



GOING GLOBAL **EXPORTING TO THE US**

A guide for clients



Capital
Washington DC



GDP
18 trillion
USD



Currency
US Dollar



GDP per capita
51,638
USD



Population
326,086,185



Unemployment
4.5%



WHY EXPORT TO THE US?

The United States is the largest consumer market globally, with a GDP of almost \$19 trillion and a population of 325 million. As one of the world's largest, most international and diversified economies, accounting for almost 13 per cent of global trade and 17 per cent of global manufacturing, the USA is set to continue being a key global player.

Ireland enjoys a unique advantage in trading with the US because of our deep historical links. Relations between the two governments are exceptional; and cooperation at an institutional level is excellent including in areas such as research, innovation and education.

The US is Ireland's 2nd largest export market, with over 700 Irish companies operating across North America. There are numerous reasons for this;

Capital

The US ranks first in the Venture Capital & Private Equity Country Attractiveness Index meaning there is a large range of funding resources available. These resources include banks, venture capitalists, investment firms and angel investors. US private equity firms invested more than \$486 billion in US based companies in 2014 and it is estimated that \$58.8 billion was invested by VC's in 2015. This access to such large volumes of capital gives companies operating in the US a unique advantage. However VC investment is highly concentrated. The top 10 US metro areas account for over 77% of all venture capital investment across the US, while roughly 39% of all VC investment occurs in the San Francisco Bay area.

Economy

The US is the largest economy in the world in terms of nominal GDP, making up approximately 24.5% of gross world product. Consumer spending contributes almost 70% of US GDP, while industry contributes 22%. Just over half (56%) of Americans are considered "high income" by the global standard set by the World Bank. The total value of imports to the US was worth approximately \$2.3 trillion in 2015.

R&D

The US is a global leader in research and development (R&D) and has a culture that is open to innovation and new ideas. It accounts for well over a quarter of the world's R&D spending across multiple industries, as well as almost 3% of US GDP. The National Science Foundation estimates that US R&D funding reached \$499 billion in 2015. Research institutions play an important role in entrepreneurship across a broad range of other sectors with a total of \$67.2 billion spent by Universities on R&D in 2015.

There are an **increasing number of direct flights to the US from Ireland.**



Aer Lingus flies to over 10 US cities from Dublin airport. Along with this, **US immigration pre-clearance in Dublin** increases accessibility to the US from Ireland.

Size

As the third-largest country in the world by size and population, the United States consumes a huge range of goods and services and in enormous volumes. To put its size into perspective, if California was its own nation, it would rank 6th in the world in terms of GDP. Texas would be the 12th largest economy in the world. New York, with a GDP in 2015 of \$1.45 trillion, produced nearly the same amount of economic output as Canada in the same year.

Ease of doing business

The US holds the top spot in the 2017 A.T. Kearney Foreign Direct Investment Confidence Index®, and of the countries with populations over 10 million, the USA consistently ranks first for competitiveness and ease of doing business. Its large market and business-friendly environment are appealing to foreign companies, even with the uncertainty associated with President Trump's policy proposals. In 2015, imports to the US were worth more than \$2 trillion.

MARKET CHARACTERISTICS

Size

The US has 50 states, 4 time zones and takes 5 hours to cross by plane. To put it into context, Ireland would fit into the US 130 times over. There are also cultural differences between the north, south, as well as the east and west coasts. For this reason, it's important not to treat the US as one market.

It is crucial that you first identify the type of customer you hope to sell to, find the areas where they are most densely clustered, and how those customers like to buy their products.

In relation to time zones, working on a project in San Francisco or Seattle from Ireland may be difficult. Having an office in New York, or another city on the East Coast, could act as a mediator between Irish time and the rest of the US.

Along with this, the US not a national single market, it's a federal system, each state must be treated as its own entity with separate procedures, regulations and tax levels.

As well as geographical size, the US like to think big in numbers. Demonstrate big sales and big projections!

