

# Beyond Borders

Realigning the Leeds City Region  
Economy Towards  
Export-Driven Growth



# Contents

Introduction	01	
	01	Methodology
Executive Summary	02	
	03	1   Opportunities in International Markets
2   The Types of Businesses That Export	04	
	05	3   A Profile of Leeds City Region Exporters
4   A Profile of Leeds City Region's Exporters	07	
	09	5   Barriers to New International Markets
6   Conclusion	13	
	14	Final Word – Mark Goldstone, head of business representation & policy at Leeds, York & North Yorkshire Chamber of Commerce.

## Foreword



The Leeds City Region has a powerful proposition, world class assets and great potential to compete at an international level. We have a large and highly skilled workforce, great national and international connectivity, competitive advantage in many sectors and great quality of life to name but a few.

Exports should therefore naturally be one of the Leeds City Region's strengths. However the city region and the UK in general lag behind the rest of the EU when it comes to exports. In fact, in order to align the amount of businesses engaged in export activity to other EU countries a further 150,000 businesses need to enter the export market nationally.

This latest survey provides a good insight into on what city region businesses think about exports, the reasons why some business don't consider exports as part of their business strategy. We will also look at how confidence to enter new markets is a barrier to growing exports and in fact, how lack of contacts and market intelligence are seen as greater barriers that the state of the global economy.

These are issues we need to address in order to help boost business determination and effectively address some of the biggest barriers to exports. To this extent supporting exports in the city region is one of the LEP's key priorities and we are already working closely with partners, businesses and relevant organisations to address the most common barriers to exporting and help businesses achieve their full potential.

- Neil McLean, Chair of the Leeds City Region LEP

# Introduction

The notion of an export-led recovery is regularly put forward as a remedy to the UK's economic challenges. Politicians, policy makers and business groups debate and strategise on what can be done to grow businesses' overseas sales as a means to counteract weak domestic demand and reduce the UK's trade deficit, which hit a record high in September of almost £10bn compared to £8.7bn the year previous.

However, whilst it is easy to point out the potential of selling to international markets, entering new geographic territories is not always so simple; the challenge is how you turn the rhetoric into a realistic opportunity for UK businesses.

In response to these challenges, this report, which is a partnership between the Chambers in the Leeds City Region and the Local Enterprise Partnership, considers what can be done to encourage more businesses to start exporting and support existing exporters in targeting new international markets. By understanding why certain businesses export and others do not, the report will provide valuable insight into how both policy makers and business groups can support existing and potential exporters in broadening their global horizons.

The ambition of this report is to:

- Develop a profile of both exporting and non-exporting businesses in the Leeds City Region and gain insight into the 'mindset' of both groups of business.
- Identify the international markets where Leeds City Region businesses currently sell to and perceive future opportunities to be.
- Understand the barriers to exporting and targeting new international markets.
- Present ideas into how to realign the Leeds City Region economy towards exports.

# Methodology.

Fieldwork for this report was conducted via email and telephone conducted as part of the Leeds City Region Chambers' Quarterly Economic Survey. There were 970 respondents of either business owner or senior manager status.

Businesses were surveyed by telephone and online questionnaires between the period of 30 August and 21 September.

In addition to the survey, twelve interviews were conducted with exporting and non-exporting businesses of different sizes and sectors.

Net balance figures, referred to throughout this report and represented in the graphs, are determined by subtracting the percentage of companies reporting decreases in a factor from the percentage of companies reporting increases.

## Business Size Classification

- 0- 10 employees - micro-businesses
- 11 - 50 employees - small business
- 51 - 250 employees - medium business
- 250 + employees - large business



# Executive Summary

## 1 | Opportunities in International Markets

For exporting businesses, international markets continue to present opportunities for growth with 41% reporting an increase in overseas sales during Q3 2011. The UK economy, however, paints a somewhat different picture, with just a third of businesses reporting an increase in sales.

Our research indicates businesses that have targeted overseas clients have to a certain degree been protected from the effects of the recession.

## 2 | The types of businesses that export

Manufacturers are more likely to export than service providers. Two thirds of manufacturers are involved in international markets in comparison to 24% of services. There is evidence that service providers wanting to export overseas are not being provided with the guidance / advice required to effectively take advantage of opportunities presented in international markets.

