

SURVEY OF COLORADO COMPANIES ON EXPORTING

Timothy J. Larsen
Senior International Marketing Specialist
Colorado Department of Agriculture

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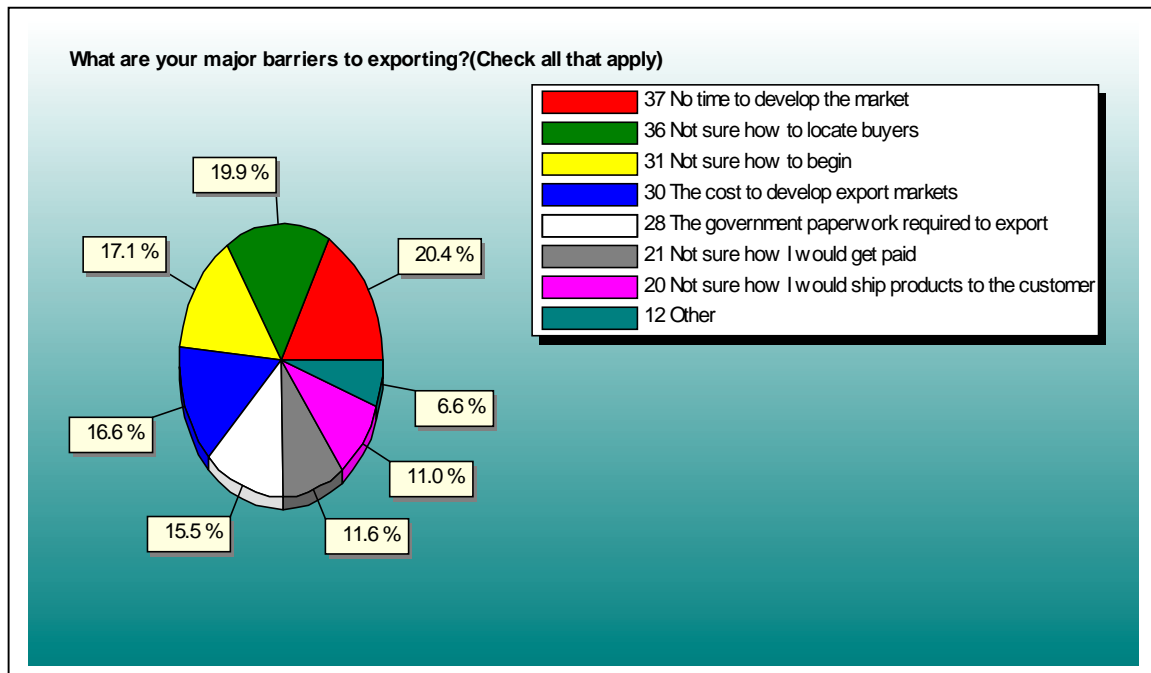
The following is a summary of the information obtained from a survey of Colorado companies in December 2002 and January 2003. The survey was sent by email for on line responses and was mailed to Colorado food processors in the Colorado Department of Agriculture database who did not have email.

Colorado companies responding to our first annual survey with a focus on exporting have provided the Markets Division with great many insights that will help shape our export assistance programs over the next year. We received more than a 54 % response by those companies surveyed by our Internet inquiry and a 15% response from the mailed surveys. We will be developing new programs that address the major issues and barriers to exporting, as well as expanding our programs that address the opportunities and issues defined in this study.

Thirty-seven percent of these Colorado companies are currently selling products outside the U.S. An additional 34% do not currently export, but would like to develop exports.

