

## Arms Length Trading

Arm's length trading -- the sale of goods manufactured abroad directly from the head office to Latvian customers is a direct form of participation in the budding Latvian market. It may be a recommended approach for some small specialized Canadian firms. If efforts are persistent and your potential customers, including contact name and title, are known, it can be an effective marketing choice. Usually sales will be to a company that needs the particular technology/product/service that is unique to the supplier. The Canadian Embassy can occasionally assist in locating such specialized buyers.

Currently, there is a particular interest in building materials and related products in Latvia.

### **Advantages**

- No additional investments or changes in organizational structure is necessary.

### **Disadvantages**

- Firms which choose to sell their products directly from Canada have little control over their own success in this market.
- Such firms will have little impact on the reputation of their products, how successful they are, what their market share is, or why their products do or do not sell.
- The "arm's-length" supplier will never know what other opportunities exist in Latvia which are being missed, and cannot adapt their products to meet the changing needs of customers.

### **Methodology**

1. Prepare a form letter and send it with 5-10 brochures of the product to selected potential customers. This letter should explain (in simple English with maximum use of bullets and lists) the product that the supplier is offering. The letter should invite interested companies to contact the supplier. Contact information including fax and/or telefax numbers must be included.
2. Companies responding to the letter should be sent a full and complete presentation package on the product(s) including, specifications, catalogs, prices (preferably in U.S. dollars), shipping and payment terms.
3. The supplier should be persistent in communications. Two or three attempts at contact are often necessary to generate a response. The supplier should be careful to maintain the dialogue with customers even if they fail to respond to one or two messages.
4. A representative of the firm should visit Latvia as often as possible for a few days at a time. A well-planned schedule of visits to the companies who are