There is a clear correlation between the size of businesses and their capacity to export:

- Around half of large businesses trade internationally
- 41% of medium sized businesses
- 34% of small businesses
- One in five micro-businesses

## 3 | A Profile of Leeds City Region Exporters

The LCR's top trading partner is Europe with 72% of exporting businesses selling to 'Other EU' markets, followed by Germany (54%) and the France (51%).

Interestingly, business confidence is more robust in firms selling to Europe and the US than those selling to China and India. This is despite the economic turbulence in the former markets and rapid growth in the latter economies.

The UK market remains the focus for the

majority of exporting businesses with international sales accounting for 25% or less of their total turnover.

Our research indicates that there is ambition to export both products and services overseas. However, businesses - particularly service providers - are uncertain about how to establish contacts abroad.

## 4 | A profile of Leeds City Region's Non-Exporters

Our survey indicates that almost two-thirds of LCR businesses do not export as part of their business strategy.

Among the non-exporting companies, 85% report they have not considered exporting and of those 90% report they believe it is not appropriate for their product or service. This means that half of businesses in the Leeds City Region believe they have no export potential.

There is a belief amongst some businesses that increased international competition is a barrier to exporting.

Diversifying products or services to target international customers is also considered by some to be too significant an investment.

## 5 | Barriers to New International Markets

Current barriers for non exporters include a lack of contacts (43%), insufficient market information or intelligence (28%) and inadequate finance (33%). The unsuitability of exporting their product or service is also a key factor.

Research indicates the economy and risk exposure are less of a concern to non exporting businesses than practical barriers, i.e. contacts and market intelligence.

Amongst exporting businesses, a similar picture emerges whereby support with establishing international contacts, market information or intelligence and access to finance would encourage them to target new markets.

# 1 | Opportunities in International Markets

- 41% of Leeds City Region businesses reported an increase in overseas sales in Q3 2011
- 67% of exporting businesses report that their turnover is at the same level or higher than it was at the start of the recession compared to 53% of non-exporters

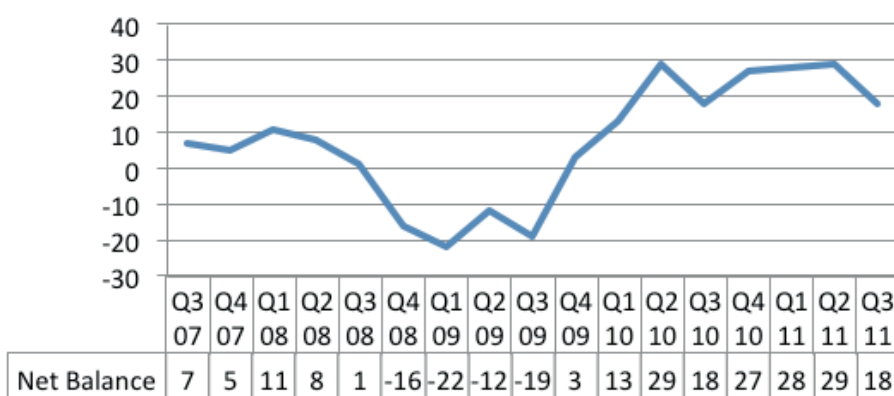
The Leeds City Region Quarterly Economic Survey (QES) shows that international markets continue to present opportunities for growth, as 41% of exporting businesses reported an increase in overseas sales during the third quarter of 2011. This compares to a third of businesses reporting an increase in UK sales, highlighting the contrast in opportunities between the domestic and international market place.

Like most other key indicators, export sales were hit during the recession and at its nadir the net balance fell to -22% in Q1 2009. However, post-2009, export sales have experienced steady growth and there is evidence that trading internationally has provided some protection from the effects of the recession. Research by the Leeds,

York and North Yorkshire Chamber shows that two-thirds of businesses that export have seen their turnover levels return to or surpass the level it was at the start of the recession in Q2 2008, compared to just over half of non-exporting businesses. This was also echoed by one of the businesses interviewed as part of this research, which said that despite establishing their business during the height of the recession, they have managed to achieve substantial growth by targeting international clients.

The opportunities in international markets have resulted in exporting businesses being more confident than their non-exporting counterparts, as well as being more likely to expand their workforce and having a better cash flow situation.