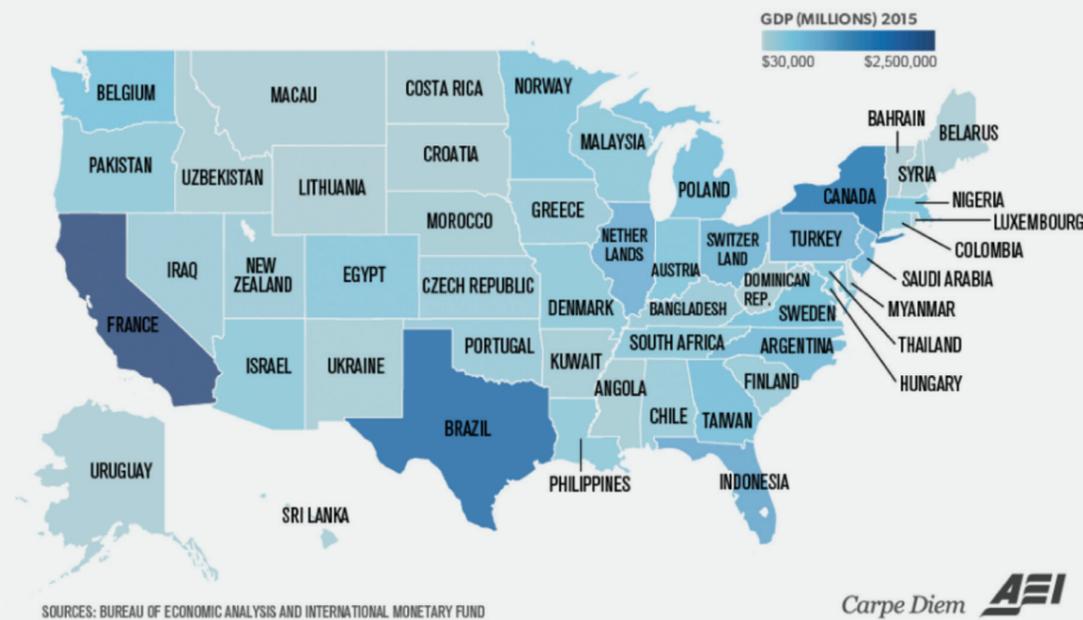
Network Build

Creating a network in a target market is the most effective way to start building out the extent of your knowledge, in addition to creating the relationships that will build a sales pipeline. In the immediate term, the best way to start that process is to ask your existing Irish network (who have US market experience & contacts) to connect you to their relevant US contacts. In highly competitive markets, like the US, the most effective way to connect to senior executives is to be recommended to them by someone they trust. Network referrals are a critical element.

Attending networking functions is also highly important. There are many professional organisations and associations which can help you to meet others in your field. Try searching 'Eventbrite' when in the US for relevant networking events and information sessions.

LinkedIn should be used to promote both you as an individual, and your brand. There are over 128 million LinkedIn users in the US and it is the third most commonly used social network for business owners. With 62% of business owners reporting that they use the platform, it can be used for recruiting top talent, promoting product launches and generating leads.

US States Renamed for Countries with Similar GDPs, 2015



ENTERPRISE IRELAND CLIENTS PERFORMANCE IN THE USA

Irish companies employ an estimated **80,000** Americans across the US



61

New Presences by Irish companies in the US 2016



700

Irish companies operating in 50 states



2nd

Largest export market



2nd

Largest exporter of software globally



Leading Irish companies - **Sysnet, Oldcastle, Kerry, Smurfit Kappa, Glanbia**



Results matter

US buyers and corporate customers are driven by results. Therefore, when approaching the US market, it's critical to focus clearly on defining and messaging your core value proposition. What is it that clearly differentiates your company from the expanse of local competition that will engage and attract the interest of potential customers? It's also important to sell yourself, and your own successful track record of achievements. US buyers invest as much interest in the successful track record of the company's founding team as they do in the product or service that has been developed.

Business cards are slightly narrower and shorter than in Europe. **Ensure your business cards are printed to US dimensions**, otherwise they won't fit in your US contacts wallet!



