CASE STUDY #4

The Company

Kenox Corporation
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Established in 1983, Kenox is a privately owned company offering a unique second generation wet air oxidation technology to municipal and industrial clients.

- Sales: $700,000
- Employees: 4

The Product

Kenox offers a patented wet air oxidation technology for treating and detoxifying municipal and industrial wastewater, sludges, and slurries. They provide complete turnkey installations of their product.

Achieving Success

Kenox was meeting with no success marketing their product in Canada and was forced to look at alternative markets to avoid having to close down. They contacted the Waste Management Authority in the U.K. and had an article describing their product placed in the Authority's newsletter. It was hoped this might lead to a joint venture with an U.K. firm.

The U.K. was chosen as the preferred market to compete in as regulations governing equipment used by Kenox were less stringent in the U.K. than in many of the other Western European countries.

Several months after the newsletter was published, Lee Environmental contacted Kenox. Consequently, Kenox entered into a licensee arrangement with Lee to sell, market and use their product in the U.K. Lee also bought a system for their own purposes.

This sale was the first by Kenox and accounted for all of their $700,000 in sales last year.

Now Kenox competes in Belgium, Denmark, Italy, Netherlands, Spain and the U.K. They are presently negotiating with another firm to be an exclusive licensee of their product for all of Europe, excluding the U.K.

Sales are expected to increase as a result of these continued efforts.

The Barriers

Kenox's small size and lack of a track record were the largest barriers to entering the Western European market. They had no working product which could be used for demonstration purposes, and therefore companies chose their larger, better known competitors, even though these products were up to twice the price.

The high capital cost of Kenox's product also proved to be an obstacle in entering the market. A typical unit costs between $1.5 and $1.8 million, and while this is an extremely competitive price, it still represents a large capital outlay.

The cost of entering the market was another barrier. Kenox spent approximately $40,000 in initial efforts, all of which was provided by company resources.

Key Factors in Achieving Success

- The technical quality of Kenox's product was the key factor.
- The competitive price of the product also proved to be a key component.
- A thorough knowledge of competitor's products and services was critical.
- Sheer persistence and tenacity in the marketplace has also played a role.

A Word of Advice

Perform surveys of markets you are intending to enter, otherwise a great deal of resources are wasted in attempting to compete in the wrong markets.