NON-EXPORTER RESPONSES

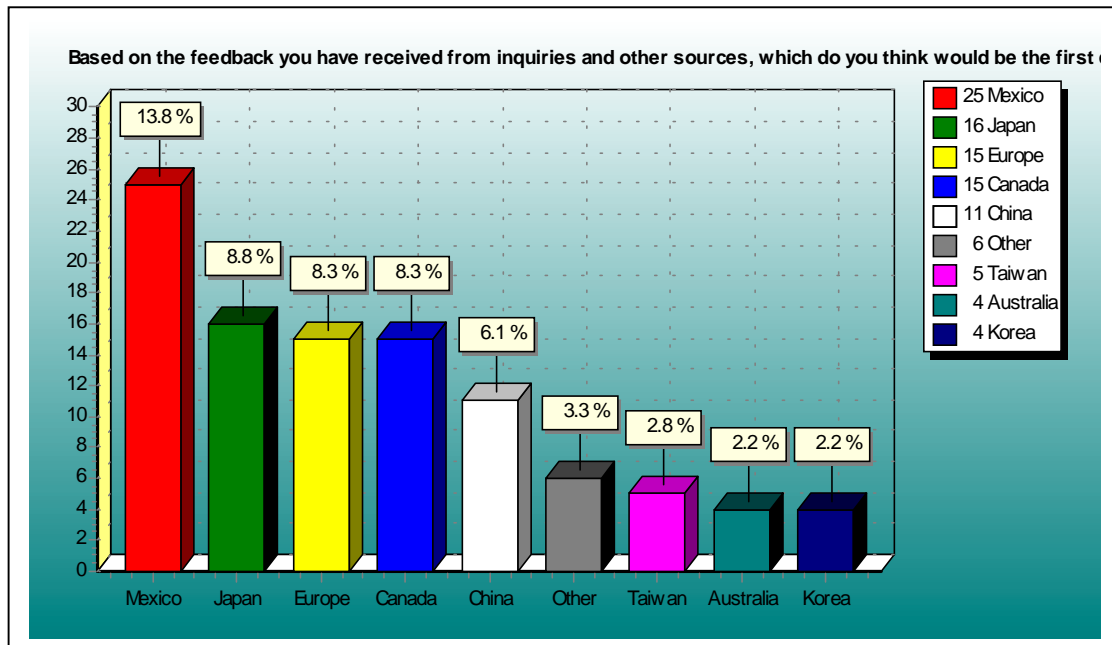
Barriers to export for non-exporters



Lack of time to develop export markets was the most frequent reason for not developing exports. Other major barriers focused on the “how to” elements of export development: how to locate buyers, how to begin, how to get paid, how to ship products, and how to prepare government paperwork. The cost to develop export markets was another identified barrier.

Anticipated first export market

Those companies who do not currently export, but who are interested in developing their exports; indicated that based on their inquiries and market feedback, their first export markets would be:

