CANADA BELT

"Things would have been very different if we had known what we know now," says Carole Epstein, Vice-President of Canada Belt. "We could have saved a great deal of money at the beginning with some advice and more preparation."

In 1982, Canada Belt controlled about 65 per cent of the Canadian fashion belt market. The Epstein family realized that the growth of the firm would soon cease if it did not enter new markets. Attempts to produce other leather goods in previous years had been unsuccessful. The logical alternative was to start marketing belts in the United States.

The family saw no reason why its Canadian success could not be duplicated in the United States. As the largest belt producer in North America, its sales volume was high and the firm could afford a broader variety of raw materials and colours. Canada Belt's labour force had more experience than most other belt producers and was capable of launching new designs faster–an important factor in a fashion-driven industry requiring the introduction of hundreds of new designs every year.

Moreover, as far as the Epstein family could gather, the Canadian and U.S. belt markets seemed similar. Belts were retailed in the same types of stores. They were sold to buyers through showrooms or by agents in the same way as in Canada. Carole and her family had long been monitoring consumer trends in the United States and felt that Canada Belt was one year ahead of U.S. producers in adjusting to new fashions.

Confident of its ability to tackle this new market, Canada Belt created a U.S. subsidiary in 1983 and rented a showroom in Manhattan, where belt samples were displayed. A new brand name, "Emmanuel Belt", was created specifically for the U.S. market. The firm placed advertisements in specialized trade magazines and hired an American to manage the New York office and to recruit salespeople for other regions.

Canada Belt then prepared to receive its first orders during an industry market week when buyers visit showrooms to select the year's suppliers. The same type of event takes place in Canada every year and it had always proven a success for Canada Belt. "Because we had attractive products, we were certain that American buyers would welcome us with open arms," adds Carole Epstein. The company soon learned that it knew little about commercial practices in the United States.

While in Canada buyers simply stroll from showroom to showroom looking for new models, appointments are necessary in the United States. Not a single buyer showed up at Canada Belt's showroom all week.

"Despite our ignorance of U.S. commercial practices, we were lucky for the following two years," says Carole Epstein. As chance would have it, in 1984 snake leather belts became extremely popular and few U.S. producers could supply them. Canada Belt had been producing snake leather belts for many years, had access to a good supply of raw materials, and was capable of increasing its production to accommodate U.S. buyers. The snake leather belt fashion was followed by a fashion for metallic belts which Canada Belt could again supply better than most U.S. manufacturers. In 1985, sales in the United States represented more than 10 per cent of the firm's total sales.

In the process, Canada Belt learned more about prevailing U.S. commercial practices. A California store that had placed a $5 000 "trial-order" in 1984 included Canada Belt products in its catalogue without permission and then billed the firm $2 500 for the privilege. Other stores gave Canada Belt's samples to Asian suppliers to have them copied at a lower cost. It became obvious that there was less loyalty between suppliers and buyers in the United States than in Canada.

After the metallic belt fashion faded, Canada Belt sales in the United States fell dramatically. The sales manager left in 1986 and was not replaced. Instead, the company decided to have a Canada-based executive spend only two or three days a week in New