Export Sales



## 2 | The types of businesses that export

- 36% of businesses currently export
- Manufacturers are more likely to export than service providers
- 52% of large businesses export compared to 21% of micro-businesses

Amongst the businesses surveyed as part of this study, 36% currently sell to international markets and 64% trade exclusively within the UK.

Exporting is most common amongst manufacturers and there is a perception across a number of the interviewed businesses that it is more difficult to export a service compared to a tangible product.

Of the respondents to this survey, two-thirds of manufacturers are involved in the overseas markets compared to just 24% of services. One interviewee, an entrepreneur involved in several different businesses, is actively exploring the idea of exporting a product through one of his businesses and has sought the support of a UK-global

distributor. However, they claim to have no idea how to export the services of his other business; this is despite recognizing that there will be international demand for the service, particularly in the emerging markets of Eastern Europe.

Within the service sector, businesses in transport and distribution (60%) are most likely to trade internationally, followed by those in professional services (24%) and marketing/media (24%). Unsurprisingly, there is a clear correlation between the size of business and their likeliness to export. Around half of large businesses trade internationally, compared to 41% of medium sized businesses, 34% of small businesses and one in five micro-businesses.

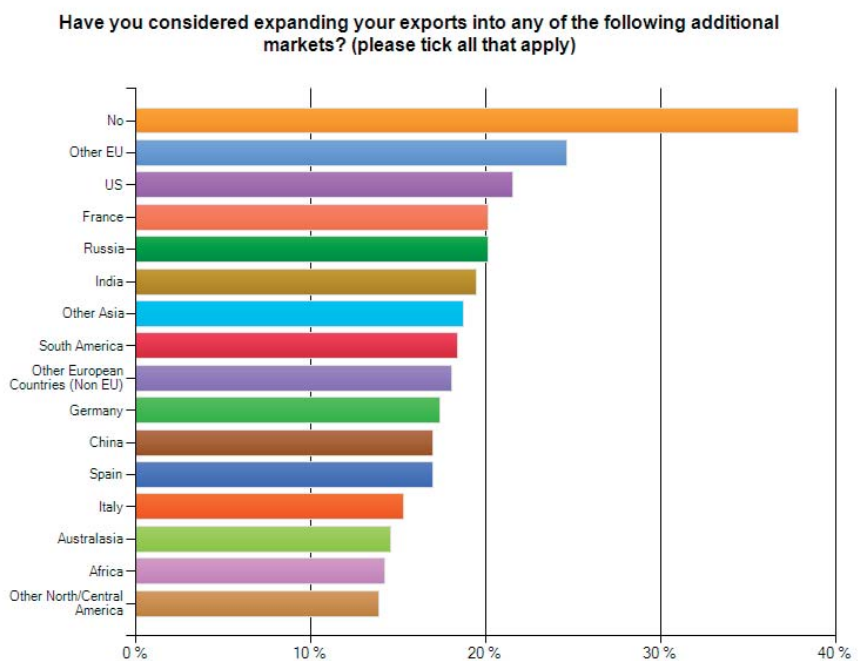


### 3 | A Profile of Leeds City Region Exporters

- Europe and the US are biggest export markets for Leeds City Region businesses and businesses that sell to these markets are the most confident
- Less than one third of businesses trade with China
- For 58% of exporting businesses, international sales accounts for 25% or less of their total turnover
- 62% of current exporters plan to expand into new international markets; 38% have no plans to target new countries

Exporting businesses were asked where in the world they currently export to and the majority of respondents sell to multiple international markets. Europe is the city region’s main trading partner, with 72% of exporting businesses selling to ‘Other EU’ markets, 54% selling to Germany and 51% to France. Around half of respondents sell to the USA. Fewer businesses export to the emerging markets: 30% of exporters trade with China; 34% with India; 22% with South America; and 20% with Russia. Penetration of emerging markets is more frequent amongst the larger sized businesses. For example almost 60% of large exporting businesses sell to China compared to 28% of small exporting businesses and 11% of micro exporting businesses.

Confidence is strongest amongst businesses that export to Europe and US, despite the documented economic problems in both of these markets. Confidence is noticeably weaker amongst businesses that trade with China and India, despite the rapid growth rates of both nations’ economies. Interestingly, 63% of businesses that export to Italy and 62% of businesses that export to Spain, two of the worst hit nations in the eurozone, forecast an increase in turnover compared to just 53% of businesses that export to China and 54% to India.