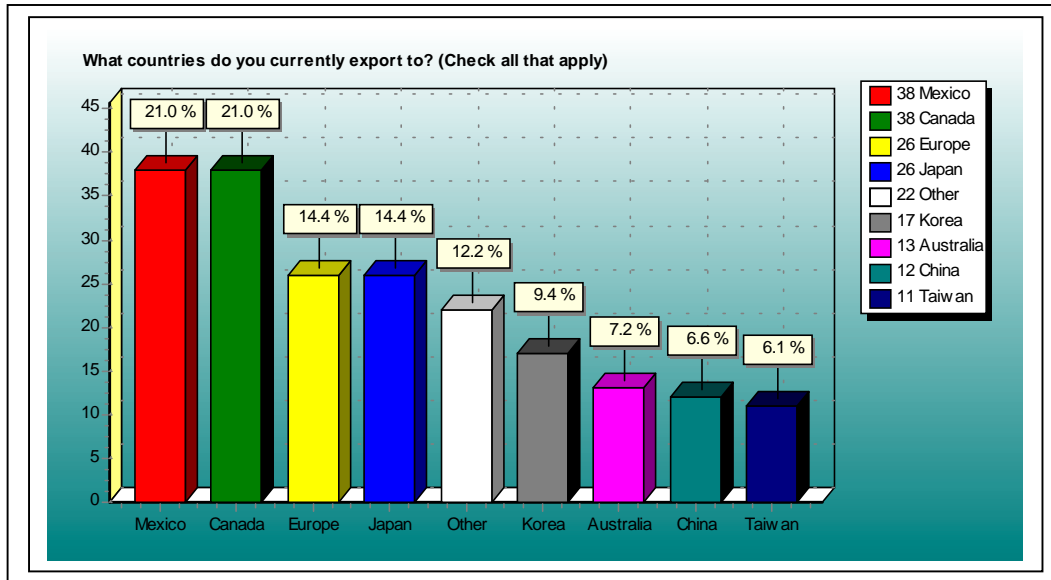


Mexico is the most frequently chosen market, followed by Japan, Europe and Canada.

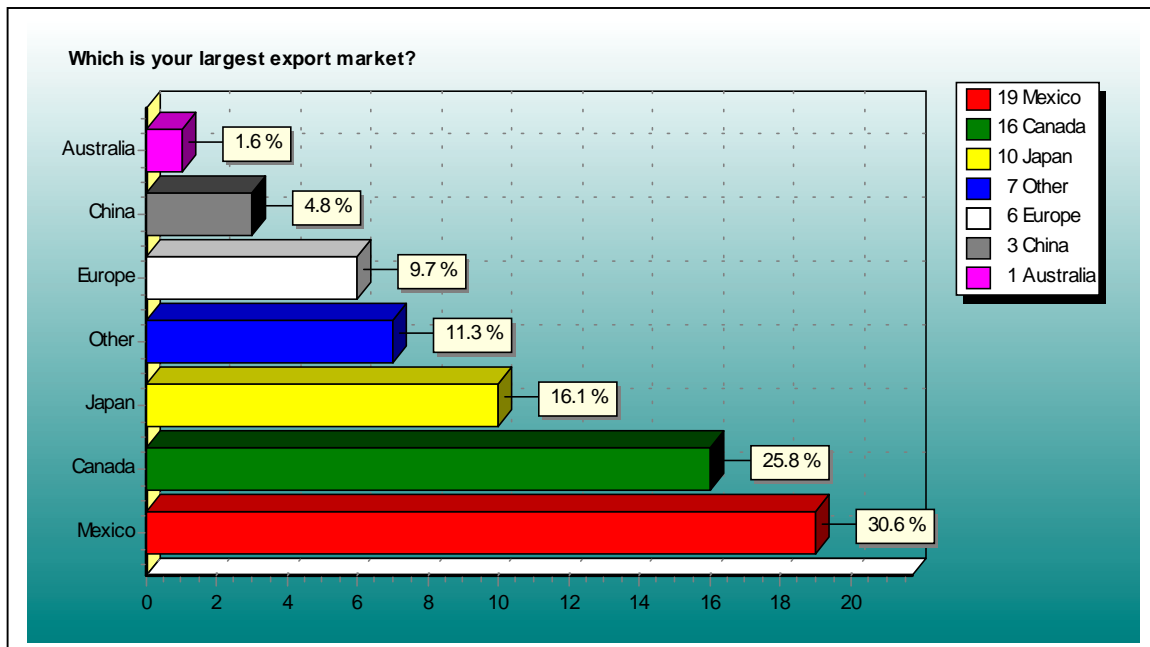
EXPORTER RESPONSES

Where are exporters markets today?

The predominant markets for Colorado exports are Mexico, Canada, Europe and Japan.

