

## 10. GLENAYRE ELECTRONICS LTD.

<b>Products/services:</b>	Radio paging, voice messaging and mobile communications equipment
<b>Annual sales (1990):</b>	\$166 million
<b>Non-Canadian sales:</b>	\$82 million
<b>European sales:</b>	3 per cent (\$5 million)
<b>European markets:</b>	UK, Switzerland, Sweden, Finland, Spain, Portugal, Yugoslavia
<b>Sales vehicles:</b>	Direct selling from Canada
<b>European presence:</b>	Sales office opened recently in the UK
<b>Year founded:</b>	1963
<b>Entry into Europe:</b>	UK, 1985

Glenayre Electronics Ltd. supplies products and systems for radio paging, radio telephone, voice messaging, mobile data, land mobile radio, cellular, transit and railroad communications.

Glenayre's revenues during fiscal year 1990 were \$166 million, \$82 million of which were from non-Canadian sales. Glenayre was founded in 1963.

### 10.1 Markets

Glenayre made its first sales in Europe in the UK in 1985. The firm has been successful in penetrating the markets in the UK, Switzerland, Sweden, Finland, Spain, Portugal and Yugoslavia, but so far has had limited success in France and Germany. Glenayre began to tackle the European market in earnest this year, and sales in Europe during the first half of 1991 reached the \$5 million level.

### 10.2 Market Development Approaches

Glenayre's European sales to date have been achieved mainly by direct selling from its Vancouver base. The company has been able to use direct selling because its customer base is limited in the regulated telecommunications environment of Europe. Glenayre's main customers are the PTTs along with a small number of private carriers. Each of its sales has been quite large, typically over \$1 million.

### 10.3 Choosing Distributors

Distributors and agents have been tried in the past, but they have not worked out very well for Glenayre, whose products are technically very complex. In some cases Glenayre had to do all the work,

including presentations, etc. and still had to pay commissions upon completion of the sales. Agents usually have five or six product lines and will push those that are successful. The introduction of a new product may take a year to a year and a half, and Glenayre's experience is that some agents are not willing to invest that amount of effort.

### 10.4 Sources of Information and Assistance

Glenayre makes regular use of assistance provided by External Affairs and International Trade Canada through PEMD, and has participated in a number of missions.

### 10.5 Barriers and Obstacles Encountered

The main obstacle that Glenayre has encountered is the high cost of entry into each of the European markets, including the costs associated with modifying its equipment technically to meet European specifications and getting type approvals. This typically costs \$150,000. Glenayre has one person based in Vancouver dedicated full time to type approvals. At present, selling to a PTT can ease the problem of type approvals, but this situation will not last as deregulation increases.

In the paging equipment market, which represents the bulk of Glenayre's sales in Europe, the firm's main competitors are Motorola and NEC, who, together with Glenayre, control 80 per cent of the European market. There are a couple of European manufacturers (for example, Ericsson and Siemens) but Glenayre's experience to date has shown that