For the majority of exporting businesses, international sales account for 25% or less of their total turnover, suggesting that the UK market remains the focus for the majority of businesses. Amongst businesses that target emerging markets, such as China, South America and Asia, exports are more likely to account for a larger proportion of sales.

There is an ambition amongst existing exporters to continue to expand into new international markets, as 62% said that they have considered targeting new countries or regions. Conversely, this means that 38% of businesses are satisfied with their current markets and have no ambition to expand. There is a fairly even spread in terms of which markets exporters consider targeting

and, for all the rhetoric surrounding the opportunities in the emerging markets, fewer business plan to expand into markets such as China (17%), South America (18%) and India (19%), than Other EU (25%) and the US (22%). This is despite the fact that a minority of businesses currently trade with the emerging markets compared to Europe and the United States.

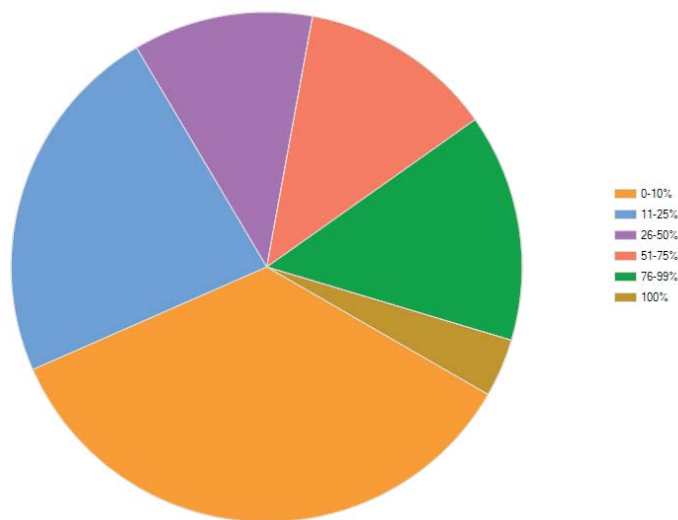
Some exporters still identify opportunities in Europe despite the debt crisis and there is a belief that having a competitive product or service can help businesses target otherwise struggling markets. One non-exporting media business would like to export to France and the other large European countries, whilst an exporting micro-business in the renewable sector said that they would start to look at Spain and Italy in the New Year and didn't see the economic issues in these countries as a barrier:

*"We would be alright going into [these markets] anyway. It is the product that we sell that makes the difference."*

The interviews suggest that some businesses would sell to emerging markets, but only if established contacts provided an opportunity in those markets. One interviewee in the service sector hopes that working internationally will lead to more contacts and new international opportunities:

*"We will [expand into new markets] when the opportunity arises because working internationally means that you start to make more links. I wouldn't say that we are strategically aiming to broaden our operations into new markets. We are not suddenly going to go into China or India, but if we have an established contact that has liked working with us and presents an opportunity in a relevant sector then we would go for that."*

What proportion of your total sales are from overseas?



Changes to the global economy are resulting in some UK businesses broadening their operations further east. One micro-business in the service sector has existing clients in Europe, but from their 'understanding of the market and economy it makes more sense to try and pick up clients in the Far East, particularly Hong Kong'. Another interviewee, who currently sells to Europe and Africa with a significant proportion of their revenue coming from Government defence budgets, said:

*"The global problems haven't affected our strategy. India, the Middle East and South East Asia are expanding their defence budgets. The emerging markets are a key customer for us"*.

Other businesses adopt a far more reactive approach to exporting. One small manufacturer has exported in the past, but they simply rely on enquiries through their website or the use of an agent in Europe to pick up new international orders.

## 4 | A profile of Leeds City Region's Non-Exporters

- 49% of Leeds City Region businesses believe that they have no export potential.
- 35% of manufacturers do not export and 75% of those say that they have not considered selling internationally
- 76% of service sector businesses do not export and 87% of those say that they have not considered selling internationally

The majority of businesses do not export as part of their business strategy. Among the respondents to this survey, the figure is 64%, although other Leeds City Region data suggests that this may be as high as 90%. Overall though, it is clear that the majority of businesses focus exclusively on achieving sales in the domestic market.

