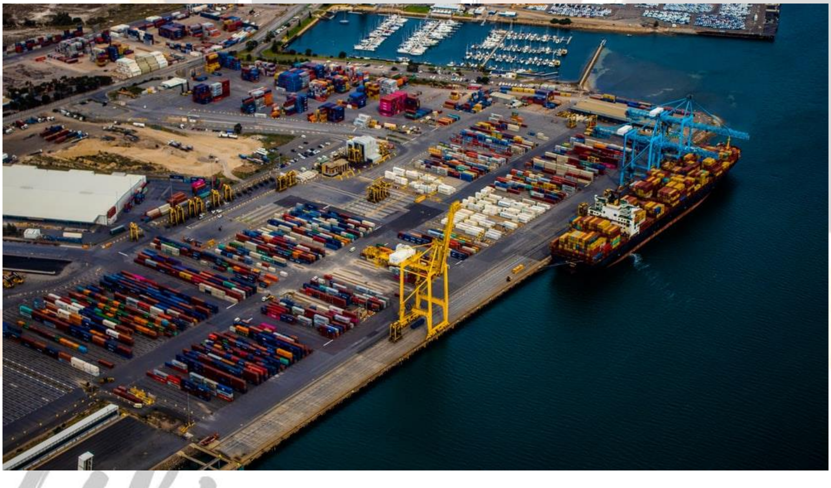

Photo by Alex Duffy on Unsplash

Customs procedures of a country need to be modernized in such a way, which encourages its food industry sector's growth. If you are a food trader, either it is importation or exportation, customs clearance remains a hindrance in the back of your head until it is cleared. When you are selling or purchasing your food items in a foreign location, the statuary requirements of different countries vary. Therefore, one needs to apprehend the legislations and regulations of the state where you intend to buy or sell the merchandise. These obligations must be met before aiming to clear the customs.

Customs is the state department, which controls the flow of imported goods and collects fees levied by the Government. Customs agency makes sure that the animals you are trading, or perishable food items, are according to the laws of importing land. Although every country has a couple of measures specific to their geographical needs, we will discuss standard customs procedures below.

Customs Documentation

Firstly, you must gather the required documents for the customs process. These compulsory papers are Bill of Lading, Commercial Invoice, Insurance Certificate, Purchase Order, and Bill of Entry. The documented materials you include must have the perishable details of your food products. Because your products could expire, the dates and other charts need to be interpreted in the documents. Shipping paperwork is essential and could vary from country to country. You could be trading canned food, or fresh fruits & vegetables, or farm machinery; it also needs to go through proper credential work. The customs certifications or bills must be obtained to clear the customs procedure.

Customs duty

The duty paid on imports, or in a few cases on exports too, is centered on the food items' value or the size, etc. A Foreign food trader might be exempted from customs duty in most countries. Still, it will depend on the particular state where you are headed. There could be a tariff charge as well, a tax on importation and exportation, which is decided between governments. One needs to pay all the customs related fees to speed up the procedure. Especially for the food industry sector because you don't want your goods stuck at the port and perish.

Electronic systems

Everything is transforming into online and digital forms, and customs is no different. European Union has programmed a CDS. A food trader will need to contact the designated portal and create an application. Many countries have adopted these electronically processed applications, and you need to understand the selected state's automated procedures, if any.

Declaration

The official paperwork of customs declaration provides details of shipment under trade. It would contain all the imported or exported food industry's items in a list. Any company or individual, who is the owner of the shipment, can lodge the customs declaration by themselves or by representatives.

Inspection & Presenting the goods

Customs inspectors or relevant officials can check the shipment at any time. The person-in-charge of the consignment needs to present the merchandise to the customs office as part of the procedure.

Understand the payment instruments

There is no Free lunch in the corporate world, a brutal circle of payments. A client cannot purchase "something for nothing," and businesses are all about the circulation of payments. One owner pays for the services of his employees and the materials by vendors. The vendor makes that payment to another business entity, so on and so forth. Thus, the sweet round of economics is all paid up in a vicious ring.

