



European SME Export Report

Export / import trends and
behaviours of SMEs in Europe

July 2015



Introduction

Small and medium-sized enterprises (SMEs) play a fundamentally important role in Europe's economy. Indeed, the European Commission considers SMEs and entrepreneurship as "key to ensuring economic growth, innovation, job creation, and social integration in the EU"*.

Given the clear link between SME performance and overall economic outcomes in the region, it's reassuring to see that the future looks bright.

Opportunities to sell goods overseas are increasing all the time, as even the smallest

business increasingly trade online, meaning that physical size or location is no longer a barrier to doing business internationally.

FedEx, a leading provider of international shipping services to SMEs, recently commissioned a research study by Harris Interactive to increase understanding of the unique trends and challenges that SMEs face across Europe.

Read on for the research highlights.

**Source: European Commission*

European SMEs by numbers*:



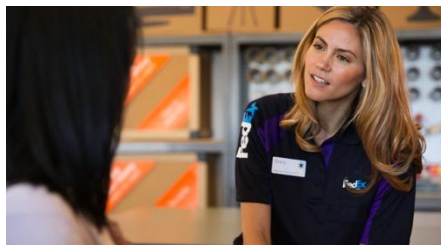
SMEs represent
99%
of all businesses
in the EU



In the past five
years, SMEs have
created around
85%
of new jobs



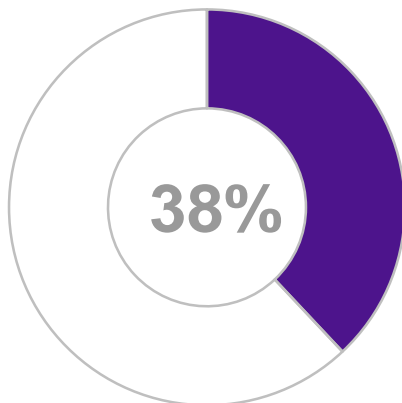
SMEs provide
two-thirds of the
total private sector
employment in
the EU



Exporting Behaviour

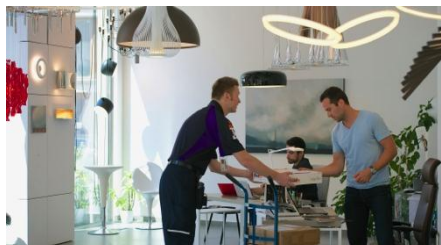
- **38%** of SMEs are currently 'internationally active' i.e. exporting produce to at least one other country
- Faster-growing SMEs (**52%**) are almost twice as likely to export as SMEs that are in decline or static (**28%**), highlighting the importance of exports for successful businesses
- SMEs that export are typically more positive about future business performance (**60%** expect revenue growth in the next year) than those that do not export (**48%**)
- The typical frequency of exports to European and global markets ranges between weekly and monthly - the vast majority ship less than **20** times each month
- The average value of shipments is high, generating over **€604k** revenue p.a., on average, for European exports and almost **€647k** p.a. for exports to 'global' markets

ANY COUNTRY



What % SMEs export to other countries?

BUT 62% of European SMEs are still missing out on the **€647k** in annual revenue that exporting can bring.



Exporting Behaviour

The research shows that most SMEs (**36%**) stay 'close to home', exporting to other European markets. Large west European markets (France, Germany and UK) top the list of European export countries, while near-neighbours also rank high up the list (Belgium, Switzerland and Austria for example).

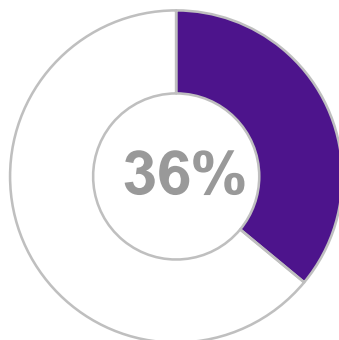
Top exporting destinations:

- France - **40%**
- Germany - **35%**
- UK - **29%**

Rates of exporting further afield reduce significantly, with only **24%** of SMEs currently exporting to markets outside Europe. The USA is the top 'global' market for exports with other large, fast-growing markets much less well represented.