It is also clear from the survey that breaking into international markets is not a priority for non-exporters, as 85% say that they have not considered exporting and of those, 90% say that nothing would make them reconsider as they believe it is not appropriate for their product or service. This would suggest that around half of businesses in the Leeds City Region believe that they have no export potential. This reluctance to start exporting is also reflected in a recent report by the Leeds, York and North Yorkshire Chamber on business strategies where only 4% of non-exporters said that they plan to break into international markets in the next 12 months as a tactic to achieve growth.

There is a small pocket of manufacturers that believe exporting is not right for their business. Of the 35% currently not trading internationally, 75% say that they have not considered exporting and 83% of those say that nothing would make them reconsider as it is not right for their product or service. One manufacturer that was interviewed said that the niche nature of his product made it difficult for him to export and that targeting international markets would be too much of an investment for potentially little return.

For some businesses, there is a belief that exporting is simply not 'what their business is' and diversifying their product or service to target international customers would be too significant an investment. Without a distinctive product or service, the prospect of increased international competition is also a barrier, as is the case for one service sector interviewee:

*"We don't plan to diversify our product in order to target international markets. You have to be set up to do that and I don't foresee a worthwhile return on investment. There are people out there doing it already and you can buy computer hardware anywhere."*

The same business had once been commissioned by a European Government to write a bespoke software package for them. However, they did not consider this to be exporting and have no plans to repeat this with other international organisations. One of their main barriers to exporting is the differences in international legal systems. The company predominantly writes accountancy software tailored to the UK market and creating software for international markets would have to comply with each country's specific legislation. Varying legal systems across different international markets can be an obstacle for professional services businesses. One chartered surveyor that was interviewed said:

*"Our product is a professional service and the issue with going global is that we*

*would have to change our skills set quite drastically. There are many surveyors that operate in the international markets and we do operate in Scotland where the law is different, but it would be a major step change for the company to export... If you don't know the differences in law you can make very big mistakes. You have to know the right questions to ask in international markets, let alone the answers. I can't risk giving bad advice to a client and getting sued"*

Language differences can prove a similar barrier, as one interviewee said:

*"Anyone can order a beer in Beijing, but writing a report in technical detail will be difficult".*

Training staff to have knowledge of international markets can be a significant investment for businesses. One professional services interviewee said that they would like to start exporting, but at the moment their market is restricted to the UK as you have to 'know the market and about the country before you can start practicing there'. In particular, they felt that the emerging markets were too different from the UK. However, whilst they recognised that certain services that they provided were currently restricted to the UK, some aspects of their business transcended international boundaries and could be practiced in any country without being subject to the different legislation.



# 5 | Barriers to New International Markets

- Just 1% of non-exporters are about to start exporting soon
- Lack of international contacts is the biggest barrier to exporting
- The international economy and risk exposure are less of a barrier to exporting than the practical elements such as contacts, market intelligence and finance

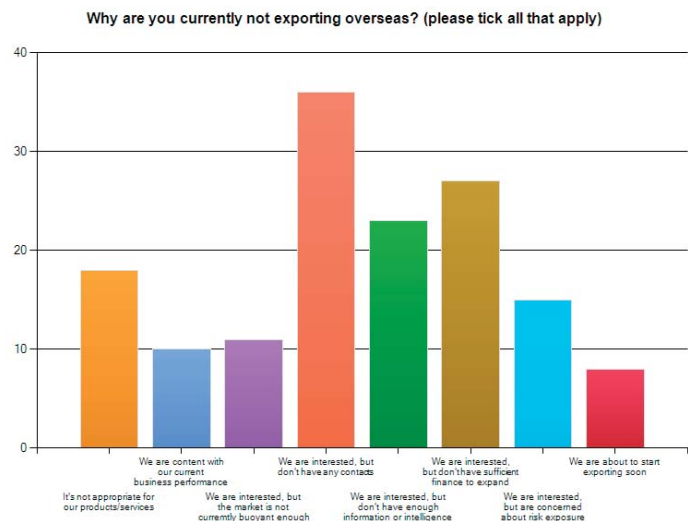
Of the non-exporters, a minority (15%) say that they have considered exporting. However, the main reasons that they are not currently doing so are: a lack of contacts (43%); not having enough market information or intelligence (28%); and insufficient finance (33%).

One in four of these businesses said that they have not pursued exporting as it is not appropriate for their product or service and just one in ten of these businesses said that they are about to start exporting soon, which is very small minority of the overall sample size and demonstrates the lack of progress in re-orientating the economy towards exports.

