
is chosen, some agreement should be made concerning target markets. There are two main reasons for not granting worldwide mandates to trading companies. First, most trading companies are fairly specialized and are not equally strong on all markets. Second, manufacturers may already act as independent exporters on certain markets or plan to do so in the future.

Manufacturers often overlook this last point as a potential source of conflict in their relations with traders. While conceding that manufacturers may eventually decide to export on their own, traders feel justified in expecting a reasonable return on the enormous efforts needed to penetrate foreign markets. When traders suspect that, once the market is developed, the manufacturer will refuse them the opportunity to enjoy the fruits of these efforts for a reasonable time, it is likely their commitment to the manufacturer's interests will also be limited to short-term gains. Such attitudes contribute little to the partnership required for success in export trade.

It is worth repeating that trading houses may be used for only a portion of exports. Even large exporting manufacturers do occasionally use trading companies because they realize they cannot cover all potential markets adequately.

A case in point is the partnership between Overseas Projects and Beam mentioned above. Although Beam does a substantial amount of exporting on its own, it has decided that Overseas Projects can do a better job in Saudi Arabia. And, over a 10-year period, Overseas Projects has, in effect, gained Beam a good sales position in a difficult market at a fraction of the cost the manufacturer would have incurred acting on its own.

Promotion

Export marketing is more than export selling. Most foreign buyers expect marketing support that goes beyond samples, brochures and pamphlets to include advertising and participation in trade shows. Trading companies want to know what and how much the manufacturer is prepared to contribute to the promotion of its products abroad. Returning to the example of the Beam-Overseas Projects partnership, an advertising campaign is being designed for Beam in Saudi Arabia. There will have to be a financial contribution from the Canadian side, provided either by Overseas Projects alone or jointly with Beam. Overseas Projects will also want to know whether Beam has developed any advertising material that may be useful in Saudi Arabia.