

foreign market. On the other hand, exporters that use a foreign distributor will experience reduced profit margins and have less control over their product and price.

### Selecting an Agent or Distributor

Many avenues are available to help you select a foreign agent or distributor. Canadian trade offices abroad, trade associations, business councils and banks can be useful sources of information, and talking with other Canadian exporters or potential foreign customers may help you identify prospective agents or distributors. Government agencies and departments, particularly the Department of Foreign Affairs and International Trade (DFAIT), can provide advice and information on foreign markets, distribution channels, trade fairs, suitable agents or distributors and may be able to identify potential foreign customers. (*Section 11 of The Exporter's Guide contains a complete list of useful contacts and sources of assistance.*)

Once you have developed a list of candidates to sell or distribute your product, you should visit the market to meet with potential agents or distributors. The following questions will help you determine if they suit your sales or distribution needs:

- How many companies/products have they successfully represented or marketed?

Choose from the various market entry options, such as selling directly to foreign distributors or end users, using a foreign agent or representative, relying on a Canadian-based intermediary or establishing a presence in the target market, by working through these procedures:

- ▶ establish criteria for assessing market entry options
- ▶ examine options and select the best one
- ▶ find an appropriate partner in the target market

- What is their financial condition?
- What kind of local business representation can they provide?
- What marketing and promotional programs do they have in place?
- Who are their current customers?
- Do they provide after-sales service?
- What are the terms and conditions of sale and payment?

Talk to several firms and check their references to ensure that you find a reputable agent or distributor. You can also protect yourself by entering into a limited-term trial agreement — if the foreign intermediary does not meet your expectations, you can find an alternative after the trial period is over.

### Trading Houses

Trading houses are domestically based intermediaries that market Canadian goods abroad. A full-service trading house handles many aspects of exporting, including conducting foreign market research, arranging transportation, appointing distributors or agents, exhibiting at trade fairs, advertising and documentation.

Some trading houses act as “principals” or “export merchants”, buying products outright from Canadian suppliers, while others act as agents, selling on commission. Some specialize in