There are different types of payment instruments used by entrepreneurs, where some are incredibly modern ways like "cryptocurrency". Since not all organizations are comfortable with this digital currency, we will be sharing old-school or rather classic payment instruments currently in practice. There are specific financial instruments, for example, letters of credit and bill of exchange, etc., and we will discuss those in detail.

The letter of credit

If we simply define the term, it is a document issued by a banking institution to a different bank. It is a documentary credit which is widely utilized in international trade to an exporter. The trustworthy bank provides a guarantee in order to pursue the trade business smoothly. LC assures an exporter that the buyer's payment will be cleared on time and for the exact amount. If the seller finds out the payment is not made due to buyer's inability, the bank will remain liable to clear the amount to the trader.

Telegraphic Transfer

TT is a medium of foreign remittance which pays the funds via telegraphic transfers. It is basically a bank transfer in the electronic form from buyer to the seller through a bank. It is a relatively old process used by traders and has changed into an open account method in many countries. A trader in Egypt, for instance, pays his local bank and they will send a fax to their foreign branch or affiliate to clear the payments on a mentioned date. The exchange rate is quite suitebale in the T/T way.

Payments against documents

Also known as Cash against Documents CAD, This payment term involves the exporter instructing the bank to hand over the necessary documents to the importer after dues are cleared. CAD is used when the buyer completely pays the attached bank draft or bill of exchange. This method is easier for both sides of the trade, and less expensive than a letter of credit. Document against payment or DAP sees clear instructions to the bank about dispatching those documents only when the importer clears the whole amount.

Clean Foreign Bill of Exchange

A foreign bill of exchange is a standard payment method in the import and export industry when there is established trust between both parties. Usually, trading business involves repetitive business with the same buyer or seller, and there is no risk involved in the transaction. If both accept the creditworthiness of each other, the exporter prepares this document and send it to the commercial bank in the buyer's territory. The relevant documents are also sent with the payment. The importer will ultimately withdraw this financial instrument with ease.

How to insure my products

The largest trade corporations were not built in a day – you need to start small. There is always a risk factor when you commence business activities, and you don't want to lose the empire you had built whether it's small or large. You will need appropriate coverage for the unforeseen failures over the course, such as theft and fire hazards. When you are importing or exporting any commodities, it should cover the damages of those products if reported by the client.

In some countries, it is required by the state to get the organizational assets insured. However, in other nations, it is not the law to have Insurance for your products. The developing countries' businessmen don't opt for a proper insurance plan; thus often suffer miserably in case of accidents. Whereas, the developed nations abide by the insurance regulations more promptly. The premium seems like a drop in the ocean when insurance companies cover a considerable loss. Before diving into the Product insurance niche, it is crucial first to understand the business-related types of insurances briefly.

There are many distinct insurance types when it comes to business-related coverage. It starts with property insurance, which includes your office, factory area, or the selling outlets. Property insurance covers accidents like fire, short circuits, water damage, and several other mishaps. Vehicular insurances, the second type, is where the transporting trucks and cars are protected against God-forsaken road accident. The third insurance category is related to the employees, and it is called Compensation insurance for workers. Another classification of Indemnity is Professional Liability Insurance. This part is a mistake cover-up where your client was harmed in any way.

An interesting Insurance clause is Business Interruption Insurance amidst the crisis. This fragment is suited best for disasters like COVID19. If a company had this insurance plan and suffered from closure or needs rebuilding after the pandemic, the income loss may be covered. It could be included in the overall comprehensive Insurance Package of an organization. Furthermore, the insurance niche related to the products is interpreted as Product Liability Insurance

Product Liability Insurances provides treatment to the claims of third parties, that is to say, the damage reported by consumers. For instance, if your client used your merchandise and suffered from bodily harm, property loss, sickness, or death. The food industry often suffers from problematic outcomes associated with food products. If your customer ate the ketchup sold by your company, and it causes diarrhea or vomiting, you would be held responsible for the consequences. Usually, the insurance providers also cover the legal proceedings related to the issue. There is always risk involved with your products having adverse effects on the client, and a third party can raise complaints or even sue your organization.