Interestingly, the economy and risk exposure are less of a concern to these businesses than the practical barriers to exporting, i.e contacts and market intelligence; and as stated earlier in the report, businesses still plan to target struggling markets in the belief that there is demand for their particular product. Natural disasters had, however, prevented one interviewee from pursuing their export plans:

*“Our exporting plans are on hold. We were going to go into East Africa, but with the all the droughts and everything that is going on there we will have to wait until next year”*

There was a similar pattern that emerged when both existing exporters and non-exporters were asked what would encourage them to expand into new



markets. Of the exporting businesses, 48% said help making contacts; 43% said market information and intelligence; and 21% said access to finance. Of the non-exporting businesses who would consider selling internationally, 47% said assistance making contacts, 30% said help with market intelligence and 35% said access to finance.

A higher proportion of exporters than non-exporters said that they would need greater confidence in the global markets before they would target new markets, which could be based on their individual experience of the international marketplace.

The importance of making international contacts was highlighted throughout the interviews. Of the exporting businesses, the majority had entered international markets through existing contacts rather than adopting a 'cold' approach and identifying a market first and subsequently attempting to make contacts. There was a similar trend with the non-exporting businesses that were considering international trade as

most were only considering entering new markets where they had existing contacts on either a professional or personal level.

One service sector business started exporting as one of their clients expanded into Europe, whilst another had a contact who worked for an international organisation and through them they started to export:

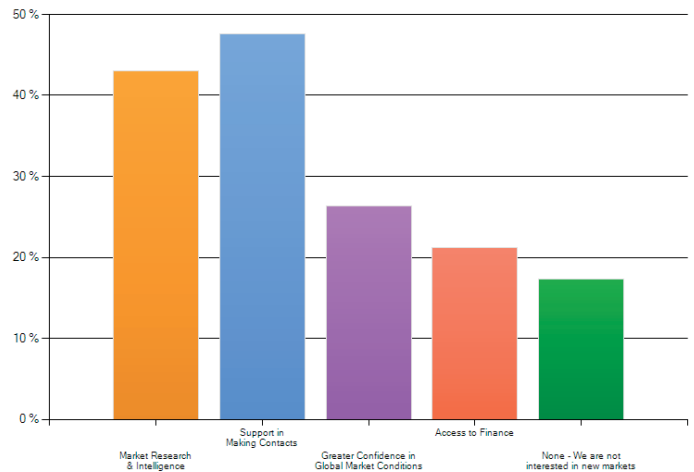
*“We got into exporting as we had a design contact in Europe. Our industry is built on who you know and our work is down to referrals. We got a toe in the door with the guy that we know and his boss picked us up and referred us to Europe. Now we work with seven or eight channels within this company across Europe and the US.”*

Having contacts in international markets can provide a route into international trade for non-exporters. One professional services business is currently looking at New Zealand as a potential market purely because he has contacts out there and could stay with them during a fact finding mission and potentially use their office if they did move into the market.

Partnering with organisations that have a global footprint is one method being adopted by businesses to overcome a lack of contacts. One non-exporting interviewee in the service sector said that they would partner up with a client that is a ‘bigger player’ to break the South American market, whilst an established exporter whose international growth had been both proactive and reactive, said that their ‘core strategy is to work with UK companies whose primary market is export. We will work with UK companies, but the end user is international.’

UKTI can help businesses break into markets where they have no existing contacts. One exporting business that works in Europe and the US is embarking on a trade mission to Hong Kong, where

What type of business support and/or advice would help you expand into new overseas markets? (Existing Exporters)



UKTI will guarantee three meetings with businesses in relevant sectors.

*“With UKTI, it might be the best £5k that we ever spend, but if it doesn’t work it doesn’t matter and we will probably learn from it. We know what our proposition is, but it takes a long time to get meetings with the right people. The idea of a trade mission where meetings are set up for you is an attractive proposition. You could otherwise spend £50k flying back and forth.”*

Another business had used UKTI’s Overseas Market Introduction Service (OMIS) in order to break into new markets.