Pay it forward

The US business landscape has a 'pay it forward' mentality. There is a thinking that generosity is the key to success. In 2015, corporate giving reached \$18.46 billion. However the pay it forward mentality is not limited to money, it can also be seen in the form of time or resources. For example the shoe brand Toms, a company worth almost \$400 million, uses a 'One for One' model. Every pair of shoes purchased helps a person in need. This sort of model is very much appreciated in the US.

Customer Service

Americans place huge importance on customer service. In fact, 7 in 10 Americans are willing to spend more with companies they believe provide excellent customer service. Setting up a toll-free customer service number is an indispensable business asset in the US market. The easier you make it for your customers to reach you, the more likely they are to remain a customer.

Be local

If you are not there, then you are not there! There really is no substitute for having a physical presence in a key target market, whether that be the US or any market for that matter, to better immerse yourself in the networks and dynamics of that market.

The other aspect is adapting to the cultural nuances. Be clear and concise when presenting to US buyers. You must have an 'elevator pitch' ready at the drop of a hat and you should have a company slidedeck on hand that is short and to the point.

Finally, when you do win a local client, ensure they are pleased with your service and then shout about it. Use them as your local case study, it will help US buyers believe in your brand.

Corporate Structures

Typically establishing a US subsidiary makes sense for both tax and liability reasons, particularly if you will be employing local staff or plan on raising US sources of capital. Establish appropriate arm's-length arrangements between the Irish parent and US subsidiary to separate taxable income. This is particularly important as US corporate tax rates (federal and state), totalling about 40 percent, are typically three times the level in Ireland.

- 1. Intellectual Property** - Address US trademark issues defensively (confirming that no one else has prior registered or unregistered rights in respect of name and key brands); and offensively (by filing a US trademark application). Patent issues may need to be addressed depending on the business.
- 2. Contractual Terms and Conditions** - These must be converted to the laws of a US state, for legal and commercial reasons.
- 3. Employment** - Get professional employment advice locally. Most US employees do not have employment contracts but employers are bound by offer-letter terms, employee manuals and other undertakings. Also, ensure confidentiality and IP assignment agreements with all employees are established.

Tax Structuring and Compliance

Have appropriate compliance procedures in place to address federal and state corporate income tax, as well as other potentially relevant tax regimes (sales tax, personal property tax, etc.), particularly at the state and local level.

Before you go...

Before you head to the US, it's important to assess the following;

The Market Landscape - What is the size of your target market? Is it dominated by a few strong players or fragmented with many small competitors?

Market Trends - What are the current market trends for the sectors you will be targeting? If there is an obvious gap in the market, find out why: it may exist for a reason.

Target Market - How does your target market make buying decisions? Who are the relevant decision-makers - what are their job title and responsibilities?

Market Segmentation - Who are your most probable customers, where they are located, how and what else do they currently buy, who are their influencers and what 'need' are you fulfilling?

Market Competition - Who are your rivals in the market and how do their offerings compare and differ from yours? Due to the size of the US market, many Irish companies often discover competitors they never knew they had.

Market Research Resources - Being abreast of local market trends, especially in your sector, will help enormously when it comes to building your knowledge about the US market.

Helping you succeed in the US

Enterprise Ireland assists clients entering new markets with

Pre Visit Support

- Sector overview
- Validation of the opportunity for your product or service
- Evaluation of your market entry strategy
- Suggested channels to market
- Competitor analysis
- Relevant contacts/suggested itinerary

In Market Support

- Introductions to buyers and decision makers
- Identification of potential partners
- Facilitating buyer visits to Ireland
- Assistance with product launches and workshops
- Securing reference sites

International Trade Events

- Inward buyers' missions to Ireland
- Group stands at international trade fairs
- Overseas trade missions
- Market study visits
- Client knowledge seminars
- Networking events with market contacts

Dates in the United States are typically written with the **month first followed by the day and year**. For example, January 5th, 2010 will be abbreviated to 1/5/10.



For further information on the services of Enterprise Ireland overseas, please go to
<http://www.enterprise-ireland.com/en/Export-Assistance/>

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