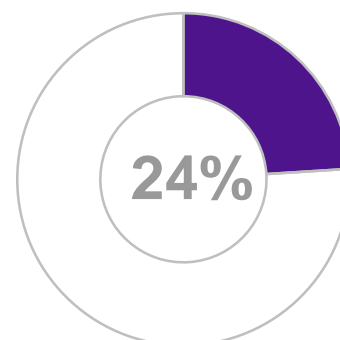
Difficulty (real or perceived) is a leading inhibitor to wider exporting. China, USA and Brazil viewed as the toughest global export markets, even by those already exporting outside Europe

EUROPE

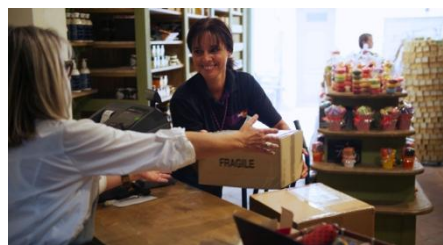


97% of exporters export to European countries

OUTSIDE EUROPE



65% of exporters export to countries outside of Europe



Exporting: Incentives & Barriers

An overwhelming majority of SMEs (**88%**) agree that there are barriers to exporting.

And their worries are widespread, ranging from their website not being up to the job to concerns about the language barrier.

Barriers cited most often are:

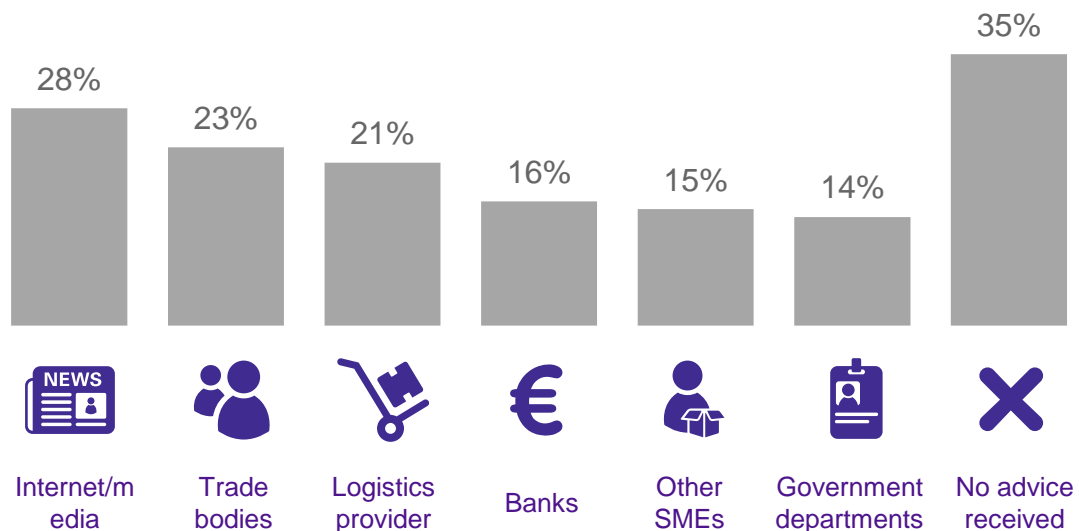
- Fears of not getting paid
- Not having a presence on the ground,
- Lack of technical know-how (tax issues etc.)
- Worries about potential costs arising

Access to advice and support is vital. **64%** of SMEs who do export indicate they would like more advice, and half of SMEs who do not currently export have never received any export advice.

This suggests that SMEs receiving sound advice on exporting will take the next step, but that many are not yet getting the support that they need to do so with any confidence.

And it's clear that SMEs rely on multiple sources to get the information they need, illustrating the range of organisations that have a part to play in ensuring SMEs continue to live up to their growth potential.

