Talking to potential customers or testing your product through a survey or a focus group can prove extremely useful in evaluating those differences. A Canadian office furniture manufacturer conducted a survey of 100 potential buyers to evaluate the attractiveness of a new model of filing cabinet to U.S. buyers before starting to market it in the United States. The last question on the survey was "How much would you be willing to pay for this model?" While the model sold for $350 in Canada, all buyers surveyed in the United States said they would be willing to pay between $450 to $550. The monies spent on the survey were recouped many times by additional profits.

Finally, remember that a Canadian product will be accepted more quickly in the United States if the price is quoted in U.S. dollars and if it includes the cost of shipping to a U.S. destination, the customs duties, and the brokerage fees. It is the approach that Canada Belt took from the beginning. "It was particularly important in our case to be perceived as domestic suppliers," claims Carole Epstein, "since many department stores have fixed import budgets." Screen Print was quoting prices the same way, but payments first had to be made to a bank in Canada. Some customers found it inconvenient to send payments to Canada, and Andy Smith soon made arrangements so that payments could be made to a U.S. bank.

Many Canadian exporters find that having a U.S. address reassures U.S. buyers. For a limited fee, U.S. firms offer services such as telephone answering and call forwarding, mail processing, collection of receivables, bank deposits and other administrative services. It is crucial that doing business with a Canadian firm be just as easy as with a U.S. firm.

Key points

- estimate the cost of the product, taking into account shipping, tariff duties, distribution, and service
- evaluate the value of your product to the U.S. consumer
- quote all prices in U.S. dollars

STEP 3 COMMITTING RESOURCES TO THE EXPORT PROGRAM

Canadian firms successfully exporting to the United States have typically shown a strong commitment to the U.S. market. Before making that commitment you need to evaluate the cost of the export venture and the personnel required to manage it. Enough resources have to be available to meet your export objectives without disrupting your Canadian operations.

Exporting will create expenses through market research, product modifications, negotiations with potential business partners, promotion, and marketing efforts. You may require additional financial resources. Can you cover development expenses within your allocation for business development? If not, you will need a new provision for it in the budget. Will you need an extension of your credit line or a loan? If you were to need a loan to increase your production capacity, would your bank accept U.S. receivables as a guarantee?

Take a look at the provincial and federal governments' financial assistance programs for exporters. Some programs cover expenses for market investigation, participation in trade shows, marketing efforts, and product development. Others provide export insurance and financing. Most of those programs have been designed specifically for small businesses.

Exporting may require a reorganization of your corporate structure or at least a new definition of responsibilities within the firm. Somebody has to be personally responsible for the export venture so that there is a continuity in your firm's efforts and so that your U.S. contacts know who is in charge. The Canada Belt case illustrates how in certain cases the sales manager should be an experienced executive working full time on the U.S. market.