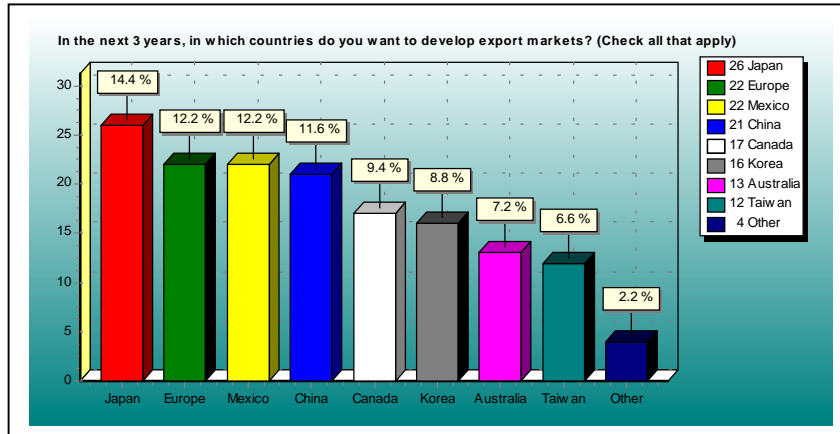


The order changes only a little when the companies reported which were their largest markets.



Current Exporters New Target Markets For the Next Three Years

Currently exporting Colorado companies anticipate expansion of their exports in many of

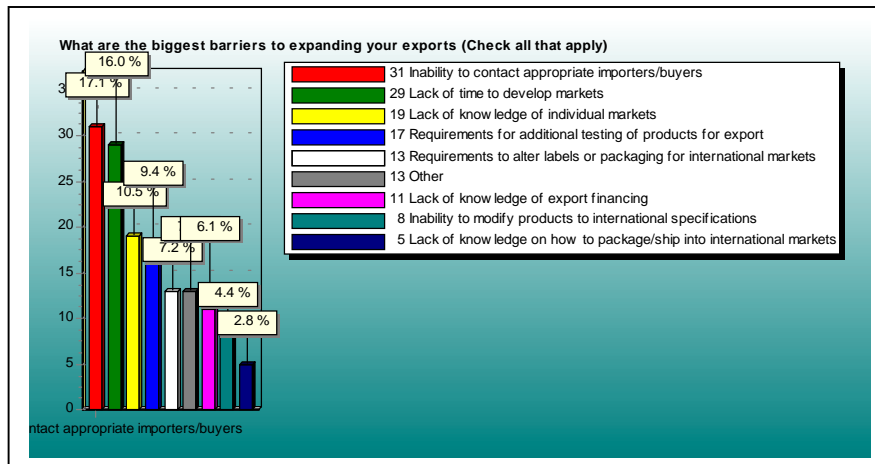


the same predominant markets already identified. Twenty-six companies reported they already export to Japan and another 26 companies responded that Japan would be their top target market in the next three years. Europe was reported

as a market for 26 companies now and another 22 will target Europe in the next three years. Mexico has the largest number of current Colorado exporters (38) and another 22 will target Mexico in the upcoming years. Canada currently ties with Mexico at 38 companies currently exporting and another 21 will target Canada in the future. China represents only 12 companies' exports now, but an additional 21 companies report this as an upcoming target market.

Current exporter's barrier to expanding exports

Locating a buyer is the largest barrier reported by current Colorado exporters. Difficulty

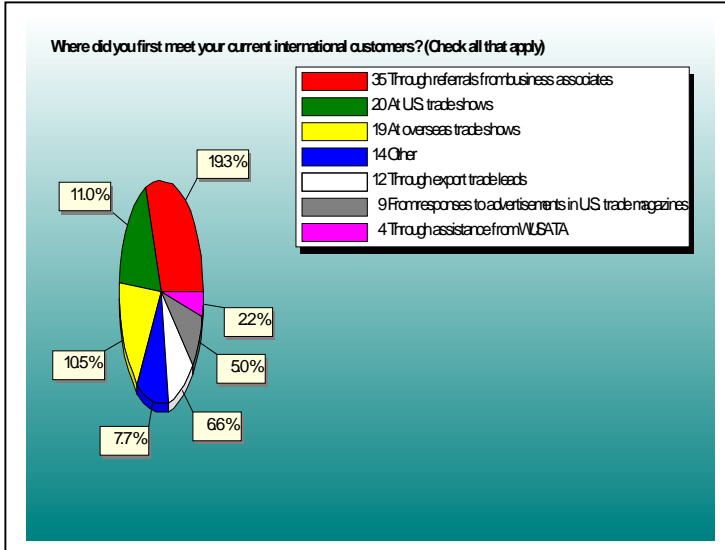


in locating buyers is also the second-largest barrier for the non-exporters. The current exporters report lack of time to develop the market as their second-largest barrier, which is reported as the largest barrier for non-exporters.