SOURCES OF ADVICE ON EXPORTING TO OTHER COUNTRIES



Importing Behaviour

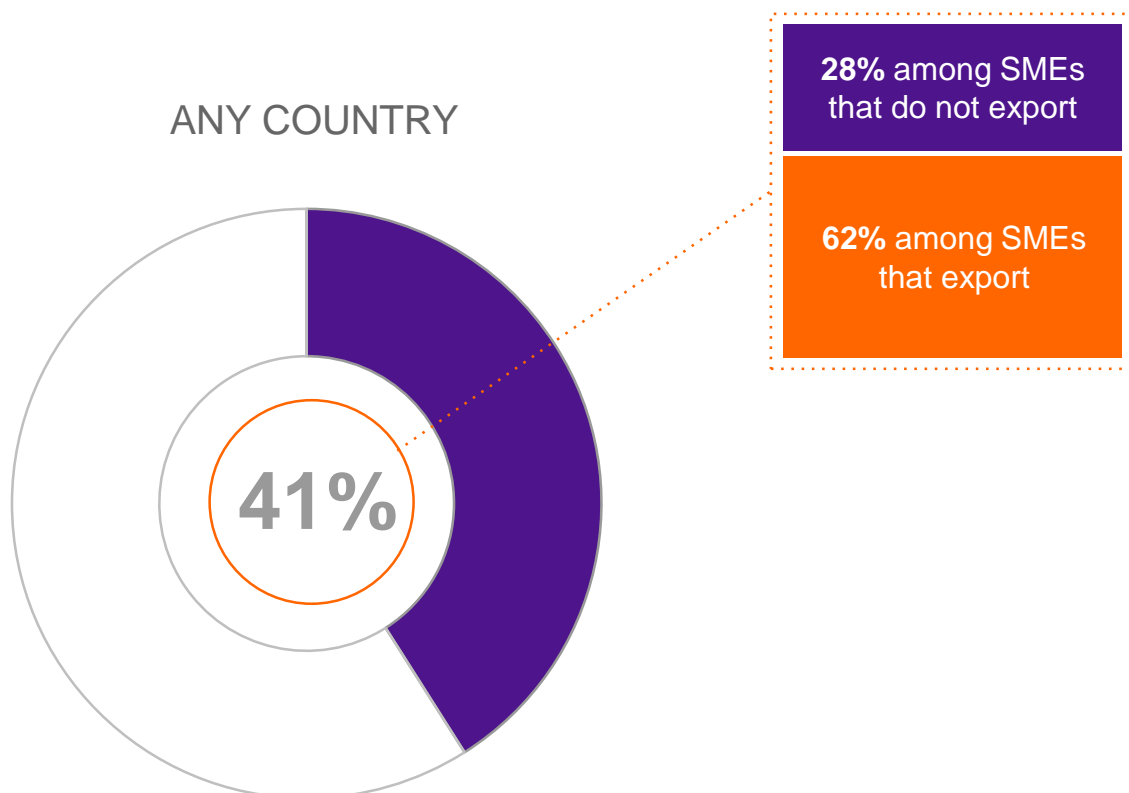
European SMEs are slightly more likely to import (41%) than to export (38%) however whilst there is some overlap, these are not always the same companies.

And SMEs that export are also more likely to import.

Overall, there is a net gain of around €250k per annum per SME from exports/imports within Europe; the equivalent figure is €200k for global export/import transactions.

This disparity benefits the regional economy.

COMPANIES THAT EVER IMPORT PRODUCE FROM ANY OTHER MARKETS



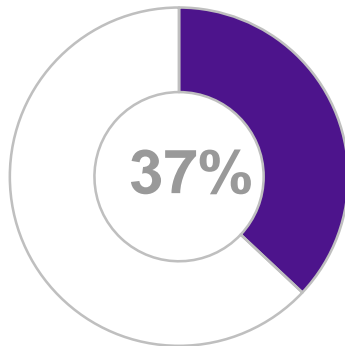
Importing Behaviour

As with exports, the majority of importing SMEs do so from within Europe.

However, China and USA are just as popular for imports as the top European markets (Germany, UK and Italy).

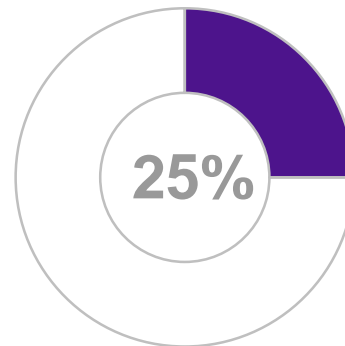
There is also a correlation between business size / performance and importing behaviour with larger, faster growing SMEs much more likely to do so.