Manufacturing fault or design disarray are the common grounds for the need for Insurance. If you left out any required information on the packaging, or the safety warnings were not correct, you can face the penalties. Any small business can purchase an insurance policy, but they should be covering legal costs too.

Sourcing: the best strategies to find the right suppliers

Photo by Cytonn Photography on Unsplash

The right supplier is to the business what a better half is to her spouse. It is the right-bone of your corporation, and finding the best supplier is as tricky as it gets. A company needs to identify the best strategies to source the right suppliers in a way aligned with the company's goals. Therefore, the first preliminary step to strategize the procurement process is to identify the specific needs of your organization. Take budget for an example; if you do not plan to find a high-priced supplier, it will short-list the available vendors automatically. Thus, the recognition of organization-specific demands is crucial. Now let us look at how to source your supplier with the top strategies.

Finding a competent supplier is a make or break situation; hence many companies have a procurement department for the job. If you are a small company or don't have a procurer, the best practice would be to equip your human intuition with focused and systematic criteria. These measures will include Delivery methods, Payment conditions, Time management, assurance of quality, and mutual references. If you go searching for a supplier without an excellent working, you will search for a needle in the haystack. Reviewing hundreds of suppliers without objectivity would be over-kill and efforts that are not the requirements of the task.

Bids:

Procuring the quality suppliers could be either a bull's eye or a bullet to the head. The easiest way to start the process is by sending out a call for bids, where you gather all the quotations and proposals. You could develop a questionnaire and ask the suppliers the services you require. To elaborate, you need to ask about the delivery schedule further, quality standards, work out the payment methods, and their SWOT. This survey will help you identify and isolate the desired pool of suppliers, which will be easy to choose. After collecting results, you could summarize the scope of services rendered, match them with your needs.

You need to assess all the bids by evaluating the value they could bring to your business. The idea of sourcing the right supplier is to bring value to the overall organization. Make sure that the suppliers answer all of the questions for your better understanding of the services they will provide accordingly. You could also conduct interviews where a panel of your management can discuss the services with the short-listed vendors.

Performance:

You will need to analyze the supplier's capacity. Firstly, ask for the references and reviews of their previous buyers. Then decide whether they match your requirements and their capability insured to deliver on time. The best strategy is to chart out possible outcomes and estimate the traders' operational capacity. While on-job, you should arrange performance appraisals and treat them as one of your own. In addition, the supplier's performance needs to match the efforts he will be putting in.

Techniques:

It is useful to research on their delivery techniques and the level of technology they use. Make sure the supplier has the necessary licensing and paper works. These strategies will help you nail the dilemma of sourcing a supplier, which proves best for your company.

Management of international sales

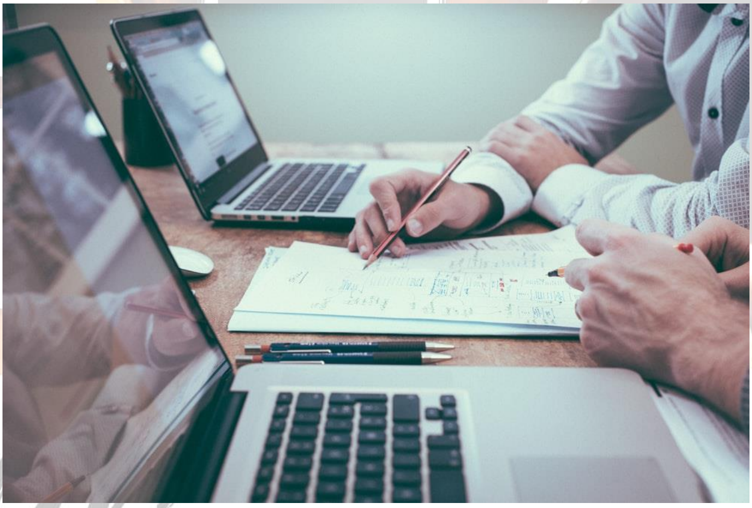

Photo by Scott Graham on Unsplash

International sales are an integral part of an organization in recent years. The common practice to enhance the business scope and grow the sales channel is to enter the multinational hemisphere. The reason for this endeavor is the saturation level of local markets worldwide. To mushroom the annual turnover, every business person looks for selling its products in overseas countries.

