

The purpose of this report is to investigate the exporting potential of a New Zealand business. The chosen business is Puma Darts who specialise in exporting darts, dart boards and other accessories worldwide. This report will investigate and evaluate **the potential of Puma Darts exporting to Russia**. Russia was the country of choice to research as darts is widely played in Russia and Puma Darts know there is definitely a potential market over there. **In order to gather all required information, a range of sources will be used, including interviews with Mr PE, Puma Darts' sales and marketing manager, and Ms AW the branch manager of Mainfreight Tauranga. I will also use internet sources and class notes and send some questions to the Honorary Consul in Russia.** ①

History of Puma Darts omitted from this exemplar.

Competitors

[Only extracts of this section exemplified here]

The main market that demands high quality darts and darts accessories/products is recreational and professional dart players located in Australia and many Asian countries ... Puma Darts still has a large amount of competition from other businesses and this needs to be considered when deciding whether or not they should begin exporting into Russia. Within NZ there are no dart manufacturing companies that compare to the size and scale of Puma Darts so they can feel safe knowing they are one of the only companies providing these products in NZ. In other words Puma Darts currently has an almost 100% market share in NZ. However in other countries this is not the case ... The UK is currently home to a multitude of darting companies including ... Like Puma Darts these companies all claim to be top dart manufacturers and they all provide very similar products to Puma Darts whose main advantage is its location. With the majority of its customers located in Australia and Asia, Puma Darts is located fairly close. This provides advantages when it comes to shipping times and prices, accessibility to the countries for face-to-face trading if required and other opportunities that Puma Darts can capitalise on. **Location also works in favour of the UK competitor companies in terms of them being located close to the large European market. Puma Darts is at a disadvantage if they were to begin exporting to Russia as their UK competitors will be closer and therefore be able to provide cheaper and faster shipping. If Puma Darts begins to export to Russia and is it successful they are likely to be followed by the UK companies and they will more than likely lose customers and therefore their market share in Russia as the UK competitors are able to provide similar quality products more cheaply, and they will be delivered faster.** While Puma Darts faces great competition currently and in the future they can set themselves apart by being 100% family owned and operated and located in a small semi-rural New Zealand town. This allows their customers to have confidence in the fact that Puma Darts ... ②

Cultural intelligence

Cultural intelligence is a person or firm's capacity to function effectively in situations characterised by cultural diversity [source cited]. In this context, cultural intelligence refers to the ability of Puma Darts to carry out business in Russia which is a cultural setting not normally encountered. Puma's executives will need knowledge of the cultural practices and interactions that will allow them to effectively conduct business with Russian companies. Cultural intelligence is an important factor for Puma Darts to consider when exporting to foreign countries such as Russia if they wish to be successful. To do this they will need to conduct market research in order to fully understand this potential market. Puma Darts has an advantage in this area as they are already successfully exporting to Australia (which has a culture similar to NZ) and to Asian countries such as China who have a very different culture. They have experience in setting up exports in diverse countries and this will help them with setting up in Russia should they choose to do so. ③

Russia is a country with an extremely different culture than that of the majority of Puma Darts' current export markets. They will need to ensure they do extensive research into Russia to find out acceptable social practices, cultural norms, the local language, time zone differences (there are nine time zones in the country) and the political context to ensure profits of exporting there will cover the added expense of doing so. Through my research I learned that discussions with Russian business officials can be very slow and detailed. They are often hard bargainers who view compromise as a weakness. It is recommended that all promotional materials are printed in Russian and in English. Some firms that already export to Russia found it useful to reduce the market into distinct geographical areas: for example, Central Russia, Siberia, North West Russia etc. This is because there are nine time zones and each region has varying levels of development and different economic and social factors. ②

Legislation

[Only extracts of this section exemplified here]

Despite this lenience in New Zealand law for Puma Darts there are many laws that they will need to consider and abide by should they chose to begin exporting to Russia. Russia is currently ruled by President Vladimir Putin and currently operates as a democracy, much like the USA. Despite this however, the President has executive rights and operates much like a dictatorship. This causes political unrest in Russia. This must be considered as a negative of exporting there as there are strict rules and regulations that Puma would need to follow. It is necessary to get a licence to import products such as pesticides, weapons, self-fence items, explosives, precious metals etc into Russia. Puma Darts will therefore not need a licence but must still comply with customs regulations and incur tariffs. The process for importing goods to Russia is as follows ... The import documentation required by Russian law comprises ... Russian legislation is very different to that of New Zealand legislation and if Puma Darts chooses to begin exporting to Russia they will need to follow these laws carefully to avoid legal action by Russian authorities. The exporting/importing process in Russia can be confusing if not researched thoroughly and has the potential to incur hassles in the future if not followed meticulously by both Puma Darts and their customers. To ensure there is trust between both parties Puma Darts will need to focus on improving brand awareness so potential customers know they are a trustworthy company. Puma Darts will also have to place a fair amount of trust on their customers to uphold and follow Russian legislation which adds risks to the transactions taking place in Russia. These are all things Puma Darts will need to consider to determine whether Russia is a suitable country to export to. 2

Transport and distribution

The company Puma Darts uses for most of their shipping is Mainfreight Ltd who specialise in transporting goods between over 200 countries. For each order Puma Darts needs to determine the best way to transport, by air or by ship. Air freight is significantly more expensive ... When exporting by ship 20 foot containers can hold approximately 2500 dart boards before exceeding the weight limitation ... If Puma Darts were to export to Russia there are many domestic and international airports and ports that Mainfreight already deliver to. Domodedovo International Airport is the largest and busiest airport so Puma Darts would presumably air freight to there, and to the largest port, Port of Petersburg. It takes over 20 hours to fly to Russia and up to three weeks to ship, however darts and darts accessories are not perishable or prone to damage en-route. It would be possible for Puma Darts to get their products into Russia in an efficient and timely manner however complications could arise once products arrive in Russia due to stricter customs regulations. 2

Finance and exchange rates excluded from this exemplar. 3

Conclusion

Puma Darts are a successful exporting business as proven by them already exporting to over 100 countries. They have been exporting for over 40 years and have grown into a very profitable and successful exporter of top quality darting products. They have formed strong relationships and contacts with their current customers who trust them, and they have developed a positive reputation with their exporting partners.

Based on my research there is definitely potential for Puma Darts to begin exporting to Russia however the risks of doing so outweigh the economic benefit. I believe that Puma Darts would not benefit from exporting to Russia. Firstly, while there is demand for the products they provide their competition located in Europe have a definite advantage in terms of location and therefore price. Russian customers are likely to choose the competitors over Puma Darts because they will be able to receive products of the same quality for less cost. Secondly, Russia does not have the best reputation when it comes to trading with foreign countries in terms of exporters receiving payment. Because of the political unrest that is currently active in Russia it would be a difficult market to infiltrate and sell to effectively to ensure profit is made. On top of this, NZ businesses currently have no strong relationships with Russia so Puma Darts would have to infiltrate this market alone. 4

While extra work should not deter them from exporting to Russia the fact that the extra work will not be recognised with higher profits shows they should be focussing their efforts elsewhere. Finally, because the culture of Russia is so different to that of countries they currently export to, they will need to be exceptionally careful not to offend any of their customers which would create a bad reputation for them in Russia.

Overall I believe it would not be a wise business decision for Puma Darts to begin exporting to Russia and they should focus their efforts on either another new country or increasing sales in countries they already export to.

The student has included in appendices their email correspondence with the branch manager of the Mainfreight office closest to Puma, NZTE and NZ'S Honorary Consul in Vladivostok, Russia. 1