EUROPE

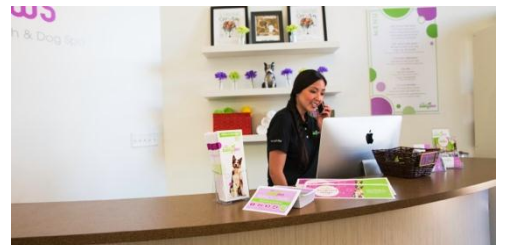


91% of importers import from European countries

OUTSIDE EUROPE



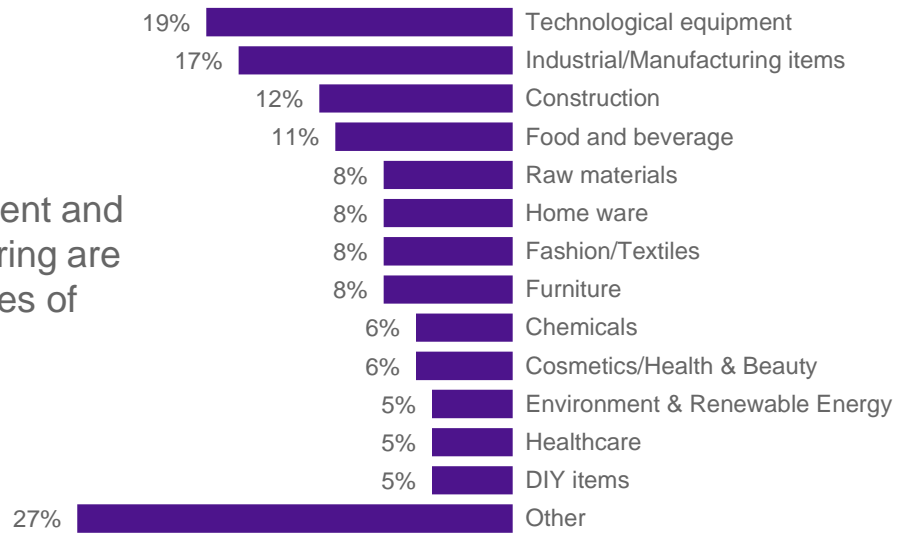
61% of importers import from countries outside of Europe



Export vs Import

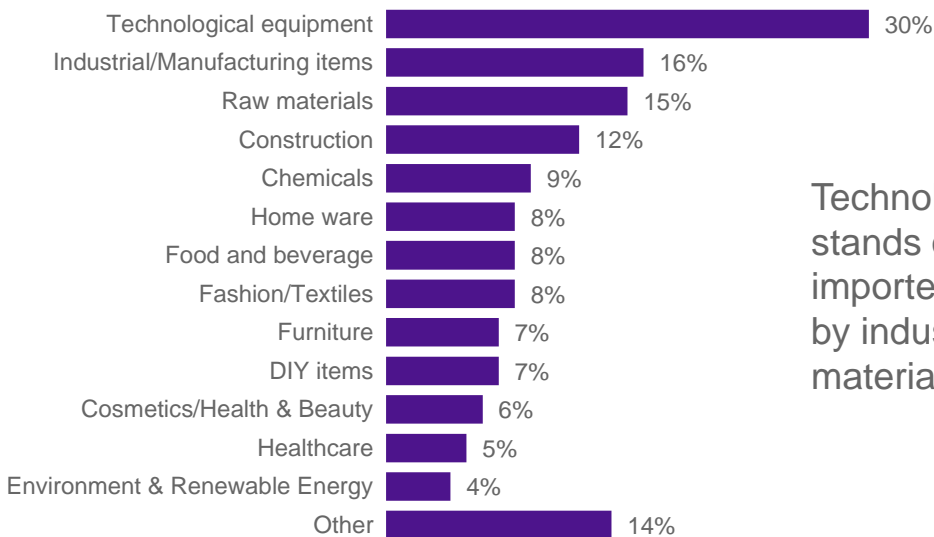
PRODUCE EXPORTED ON A REGULAR BASIS

Technological equipment and industrial / manufacturing are the most common types of produce exported



Base: Companies that export to any country (n=755)

PRODUCE IMPORTED ON A REGULAR BASIS FROM ANY OTHER MARKETS



Technological equipment stands out as the most imported produce followed by industrial items and raw materials

Base: Companies that import from any country (n=816)

Looking Forward

So what does the future hold for SMEs in Europe? It seems it may be brighter for those trading beyond country borders, with SMEs that export generally more positive about future business performance (60% expect revenue gains in the next 12 months) than those that do not (48%) – a clear indicator of the benefits of exporting.

BUT despite the obvious benefits, surprisingly it seems that exporting is not a top priority. 50% of all SMEs surveyed believe they will be exporting in 5 years' time, rising to 55% in ten years' time, compared with 38% today so clearly many remain to be convinced of the potential benefits.