Lack of knowledge on markets, financing, packaging requirements and labeling are key barriers with the current exporters, as well as with the non-exporters.

Where exporters met their current international customers

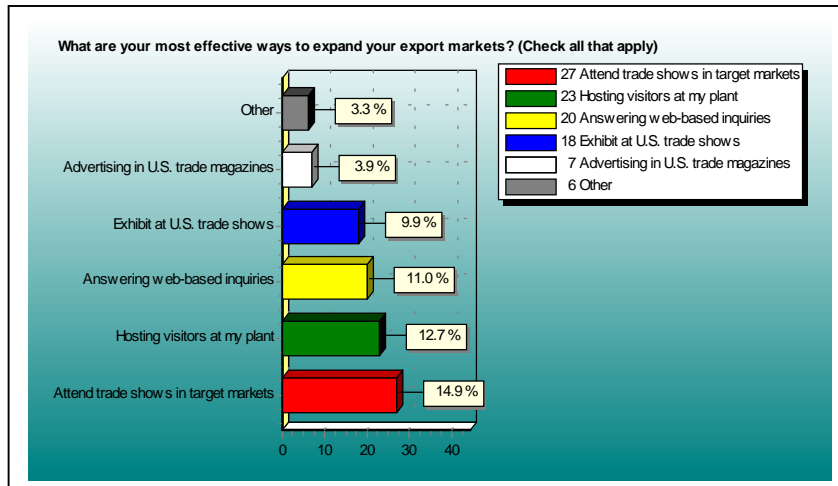
Referrals and introductions from business associates represented the largest response



from our current exporters on where they met their current international customers. The second most frequent source of international customers came from U.S. trade shows 'participation, followed by contacts made at overseas trade shows. Responses from U.S. trade magazine advertising and web-based responses also were key ways current exporters met their customers.

Most effective ways to expand your export markets

Current exporters report the most effective way to reach new customers is through



participation in overseas trade shows. The second most effective way is through hosting international buyers at their plants. Answering web-based inquiries was ranked third most effective and attending U.S. trade shows was fourth. Advertising in U.S.

trade magazines was the fifth most effective means to reach new export customers.

TRADE SHOWS

Both current exporters and those interested in exporting reported their primary trade show participation.

	Expo West	Expo East	Fancy Food	FMI	NNFA	NRA	PMA	Snack Expo	OTA
Exporters	15	14	8	8	3	3	3	1	4
Non-exporters	5	2	2	1		2	2		

(FMI-Fancy Food Show, NNFA-National Nutritional Foods Association, NRA-National Restaurant Association, PMA- Produce Marketing Association, OTA-Organic Trade Association)

When our exporters exhibit outside the U.S., they report the following shows are attended. This confirms the companies' reports on their top markets. The Foodex,

9	Foodex Japan
8	Anuga Germany
7	ANTAD- Mexico
6	CHFA-Canada
6	SIAL-France
4	Confitexpo-Mexico
4	BioFach-Germany
1	Wellness Show-Canada

Anuga and ANTAD shows are the primary processed-food shows for the retail trade in each market. The CHFA, BioFach and Wellness shows represent organic and natural foods. The SIAL show in France is held every other year, when the Anuga show is not held, and represents the major food show in Europe for those alternating years. Confitexpo is a relatively new show, now featuring

a WUSATA (Western U.S.) Pavilion, targeting the snack food market that has recorded significant sales increases over the past four years.