

BRINGING HOLLYWOOD GLAMOUR TO UNEXPECTED MARKETS

BEVERLY HILLS COLLECTION STRIKES GOLD WITH BUYUSA.COM

by Erin Butler,
U.S. Commercial Service

Given recent headlines, some U.S. businesspeople may be surprised to hear that customers in the Middle East are wild for products bearing American brand names and splashed with red, white and blue. But Rocky Hadzovic, President and CEO of small New Jersey company Beverly Hills Collection, swears that it's true. His line of "Hollywood USA" high-quality body sprays, creams, baby products, deodorants and shampoo has found buyers around the world, in Africa, Latin America and, of course, the Middle East. "An American brand is really powerful," says Hadzovic.

Some of Hadzovic's best international markets are those other small U.S. exporters find challenging or intimidating — Nigeria, for example. According to Hadzovic, the only way for a small business to succeed there — or anywhere — is "to find the right guy." Hadzovic recently found the right guy in Nigeria and made a \$28,600 sale. What's more, he has a commitment for a follow-on order of almost \$60,000 in the coming months and has signed a distributor agreement with the buyer.

So in a tricky market like Nigeria, with a growing consumer class but lingering hurdles for small exporters, how did Hadzovic do it? Online — with a new e-marketplace called BuyUSA.com. A

site that matches U.S. suppliers with international buyers, BuyUSA.com is a collaborative effort between the IBM Corporation and the U.S. Commercial Service. For Hadzovic, what set BuyUSA apart from a plethora of other sites was the worldwide brick-and-mortar behind it? Registrants have access to the expertise of U.S. Commercial Service trade specialists and international buyers are carefully screened. "Having the American embassy check out a buyer is the best way," he says. "If they say he's okay, I can trust him." And according to Hadzovic, trust is key. The most difficult challenge he faced starting out was collecting payment. "The money is always the biggest problem." What is his advice to other small exporters? "Don't give open terms to anybody." And use the U.S. government to find buyers you can trust.

The trust issue is one that comes up again and again with small exporters. Online inquiries from overseas make some small businesses uneasy. That's where the BuyUSA "click and mortar" service comes in. With foreign buyers pre-qualified by Commercial Service specialists at embassies overseas, Hadzovic and other small exporters can have confidence that the businesses they meet on BuyUSA are legitimate. Currently, almost 15,000 international buyers looking for U.S. suppliers have registered on the site.



Photo courtesy of U.S. Department of Commerce

Beverly Hills Collection's Mirsada Hadzovic gives International Trade Specialist Carmela Mammias a spritz of a new Hollywood USA fragrance.

U.S. companies receive automated trade lead matching, on-line business opportunity postings, customized counseling, shipment logistics guidance and international market research on individual countries and industries. In the next enhancement to the marketplace, which is expected later this year, members will be able to conduct the whole transaction entirely online with help from an array of logistics and financing partners. U.S. businesses can subscribe to the marketplace for as little as \$300 per year.

A recent survey of small businesses conducted by the National Federation of Independent Business revealed that while many small businesses have a web presence, only about a third of them sell their products online. Other studies put the number at 15 percent. It is likely that even fewer small businesses use the web to sell overseas. Last year, U.S. exports topped \$1 trillion. Small and medium-sized firms account for about 97 percent of U.S. merchandise exporters. As a group, however, they account for less than one-third of total U.S. export value. Most of these firms export to only one market, while others that could export don't. According to Forrester Research, exports arranged online should top \$100 billion by the end of this year, jumping to nearly \$1.4 trillion or 18 percent of global trade by 2004.

While online trade is growing, face-to-face is still the preferred way to do business. Hadzovic's case is typical — while the deal was initiated online, it was closed with a handshake. The Nigerian buyer visited Beverly Hills Collection in New Jersey, where the two worked out payment. Online services like BuyUSA.com can save costs on market entry and can help assure a good match between buyer and seller.

KNOW THY MARKETS

Commercial Service experts say that good market intelligence is essential for a small exporter. Hadzovic is a good



Photo courtesy of U.S. Department of Commerce.

Beverly Hills Collection's Mirsada and Rocky Hadzovic stand with International Trade Specialist Carmela Mammias (center) in front of an export order awaiting shipment.

example — he knows his markets like the back of his hand. “My skin creams, lotions and baby products are popular in Nigeria,” body sprays do well in Latin America and shampoo is a big seller in Middle Eastern markets, he explains.

Last year U.S. exports to Nigeria totaled \$718 million, up from \$628 million in 1999. Commercial Service experts caution that corruption remains a problem; infrastructure deficiencies also are a barrier to economic growth. Despite these issues, Commercial Service officers say that genuine opportunity exists in Nigeria for U.S. businesses. Nigeria's government is pursuing policies to improve infrastructure, strengthen the economy and reduce poverty. The petroleum industry still dominates Nigeria's economy, but consumer products like Beverly Hills Collection's are also finding buyers. As Hadzovic points out, Nigerians are positively disposed toward the U.S. and have a strong affinity for U.S. products. He finds that true in much of the world.

CLICKS AND MORTAR

Hadzovic learned about the U.S. Commercial Service shortly after he started Beverly Hills Collection in 1997, when he turned to the U.S. Export Assistance Center in Newark and trade specialist Carmela Mammias

for answers to his exporting questions. “I wish everyone were like Carmela,” he says. “She's so competent and so nice.” He's participated in Commercial Service-supported trade shows and still thinks they're one of the best ways to find new distributors.

He often goes directly to Commercial Service offices overseas for market research or other information and finds that he always gets a fax or phone call back in a few days. The agency's worldwide network includes 107 Export Assistance Centers in the U.S. and 161 international offices. “No country on the planet does more for small businesses than the U.S.,” says Hadzovic.

Hadzovic has big plans for the New Year. He wants to target the United Kingdom and also to find more customers in Latin America. He thinks that Pakistan will one day become a hot market for American products — “we're going to hit a home run there,” he predicts. And just in time for the holiday season is a red-white-and-blue gift set emblazoned with the flag and featuring “American Dream Woman” fragrance. Hadzovic, who was born in Bosnia-Herzegovina and describes himself as “100% American,” knows something about the American Dream himself. And while he's at bat, Beverly Hills Collection will be hitting home runs in markets around the world. ■