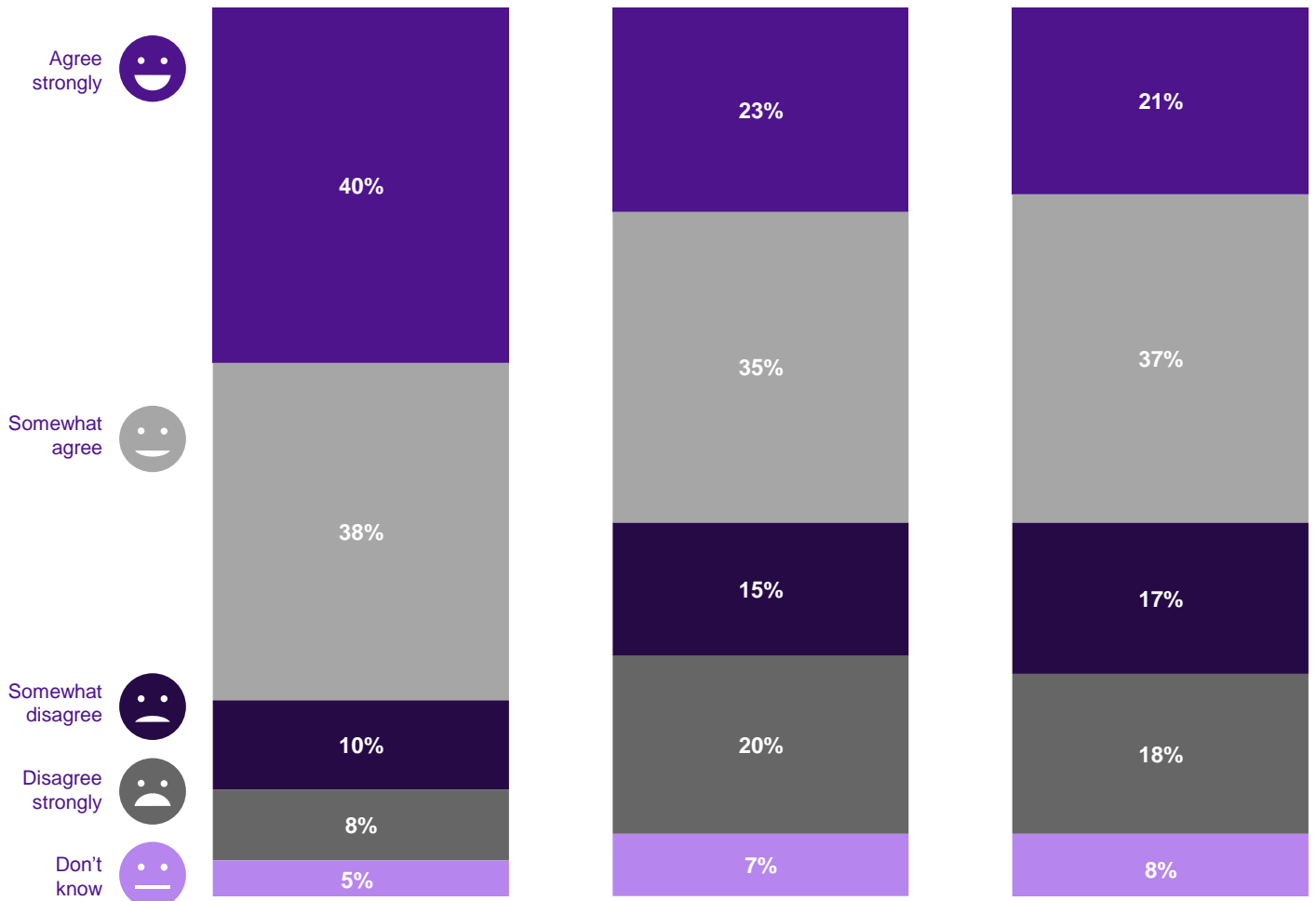
And whilst most SMEs agree 'there is a whole world of customers out there', attitudes towards actually 'going global' are more polarised

OPINIONS ABOUT 'GOING GLOBAL'

