

SUCCESS STORIES

Ontario Company Strives to Further Encapsulate Chinese Market

With close to 10 years experience in China, Technophar Equipment & Service Limited is continually adapting its marketing techniques to the new realities brought about by the Chinese government's changes in policies and regulations.

The Tecumseh (near Windsor)-based world leader in the design and manufacture of hard and, more recently, soft gelatin capsule-production machines and associated technology, is solidly implanted in China.

"As a matter of fact," says Technophar's Executive Vice President Bill Hrecniuk, "with over 47 of our machines sold throughout China, this huge market now represents close to 65 per cent of our total exports.

"But it won't be easy to hang on to this market share," he admits, "with the imposition of new duties on complete production lines and tightened loan policies."

Adjusting to market conditions

This has led the company to adjust its ways of doing business in China by increasing its presence through joint ventures.

As a result, and in addition to direct sales, Technophar is offering other options, including prompt shipment of spare parts dispatched from a convenient depot in China, and technical service technicians permanently stationed in China to assist in problem-solving and upgrading of existing equipment.

"The key to our continued success in China," reaffirms Hrecniuk, "is quality products at affordable prices."

Success based on good contacts

How did Technophar build such a solid business in China?

"We worked very hard at carefully selecting the right contacts," says Hrecniuk, "and establishing a solid network of people in the capsule industry."

The company made extensive use of the resources available at the Canadian Embassy and Consulates in China.

"There are really good people there," Hrecniuk adds, "the Trade Commissioners gave us leads and we still get good information from them."

But it was really up to the company to select its agents.

"This can take a long time," Hrecniuk explains,

"with a lot of exploring before each side is comfortable with the other, which can be very expensive since you might have to return three or four times to establish a solid relationship."

Now Technophar has two Chinese-born on staff, one in China and the other in Canada.

"You need to have someone who is aware of the ways over there," he advises, "but also someone you can fully trust; and that takes patience because you have to be very selective."

Even with the right contacts, Hrecniuk finds that the Chinese are becoming much tougher business people.

"They do a lot of price shopping," he says, "and they know what they want and what they are talking about, so you need a top product with an attractive price to convince them."

Future prospects

According to Hrecniuk, the demand for hard gelatin capsules in China increases by 10 per cent annually. This will lead to a corresponding increase in the demand for modern high-speed equipment as the Chinese government introduces new policies to modernize the pharmaceutical industry and the handmade method of making capsules.

With four more hard capsule turnkey projects in progress, Technophar signed a contract for a soft capsule production line facility — with a planned expansion for an additional four lines — during Prime Minister Jean Chrétien's visit to Shanghai last November.

"Taking advantage of such high level visits and especially the 1994 Team Canada mission to China — where Technophar signed contracts totalling \$12 million — can really pay off," suggests Hrecniuk, "because ceremony is important and relationships between government and business are important."

For more information on Technophar, contact the company's Executive Vice President Bill Hrecniuk.

Tel.: (519) 727-4114

Fax: (519) 727-4333