Although International selling is profitable and turns around the fate of an organization, it is altogether difficult to handle as well. The supervision of an offshore unit seldom becomes challenging to look after without the physical presence of the owner. Therefore, it is essential to discuss the internal strategies and external management techniques applied by the offices working abroad.

Furthermore, the primary problems include results' inefficiency, import/export restrictions, and forex rate fluctuations. If a person in business starts to consider the risk factors involved without realizing the potential growth it may possess, they might start-off the wrong track. The simplest way is to outsource your foreign affairs to a competent company or recruit a sales-manager. These professionals organize and completely style-out the working to bring out the desired outcomes.

There is a growing trend of hiring managers, with the expansion of sale transactions outside the home country, who control the offshore management of sales. These managers are equipped with the ability and skill level to plan and execute the organizational vision. This hiring is an efficient way to ensure the business prospect sees its full potential.

The cross-cultural sales network needs an interface best designed to meet the growth targets. When you combine a motivated workforce with training and diversity, their skills bring about the desired results. Apart from training & development, we suggest that your HR should start employing expatriate recruits. It means gaining a competitive edge over the existing corporates of that specific country.

Marketing Management of the offshore sales division is crucial. One needs to understand the cultural requirements and analyze the current trends to come up with a promotional strategy. Corporates are adhering to the most diverse and appealing advertisements. When you are selling abroad, you need to transform your positioning and create a positive brand image in the minds of consumers.

Building a relationship is the basis of International Sales. You cannot control the sales operations without having a network of references. Those links will help you find investing opportunities, increase the clientele, and grow your sales. Moreover, you need to develop bonding with your customers so that your brand is socially acceptable.

In the scenarios where you have distributors, your negotiations must be conducted in a well-organized fashion. You will need strategic goals, which are already set, to be on the same page as your wholesalers. This local network of business partners will play a key role in shaping your overall business in the country.

Internal management of International sales is all about hiring the right staff, investing in their training and development, and recruiting a sales manager. External management involves researching the right distributor, aligning the goals with them, advertising your product effectively, and building local relationships.

Are trade agreements efficient for developing countries

Photo by Kyle Ryan on Unsplash

Developing countries need a shot at going big and a trade agreement might just provide that. Some people believe that trade agreements are beneficial for developed countries but little did they miss out on the opportunities it creates for underdeveloped nations. The smaller republics have a scarcity of resources; hence they can not score favorable trade agreements. These less established countries are often rich in a few and poor in the rest when it comes to capitals. A positive trade agreement can change the fate of a nation, and aid the economy of those countries to grow faster. It could lead to the two most positive outcomes; that is, relaxation in sanctions and agreements of foreign aid.

There are two prime categories of trade agreements at the international level:

- Regional Agreements - A group of countries sit together and formulate an agreement for the common good. There are many trade unions in different continents that are articulating these contracts to benefit its members. The EU and World Trade Organization are the biggest examples of this nature.

- Bilateral Agreements – This type of trading treaty is signed by two countries. It charts down the rules and regulations which both countries will abide by. This bi-national settlement is always constructive for both countries.

An under-developed country, if pursuing trade agreements keenly, often land on bilateral and investment agreements with neighboring countries. These trade agreements prove profitable to both the countries and the deal does not need to be made with only a developed country necessarily. The trade agreements can form between two less-developed nations. It provides a better quality of life for the parties involved in the trade agreements. These arrangements are extremely efficient and provide better economic resources, increased production capabilities, and improved foreign relations. Both

The countries in the developmental stage often have a lesser standard of living or quality of life than the developed world. If the Government proves to be strategic, they register with memberships of worldwide schemes, such as ECOTA, SAARC, and SAFTA. These mutually beneficial trade unions ensure the manufacturing, buying, selling favorable across the board. They often form a free trade area; consequently, it enhances the level of economic growth.

