

## AUTOMATION SYSTEMS (Continued)

companies: Arenco (Sweden-tube filling), Rovima (Germany-form fill and seal machines), Farmova (Italy-filling, plugging, capping for liquids). The company specializes in sophisticated filling equipment. Mr Leader is the only salesman and he covers ten western states. The equipment he sells ranges in price from \$50,000 to \$400,000, he generally sells ten to twelve completely installed systems a year. Mr Leader is a trained engineer and assists his customers with systems design; he also does some consulting work. Mr Leader does not install, repair or hold stocks of parts for machines, his principals take care of those aspects. Most customers have bought FOB suppliers plant in the past but this is now changing and his customers prefer to pay for the cost of the machine delivered to their own plant. One major reason being that it simplifies the question of ownership in cases where damage occurs during transit resulting in insurance claims.

Mr Leader's main customer groups are cosmetics and pharmaceuticals. Two of his main clients are Revlon and Neutragena. He is currently working hard at expanding into chemicals which he sees as a growth market in the West. Mr Leader feels that American manufacturers are just not producing state of the art equipment at present. They are not prepared to invest in research and development because the tax climate is not sympathetic. He has not dealt directly with any Canadian companies but did know of Kalish. He would be very interested in the possibility of working with a number of Canadian manufacturers to help them establish their products in the Western U.S. He pointed out that Canadian companies wishing to establish themselves here should be prepared to budget seriously for initial promotional work. One of his principals spent over \$1,000 per month plus advertising for a period of nine months before the first machine was sold.

Mr Leader sees a definite market for a mid-priced and innovative tube filler, which could be sold at around \$20,000. He pointed out that standard priced manual fillers sell for \$6,000 and that there is nothing between the manual machine and full-sized automatic and semi-automatic equipment selling from \$35,000 to \$50,000. Mr Leader feels Canadian manufacturers would do substantial business in California provided their marketing is handled correctly. He would be very interested in reviewing the products for the study. Mr Leader was highly recommended by several industry sources.

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West Link are both distributors and sales representatives. The company acts as a distributor for Tonko (conveyor systems) and Magnason (peeling machines for vegetables etc). West Link acts as representative for the following companies; Aseeco (a California manufacturer), Icore (a California manufacturer- auto checkers, metal detectors, and colour sorters), U.S. Bottlers (bottle washing, conveying, and filling), and Fill-Tech (metal detection).