



DOING BUSINESS IN THE USA

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Market profile

The US is the world's largest economy with a GDP of \$27.36 trillion. It is highly segmented and fragmented by industry and geography. It is typically divided into 7 geographic markets. It is composed of 50 states, each representing individual markets. Also, large cities and counties (e.g. City of LA and LA County) can represent individual markets. If California were a country, it would be the 5th largest economy in the world, Texas the 9th and New York the 10th. US entry is about

strategic business options, not exports. Success comes from

working with the best partners, not the first. Having local presence is a critical success factor and establishing a solid business network is essential. Culturally the US is unlike any other market, so it is recommended to conduct market research before entering and understanding your problem-solution fit, best geographical focus areas and overall go-to-market strategy. Access and entry are based upon following the market signals and processes, understanding the demand and how to conduct business efficiently. While the US is big and complex market, it is highly accessible but takes time to learn and penetrate.

FACTS

- Merchandise exports: € 8.5 billion
- Service exports: € 4.8 billion
- Capital: Washington, D.C.
- Official language: English
- Area: 9.8 million kilometers²
- Population: ~332 million – ethnically diverse

Economy and business structure

The US is a free market economy. Some industries are highly regulated, others less. Each industry has its own processes and standards. It is essential to meet market and government standards. Lobbying is strong, mainly by large companies and special interest groups. Trade and professional associations are important and key resources, where membership is required for many. Businesses under 500 employees, represent 99.9% of all businesses and 66% of all jobs. Fortune magazine is the standard for ranking companies, and INC, for fast growing companies: <https://fortune.com/fortune500/> <https://www.inc.com/inc5000/2023>

Key industries and their trends

The diversity of the US makes it difficult to highlight any single trend. Demographics and geographics play a significant role, and each industry should be carefully researched and understood before entering.

Resilience in critical tech, minerals, security and supply chain reliability: The change in geopolitical landscape has raised the national resilience into federal discussions. There are multiple US Federal initiatives ongoing for developing the resilience of the US in sectors considered being part of "national security". As an

example, Biden-Harris executive order to bolster cybersecurity of the US ports. Key trends include: Port security • Friend-shoring • Mineral processing & technology • Maritime • Grid resiliency • Dual use technology.

Twin Transition (Green transition & Digital transition): The renewable energy market is gaining considerable ground due to US Federal tax reform legislation (e.g. Inflation Act) and new import tariffs. Key trends include: Emerging policies that support renewable growth • Advancements in wind and solar via-a-vis the grid, asset owners, and customers • Declining cost of alternative energy • Advanced battery storage • Integrating intermittent renewable power • Demand for renewables • Smart cooling and heating • Smart Built environments • Smart Mobility.

Consumerism: Personal consumption drives ~70% of economic output. Retail sales are growing, especially online, which has increased 300% between 2000-2018. Retail is undergoing major shifts: technologically, smoother shopping experiences, cheaper products, more sustainable, healthier (food), and personalized. Fast, direct to consumer with free shipping. Distribution and pricing margins are different than in Europe.

Healthcare: This is one of the most regulated industries in the US. The market is in transition in how and where care is delivered, paid for (reimbursement) and used. Hospitals are consolidating into systems. The “accountable patient” is a goal as is personalized, predictive, and preventive; yet sick care is still practiced. Digital, data, and genomics are drivers, as are technologies that can reduce cost and improve quality of care. New ideas must fit into the workflow. Active aging, pharmaceutical pricing, and equity are key issues.

Digitalization: Currently valued at over \$200 billion it is expected to reach a trillion dollars by 2030. Together with China, the two countries account for >50% of the world’s digital spend. Major trends: Quantum computing • AI & Machine Learning • Big Data, Analytics & Personalization • Connectedness/Iot/IIoT/Smart

Travel from the US to Finland has been growing steadily with increasing numbers of travelers from North America. Finland, the smallest of the Nordic destinations, is becoming more and more interesting. All travel groups – leisure, conference & incentive – represent a huge potential. Key trends: • Family & extended family • Culinary • Adventure • Arts and Culture • Unique experiences & accommodations.

Important things to consider when doing business in the USA

One cannot cut and paste what is done in other markets and apply it to the US. The US should be seen as a strategic focus area and must hence be treated as a primary market. Companies need to invest in their long-term future business opportunities and support their business partners. Simple exportation is no longer possible, it is now about co-development and shared risks and costs. The use of lawyers is a standard. They are business advisors, networkers, and “referees” that prevent problems. It is important to not enter into any deal or sale without US legal advice. US contracts contain many more points than in Finland, so using a US lawyer and contract is critical. The US is not one market. A single regional entry may be all that an SME may need or able to support. Buying times & cycles and price margins are different and late shipments can be rejected. Building and nurturing your own US network and being “seen” and “known” are essential. It is important to openly communicate and be timely. Small talk and building trust matter. Each region has its own subcultures. Remember to avoid discussing politics, religion, race, gender, and finances. Private companies have no legal obligation to provide financial information. Market research is essential and takes time and money. Accurate information is a valued asset. It is expected that you will understand your customer’s business and needs better than they do. Sell solutions and benefits, not technology or products.

Market data sources and other useful links

- USA data and comparison tool <https://datausa.io/>
- USA Facts (data aggregator): <https://usafacts.org/reports/>
- Small Business Administration: <https://advocacy.sba.gov/wp-content/uploads/2022/08/Small-Business-Economic-Profile-US.pdf>
- Bureau of Labor Statistics <https://www.bls.gov/lau/>
- World Bank <https://data.worldbank.org/indicator/CM.MKT.LDOM.NO>

- Fortune 500 <https://fortune.com/fortune500/>
- IMF World Economic Outlook Data <https://www.imf.org/en/Countries/USA>
- National Institute of Standards & Technology (NIST) <https://www.nist.gov/topics/standards>
- NIST US Packaging Requirements <https://www.nist.gov/standardsgov/compliance-faqs-packaging-and-labeling-us>
- American National Standards Institute (ANSI) <https://www.ansi.org>
- UL LLC (Underwriters Laboratories) Product Safety Certification <https://www.ul.com/>
- CIA The World Factbook <https://www.cia.gov/the-world-factbook/>