When a trade agreement lowers the border difficulties and trade barriers, it does not only prove efficient for the governments but the population as well. The end consumer takes great benefit from the variety of goods available in markets. Quality products are ensured and even lower prices can come into play after a good business agreement among different nations.

Trade agreements provide an effective balance for developing nations and the overall economic operations are improved. The growing industries of a less-developed country see a burgeoning rise of demand if they can export their merchandise to other countries. Those factories will be given assurance of a better business opportunity by the contracts among governments. This creates an opportunity for the local industry to grow and hire more employees to meet business needs. Lower the tariffs are, lower the costs will be; resultantly, the well being of those nations will improve.

How digital marketing can help food brands to expand internationally

Photo by Diggity Marketing on Unsplash

Sure, there are ways you try to start with extensive marketing campaigns to expand your food brands internationally. And yeah, the advertisements on international TV channels, food magazines, and billboards are great for your brand. But is it enough?

There are 3 billion social media users in today's world and 60% of the population [reference] has turned digital. The rich have a particular selection of brands, which is not changed easily. The poor have a scarcity of resources to purchase efficiently. Hence, the most favorable segment to promote your products is to focus on the middle class, and the keywords that they use. The middle class is rapidly expanding around the globe. Since the inflation rate is not coming down, the riches are limited and the poor have evolved to the middle-class. A person, who searches on the web for food brands, cooking channels or eat-outs, will always receive notification about the related food brands.

Imagine the data, which is stored as cookies to interpret the individual mindset, and how it could be used to market one's products online. You would know before promoting your product that you are getting the right audience. This is a universe of digital marketing, based on keywords and the trends. Some people call it internet marketing too. Digital marketing is widely known as the marketing type that uses computers, cell phones, and other electronic platforms. Search engines and other channels store customer's preferences and online behavior, a digital marketer will focus on those individual trends and promote the product accordingly.

There are several methods of how Digital Marketing can help your food brand to expand internationally. You should use all of those methods preferably to brand your product digitally in an effective manner. Below, a brief explanation of how digital marketing can ring true for food brands going global.

A blog for your food brand:

A food product needs to be seen out there in the digital world and blogging about your brand is the best way about it. Blogs generally attract organic traffic fed into your website and ensure the digital success of your food brand. You could write about spreading awareness, particular minerals used in your product, the health merits of your products, etc. The blogging technique is extremely efficient for expanding your food brand on an international scale.

Online Ads:

You should also use Facebook ads or google ads to bring relevant traffic to your blog posts. You ought to have focus keywords for each blog to attract organic visitors. You could create a short ad and Google Adsense or Facebook marketing will help display that to the target audience. Also, promote your events on social media. You can run those online ads yourself or the freelancing websites have a plethora of options for you.

Influencer Marketing:

YouTube, Instagram, or Facebook have popular food influencers, you can use them to promote your food products at quite cheaper rates than TV Celebrity ads. These techniques are how you use digital marketing to promote your food brand worldwide.

How to mitigate currency risks during the COVID-19 crisis

Photo by Martin Sanchez on Unsplash

World economics is rapidly changing around the globe because of the ongoing COVID19 crisis. Currency rates are fluctuating rapidly and creating global unrest. Many countries and experts have sat together in dismay to work out the solutions to the resultant economic crisis. Currency risks during the COVID-19 crisis are alarming.

Only recently the world economy had seen the Oil crisis due to the coronavirus. The money matters were brought under questions as the next possible victim of the virus. Patients are put in quarantine, and the populous at large is observing self-quarantine and social distancing practices to avoid the spread. There are border restrictions, travel bans, hotels and restaurants are closed. This unforeseen situation has created a demand shock for currency. Every corporation knows the currency risk could hurt their sales, but they are somewhat secretly hoping everything will turn out for the best in the future.

