SURVEY RESULTS

Invitations were sent to companies to participate in the GLOBE survey by the Monterey Bay International Trade Association (MBITA) and the US Department of Commerce Export Assistance Center of Silicon Valley. In all, 132 companies responded to the invitation. Approximately 41% of the firms identified themselves as currently exporting but with a main focus on domestic markets, followed by firms with their main focus on international markets (see Table 1).

Table 1: Export Focus

	Number of firms	Percent
Firm currently exports but main focus on domestic market	54	40.9
Firm currently exports with main focus on international market	30	22.7
Firm does not export but plans to within 2 years	20	15.2
Firm used to export but no longer exports	3	2.3
Firm does not export and does not plan to export	22	16.7
No answer	3	2.3
Total	132	100.0

Seventy-nine of the firms sell products in the United States, 54 sell products in Canada and 38 sell products in Mexico. Fifty-eight of the firms sell products in Europe, 68 sell products in Asia, and 51 sell products in other parts of the world (see Table 2).

Table 2: Countries where Products are Sold

	Number of firms	
North America	88	
United States		79
Canada		54
Mexico		38
Europe	58	
United Kingdom		36
Germany		32
France		32
Spain		26
Other		34
Asia	68	
China		41
Japan		36
Korea		35
Hong Kong		32
Taiwan		29
India		23
Other		30
Other	51	
Australia/NZ		33
South America		34
Central America		30
Middle East		29
Africa		24

Most of the firms that sold products in the North America expect to be selling in North America in the next three years. The only major shift is that 13 additional companies expect to sell products in Mexico, a growth from 38 to 51. There is an expectation of s growth in Europe, 58 to 66 firms, relative stability in Asia (66 c.f. 68 firms), and growth in sales to other parts of the work (57 c.f. 51 firms).

Of the 100 firms that provided information of the annual revenue of their firms in the last year, 26% were less than $100k, 8% were $100-250,18% were $1-2 million, and 15% were more than $10 million (see Table 3). Employments figures are shown in Table 4.

Table 3: Annual Revenues

Annual Revenue	Number of Firms (%)
Less than $100k	26 (26%)
$100-250k	8 (8%)
$251-500k	8 (8%)
$501-999k	10 (10%)
$1-2 million	18 (18%)
$3-5 million	10 (10%)
$5-10 million	5 (5%)
More than $10 million	15 (15%)

Table 4: Number of Employees

Number of Employees	Number of Firms (%)
None	7 (7%)
1-2	18 (17%)
3-5	21 (20%)
6-10	21 (20%)
11-25	16 (15%)
26-50	9 (9%)
51-99	2 (2%)
100 or more	10 (10%)

The firms were spread across a wide variety of business activities, with 16% in manufacturing and 12% in professional consulting services (see Table 5).

Table 5: Type of Business

Annual Revenue	Number of Firms (%)
Education Services	8 (8%)
Information Technology	7 (7%)
Manufacturing	16 (16%)
Professional Consulting	12 (12%)

Other Professional Services	7 (7%)
Trading Companies	6 (6%)
Other	40 (39%)

The firms were variable in the percentage of annual sales that were international, ranging from 21% that do not export 10 almost 14% that export 91-100% of sales (see Table 6).

Table 6: Percentage of International Sales

Percentage	Number of Firms (%)
None	22 (21%)
1-10%	25 (24%)
11-20%	6 (6%)
21-30%	5 (5%)
31-40%	7 (7%)
41-50%	11 (11%)
51-60%	4 (4%)
61-70%	3 (3%)
71-80%	5 (5%)
81-90%	1 (1%)
91-100%	10 (10%)

Respondents were asked to evaluate a series of statement evaluating potential barriers to localization. The instructions stated, "For the following items, localizing refers to customizing some aspect of your business for a specific foreign country; globalizing refers to trying to do things similar in most countries. Please rate how big a barrier each of the following activities is to your company in exporting your product or service:" Respondents were provided with a seven-point Likert-like scale, anchored by "1" as a "low barrier," "4" as a "moderate barrier," and "7" as a "high barrier." Respondents were also provided with a "no answer" option. Therefore, higher numbers indicate a perception that the item being evaluated is a greater barrier to exporting products, a lower number indicates a perception that the item represents a lower barrier. A summary of the findings is shown on the next page, in Table 7.

"Understanding the legal requirements of foreign markets" was identified as the highest barrier to operating in foreign markets (mean =4.75, note a 7-point scale was used where a higher number indicates a bigger barrier). "Understanding business partnership options of foreign markets" and "Protecting copyright and intellectual property" were tied for second as the next highest barrier (mean = 4.24). "Understanding business practices of foreign markets" was ranked fourth (mean = 4.15). A statistical analysis, analysis of variance (ANOVA) was conducted to determine if there were differences between firms

Table 7: Localizations Challenges

	Number of firms	Mean	Standard Deviation
Localizing products/services	90	3.49	1.831
Localizing distribution	86	3.80	1.852
Localizing promotion	89	4.06	1.921
Complying with local content/procurement regulations	86	4.03	1.949
Working with local logistic providers	84	3.32	1.785
Translating documents into local languages	86	3.40	1.978
Translating/localizing websites	85	3.38	1.939
Translating/localizing software applications for target markets/languages	71	3.20	1.968
Globalizing strategies for marketing and operations	88	3.98	1.832
Understanding business practices of foreign markets	88	4.15	1.739
Understanding the culture of foreign markets	89	3.85	1.749
Understanding the technical requirements of foreign markets	89	4.01	1.709
Understanding the legal requirements of foreign markets	87	4.75	1.706
Understanding distribution options of foreign markets	83	4.12	1.706
Understanding business partnership options of foreign markets	88	4.24	1.794
Preventing theft and pilferage of your cargo while in transit	77	3.52	1.978
Protecting copyright and intellectual property	80	4.24	2.302
Adjusting to tariffs and trade	80	3.95	1.771
Adjusting to transportation costs and customs clearing processes	78	3.87	1.930
Other problems of understanding or adapting to foreign markets	33	4.21	2.190

Based on type of business, annual revenues, and number of employees to determine if these factors mattered in terms of perceptions of barriers. With one exception, businesses with more than $10 million revenue, there were no differences. (Businesses with more than $10 million dollars were less concerned with protecting intellectual property. This may be a function of their ability and resources to deal with these issues.)

There were no statistical differences for companies exporting to different parts of the world. This may be a function of the wide reach of the companies in the survey and overlap of export regions. As an example, of the 58 companies that did business in Europe, the 68 that did business in Asia, and the 51 that did business in other parts of the world, 38 companies --- more than half --- did business in all three regions.

The items that were perceived as the lowest barriers to doing business in other countries were "Translating/localizing software applications for target markets/languages" (mean = 3.20). The second lowest barrier was "Working with local logistic providers" (mean = 3.32). This was followed by "translating/localizing websites," (mean=3.38) and "Translating documents into local languages" (mean = 3.40).