

# WHY WE NEED TO BAN THE WORD EXPORT



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So, your goal is to be a successful exporter of New Zealand product? Then you're going about things all wrong, according to Professor Kaj Storbacka.

When he arrived in New Zealand, Finnish-born Storbacka was struck by the fact that "everything was about export". And he argues that the very concept of export causes New Zealand companies to focus on the wrong things. Instead, we need to broaden our horizons and become true 'market shapers'.

"The concept of export is holding us back dramatically – for two reasons. Firstly, when you think about export you automatically start to define yourself and your market based on the product you're producing. Your emphasis will be on selling that product, producing transactions. We call this exchange value. And I think this is quite limiting."

Instead, says Storbacka, you should focus on *the value that is created* when people use your product.

"We call that use value. And I urge you to stop defining your market around product...and start defining your market around what your product makes possible."

A good example of a primary sector firm that embraced new market definitions is SCA, the Swedish pulp and paper manufacturer and consumer goods company.

In their away-from-home personal hygiene business, they have started to sell comprehensive washroom solutions.

"Instead of only selling toilet tissue, they provide everything needed to run an office washroom and deliver an elevated customer experience. They design the spaces, provide specialised fixtures with built-in digital sensors, and provide facility managers with digitally-driven tools for maintenance.

"They still provide the toilet tissue – but it's part of their 'total toilet experience' service. Which is a pretty dramatic change...moving from being a forestry company towards becoming a service provider that focuses on use value!"

The second problem with assuming an export mindset is that it leads us to think the market is "out there" somewhere – and our only job is to find the market, and fight to share it with others. Kaj says that thinking is outdated.

"Instead of focusing on sharing markets, we should be focusing on shaping them so that they work in our favour. Markets are not given, they are man-made. And as with all man-made things, you can influence how they develop.

"In scientific economic terms, we say that markets are socially constructed. This means that markets exist because we think they exist. For example, do you know why a market becomes mature? Some of us argue it's because people start to think the market is mature, then they start to behave like the market is mature, and this behaviour makes the market mature!"

## ON SMALL COUNTRIES HAVING A BIG IMPACT:

**One of the most exciting aspects of market-shaping is that anyone can do it – and size really doesn't matter.**

According to Professor Storbacka:

"Typically in small countries you automatically think you can't shape markets, because you're too small. I think we seriously need to lose that idea."

Sweden, for instance, has produced many of the world's market shaping companies, including the global giant of IKEA.

Digitalisation is dramatically boosting market disruption at the moment – and simultaneously makes market-shaping easier. It also makes it easier for smaller firms to have a huge impact.

"Look at Uber," says Storbacka. "Who will ever take a traditional taxi again? Those kinds of dramatic disruptions are going to happen in agriculture also."

One of the key challenges for New Zealand, he says, is to pursue a collaborative strategy – not a competitive one.

"I believe we need to create our own view on how we want the markets to be shaped...and then use collaborative strategy to get it done."

## DESIGN ELEMENTS FOR MARKET SHAPERS:

- » Re-frame your market definition
- » Redefine your sales item
- » Change your pricing logic
- » Find new ways to match demand and supply
- » Secure competing alternatives
- » Change your business network
- » Educate other actors in your network
- » Secure needed infrastructure
- » Change terminology and labels
- » Influence market research and media
- » Influence through industry associations
- » Change industry standards
- » Influence rules and laws
- » Influence social norms

Professor Storbacka has been researching market-shaping since 2007, along with his colleague Associate Professor Suvi Nenonen. He works with New Zealand companies as part of the SMASH Research Program (Strategies for Market Shaping).

The SMASH for Primary Industries programme (2015) has facilitated primary sector companies and players from related industries to collaborate in developing market-shaping strategies. Participants include: Fonterra, Heartland Bank, Lobster Exporters NZ, NZTE, ReGen, Spring Sheep Dairy, Texus Fibre, Tru-Test, Turners & Growers, Villa Maria and Zespri.

# "INSTEAD OF SHARING MARKETS, WE SHOULD BE SHAPING THEM."