There's a whole world of customers out there

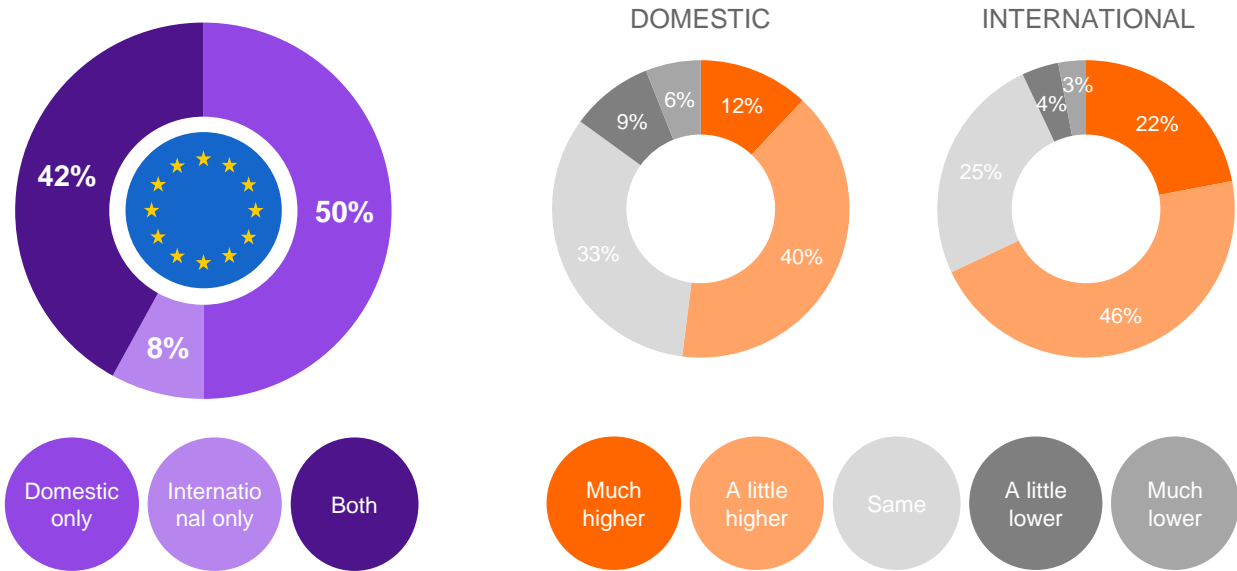
I have the ambition to grow my business internationally

I'm excited by the potential of my business to go global



Looking Forward

WHERE COMPANY REVENUE WILL BE GENERATED IN 5 YEARS' TIME



SUMMARY

Overall, the report provides clear evidence that exporting SMEs are performing ahead of the market but plenty of untapped opportunities that are not being considered.

The challenge is empowering SMEs to make the leap to doing business internationally, with confidence.



Method & Sample

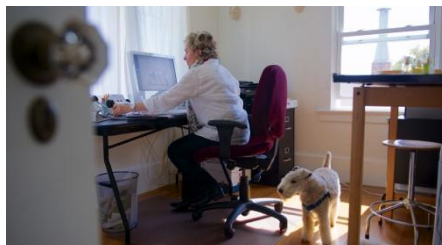
An online methodology was deployed to interview senior executives, familiar with their company's approach and attitude towards exporting.

Businesses that do not export were included alongside businesses that do currently export – there were no 'screen-outs':

A BROAD CROSS-SECTION OF 2,005 SMES WAS INTERVIEWED:

| Total sample | France | Germany | Italy | Spain | Micro (1-9 FTEs) | Small (10-49 FTEs) | Medium (50-249 FTEs) |
|--------------|--------|---------|-------|-------|------------------|--------------------|----------------------|
| 2,005 | 502 | 501 | 500 | 502 | 1,020 | 574 | 411 |

All interviews were undertaken by [Harris Interactive](#) and took place between March 18-27, 2015.



About FedEx Express

FedEx Express is the world's largest express transportation company, providing fast and reliable delivery to more than 220 countries and territories. FedEx Express uses a global air-and-ground network to speed delivery of time-sensitive shipments, by a definite time and date with a money-back guarantee.

About FedEx Corp.

FedEx Corp. (NYSE: FDX) provides customers and businesses worldwide with a broad portfolio of transportation, e-commerce and business services. With annual revenues of \$47 billion, the company offers integrated business applications through operating companies competing collectively and managed collaboratively, under the respected FedEx brand. Consistently ranked among the world's most admired and trusted employers, FedEx inspires its more than 325,000 team members to remain "absolutely, positively" focused on safety, the highest ethical and professional standards and the needs of their customers and communities. For more information, visit news.fedex.com.

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