*“OMIS do a lot of research for us. We get fantastic information back from them. It gives us a breakdown of our competition, the types of people we should be targeting. It provides pretty much every type of business information that you need. We then go out to the country and meet the companies. Once we are there OMIS continue to help us.”*

Not all international growth comes from businesses taking a proactive approach to expand into new territories. For some businesses, international sales will be reactive and a 2009 British Chambers of Commerce survey on UK exporters suggested that as many as 58% started trading overseas after being approached

by a customer. Three of the established exporters that were interviewed entered a new market after a customer contacted them.

*“We then did a bit of work with the Philippines with a business that had seen our work through a book that we produced. Someone had shown it to him and he wanted us to work for a similar manufacturer. We didn’t know the guy. He approached us.”*

The internet plays a crucial role in attracting international customers. One service sector business is currently having a new website developed and when it is completed it will be a key part of their international marketing strategy as customers will be able order the products directly through the site and then the company will arrange for them to be delivered and installed. The roll-out of superfast broadband is also seen as a key to helping businesses trade internationally, particularly within the creative and digital sectors where work can depend on downloading and uploading large file sizes.

Knowing where demand is for particular products or services is another barrier for businesses when targeting new markets. The level of risk involved in exporting means that businesses want to be certain that there is demand for their product or service in a particular market and access to market information is seen as crucial. Some non-exporters recognise that there are opportunities in building upon existing work in the UK on an international level. For example, one service sector business plans to replicate the work that they did for the London 2012 Olympics in Brazil 2016. A manufacturer that is part of the supply chain for the construction of the Shard in London recognises that there might be opportunities to raise their profile on the back of this work.

However, identifying demand without having established contacts can still prove problematic. One interviewee recognised

that the nature of their service meant that there would be opportunities in China. However, they have no idea how to target the Chinese market and would be restricted to waiting for someone to approach them. For this business, having access to an international introduction service would be desirable.

Insufficient finance is also cited as a barrier to exporting. Adopting a reactive approach to exporting could require very little investment or resources other than fulfilling the order itself. However, adopting a more proactive approach could require additional finance. Issues regarding accessing finance from banks were raised by several interviewees. For example, the services agency that plans to target Brazil said that in order to export successfully they would need to set up an office in that country, which would require some capital investment in terms of people and equipment. However, they have been unable to access finance from high street banks, despite trading with no debt.

*“Trying to convince the UK lending banks is really quite tiresome. I need to act quickly to take the opportunity, but they are making it impossible for people to grow their business. I’m looking at a Yorkshire Fund, but as an SME you’re not always up to speed on what is available”.*

There is an inclination amongst businesses to achieve international growth ‘organically’ rather than investing large sums of finance. One interviewee in the professional industry said:

*“I would grow organically. Investing £50k on a long-shot is not something I would want to do...I certainly wouldn’t go to the bank for a loan and I’m not giving away any equity”*

Organic growth, however, can result in slower growth. In the services sector, output is determined by the number of staff and unless a business takes on new staff, expansion can be limited. For example, one

interviewee in the service industry, said:

*“There is only seven of us full time. We don’t make widgets – we actually design the work and do it. So there is a limited amount of resources that we can invest into one project.”*

Another interviewee said that they won’t seek external finance, although this created difficulties when managing the relationship between taking on new contracts and recruiting additional employees:

*“We won’t go for external finance. There is a consistent issue with fixed costs. You have to balance between not enough work and too much. You have to make the decision as to whether you hire someone and find the work or find the work and hire someone later, which means 2am finishes for existing staff. We could have gone out earlier and got more work and grown, but that would have put pressure on the business in terms of maintaining quality and finding people.”*



## 6 | Conclusion

International markets continue to offer opportunities for growth. Exporters are more confident than their non-exporting counterparts and selling internationally appears to have offered some protection from the recession. Despite the clear benefits of exporting, only a tiny minority of non-exporters are making the transition to trading internationally. For the majority of current non-exporters, selling internationally is not a priority and for almost half of all businesses in the Leeds City Region it is perceived to be completely inappropriate for their product or service.

Not every business in the UK has potential to export. A business's size or their product/service might mean that international trade is not a feasible growth strategy and it is more appropriate for them to focus on growing their sales in the UK market. For other businesses, trading internationally may require significant investment with an uncertain initial return

Leeds City Region businesses export across the world with Europe and the US being the largest export markets. Fewer businesses sell to the emerging BRIC economies and the research does not indicate that this

trading pattern will dramatically change in the near future, nor is the eurozone crisis resulting in noticeable shift towards the emerging markets. On the contrary, businesses that trade with Spain and Italy are more confident than those that trade with China and South America.