The worldwide supply chain is disturbed and the end-to-this crisis is nowhere to be seen as of now. People are concerned and threatened by the endemic. Every business person is worried about what is going to happen soon. Outlets are closed, people are reserved about spending and going out. This situation has created a supply disruption for bills and notes. Also, the virus is supposedly spreading through hard cash. People are getting affected when they touch a contaminated currency note. Cashiers at banks are getting infected, banks are being sealed, it is going out of control.

One can mitigate the currency risks during the COVID19 crisis by using a hedging instrument called forward contract. This contact locks the currency rate once agreed upon by both parties. This instrument is used by organizations when currency fluctuation is evident, and the deal is created to alleviate the currency risks.

The contracts made amid COVID-19 could carry additional risks as the customer might not be able to pay on the due date. The financial institutions will charge penalties for that delay, and both parties could suffer from it. Even after considering these risks, a Forward Contract is still the best practice to carry out in the pandemic.

Another hedging instrument provided by banks and other financial institutions is the FX options, and it is more flexible in its' nature. There is one demerit to that with many demerits. The disadvantage is having to pay an upfront fee. However the advantages come in numbers, such as flexibility is phenomenal when comparing with Forwarding Contracts. The choice of FX options is another benefit, as many institutions provide FX options for the sales and purchase of your goods.

A business could reduce the currency risk if they don't have to lock up their capital in the dealings. There are guarantees provided by your banks and you will not need to put up with collateral. These guarantees are Forex Facility Guarantees (FXG). Apart from these documented strategies, one can learn to predict currency risks when developing budgets for your company. You could lock the currency rate internally for your financial budget, to avoid unforeseen risks involved. Keep the predictions on the lower side as it is better to prepare for the worst.

How COVID-19 crisis impacts food industry producers?

Photo by Martijn Baudoin on Unsplash

The virus outbreak is a worldwide tragedy and has a lasting effect on the producers of the food industry. Because the rumors revolved around more than facts in the pandemic, people were worried about food security. Food security is the availability of food items to all people, and it was questioned everywhere. Consequently, the general population rushed towards panic buying and started storing canned foods and long preservable food items.

The supermarkets and grocery stores were emptied out as a result, and a sudden rise in demand troubled many local food industry producers. With the closure of international borders, imports and exports are out of the equation. There is a dire need for local food producers to fill the gap. Many governments continued with the life-aiding products even in the lockdown. Grocery stores are open with limited operative approval. This creates a huge opportunity for local food industry producers.

Whereas the international food industry has seen a disastrous impact amid the crisis. As the epidemic is unprecedented, it moved every corner of the business world. The transportation restrictions, shipment bans have affected every profession. Russians have proposed the idea of keeping their grains' production inside the country and not exporting the product. These crises are influencing food producers.

Although we empathize with the people affected and their families by the virus, the financial crisis it has brought to the food industry is immense. We could have a food-crisis at our hands in no time. There are huge losses in incomes for the Food-Industry-Producers. Meat processing plants are closed in some countries, hence affecting the supply chain.

The producers who relied heavily on exporting their food items are suffering the worst with the border controls, and pandemic tensions. People are avoiding the use of food products coming from other locations, as it might contain virus imprints along. COVID-19 pandemic has impacted the food industry producers who only, or mainly, exported their goods. Now, they are either closed or smart business persons who are looking to utilize the opportunities in the local markets.

Hoarding by consumers resulted in sudden empty shelves with no demand in the coming days from those buyers. Since the panic purchasers have stocked up the food items for weeks to come, they will not be buying those food items again in the coming weeks. Do not take empty shelves as a huge demand for granted, before storing excessively in your warehouse after filling the shelves, consider the actual demand.

Since eat-in at all restaurants are prohibited in most countries around the globe, there is a huge decrease in commercial food items. The food industry producers who were manufacturing commercial food items have been hurt badly. Products such as potatoes and milk have seen a sheer decline in the market's demand.

Price gouging has also impacted the food industry negatively. Merchants have increased the prices above the agreeable rates without rationalization. This has gained them short-term profits but it has impacted the food industry in the long term categorically.