Amongst the majority of exporters, overseas sales account for less than 25% of their total turnover, indicating a reliance on the UK market for growth, although amongst almost two-thirds of businesses there is an ambition to grow exports by targeting new markets.

Already having established contacts or knowledge of a specific opportunity appears to be the main reason why exporters started trading internationally; conversely insufficient international connections is the biggest barrier to exporting for non-exporters, followed by access to finance and market intelligence. The global economic downturn and risk is less of a barrier, suggesting that if businesses are assisted in overcoming operational barriers, exporting could help drive growth in the Leeds City Region.



## 7 | Final Word – Mark Goldstone, head of business representation & policy at Leeds, York & North Yorkshire Chamber of Commerce.

It is clear from this research that there are simply not enough businesses in the Leeds City Region selling to overseas markets, despite the fact that overseas sales are stronger than that of the domestic market. What is also clear is that there is no simple solution to turn non-exporters into exporters, as the overwhelming assumption is that exporting is simply not appropriate for their product or service. Whilst this will be the case for a few businesses, a more accurate answer would be that exporting is not appropriate for their product or service in its current state. Diversifying their existing product/service or recruiting/training new skills could help many more businesses realise their export potential; however, this could potentially require substantial investment. For example, having the skills set to work in a foreign legal system could require taking on additional member(s) of staff or retraining existing employees. Access to finance still remains a barrier and most exporters and potential exporters plan to achieve international growth organically.

Businesses that do not have a competitive or innovative product may struggle to export as the competition will increase dramatically on a global stage. Similarly, businesses that have a particularly niche product may also struggle, as the international market is simply too vast and would require too much investment to market their product.

Not knowing where there is demand for a particular product or service is acting as barrier to pro-active exporting and businesses are reacting to overseas opportunities rather than researching and actively seeking out demand. There is a role

for business support organisations to play in terms of 'match-making' individual sectors or businesses to markets where there is recognised demand for their particular offering. Pro-actively raising awareness of international opportunities to non-exporters may help overcome the notion amongst the majority of businesses that exporting is inappropriate for their product or service.

This of course may take investment and businesses need advice on appropriate financing channels. Encouraging businesses to utilise their website as a tool to attract international customers should be a priority, as a good website and online marketing strategy could potentially open a business up the global market place.

Operational barriers, such as legislation and language differences, are an issue for potential and existing exporters; however, it is strategic barriers that predominantly prevent businesses targeting new markets. The challenge for businesses is knowing where to start and identifying markets where there is demand, as well as identifying contacts. It is clear from the interviews that few businesses ever target a particular market 'cold', unless perhaps they are established exporters with support of UKTI. Most businesses targeted markets (or plan to target new markets) by using an established contact in that country and businesses without international connections appear less likely to export.

Establishing an international network of contacts is crucial in encouraging more businesses to export. Individual businesses should identify routes into global markets via professional and personal international contacts, university alumni and international

suppliers or seek support from business support organisations, such as UKTI Trade Missions. There is an opportunity for support organisations, such as Local Enterprise Partnerships and Chambers of Commerce, to develop an international network of contacts through other international Chambers, twin cities and the European Union that can be accessed by local business.

It is encouraging that despite the difficulties in the eurozone, businesses that sell to the continent still identify opportunities and are confident about the future. Whilst it is important that more is done to encourage businesses to export to emerging markets, the opportunities for growth within the eurozone should not be underestimated and it is still a key trading partner for the Leeds City Region and UK. It is also clear that there is significant potential for Leeds City Region businesses to expand into

emerging markets to grow exports.

With only a small minority of non-exporters making the transition into exporting it is clear that there is a long way to go in making the transition to an export-led economy. There is potential for many more businesses to start exporting and in particular, more must be done to encourage service businesses and SMEs, who may not consider themselves to be natural exporters, to target international markets.

There is a challenge ahead in changing the dominant mindset amongst non-exporters that it is not right for their business and it is clear that if Government and the business support fraternity want more businesses to export, then they will have to play a far more active role in driving it.





Hayley Johnon  
Leeds, York & North Yorkshire Chamber  
of Commerce  
0113 247 0000