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Market overview

Today, Chicago's home state of Illinois is Canada's fifth-largest export market, just behind Japan. In 2004, Canada exported \$21.2 billion to Illinois, up just under 20% from the preceding year. While crude oil, petroleum and trucks led the list of exports, virtually every category of Canadian production found a market in Chicago's economy.

Illinois exports to Canada grew by just over 7% across a broad spectrum of goods totaling \$11 billion. Not surprising perhaps is that a high volume of two-way trade is in automotive-related manufactured goods.

Not well appreciated is the huge international trading area of what World Business Chicago calls North America's mid-continental economy, comprising Ontario and the Great Lakes states of the American Midwest—among which an impressive \$3.1 trillion of business was done in 2005.

Ann Charles, Canada's Consul General in Chicago, and her colleagues have been working with Chicago's non-profit World Business Chicago economic development organization to heighten awareness of the importance and vitality of this growing two-way marketplace. Staff on both sides are working together closely to facilitate greater trade and investment.

On the Illinois side, exports to Canada were responsible for 237,000 jobs. And at last count, Canadian companies employed 268,000 in Illinois. In the nine-county Chicago metropolitan economy, 191 Canadian companies operated at 620 locations. Perhaps ironically, U.S. bank mergers have resulted in Bank of Montreal-owned Harris Bank advertising itself as Chicago's remaining home town bank. Harris is metro Chicago's largest Canadian-owned employer.

"The Harris Bank case is a good example of a huge but largely invisible relationship, a situation that suits a substantial number of business people who are content to go about quietly growing their businesses on both sides of the border," says O'Connor.

In fact, the Canadian Club of Chicago has, along with the Consulate General, been providing a sense of community since 1942 for ex-pat business executives. Also, with 51 daily nonstop flights linking Chicago and Canada's leading business centres, access to this huge market has never been easier.

The Canadian Consulate General in Chicago has worked aggressively in recent years to match emerging companies in growth sectors like life sciences, nanotechnology, and biotechnology, with cutting-edge counterparts in the Midwest. In fact, BIO2006—the biotechnology conference and exposition in Chicago taking place this week—expects to attract many businesses from across Canada.

One of the most significant developments for Canadian exports to the region has been the Atlantic provinces' discovery of Chicago's welcoming and eager marketplace. Historically, these provinces have focused their trade development efforts in New England, but after a successful export promotion exploration led by east coast premiers, Chicago has become a prime area for development. This is just an example of how much two-way market potential remains to be tapped.

"Business is good and getting better," adds O'Connor. "And in a troubled and unpredictable world, it's good to know that the greater portion of one's prosperity can be had by doing business with old friends."

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Going to the market:**Establishing a direct-sales presence in the U.S.**

All direct-sales strategies target the end user, who may be an individual, another company or a level of government. Depending on your product, you have a range of strategies for exporting to the United States.

One is to establish a U.S. presence, either by opening a branch of your company or by establishing a separate U.S. subsidiary. You'll need a lawyer well acquainted with American law to do this, but it will (for example) allow you to set up a retail outlet right in your target market. Your business will also seem more "American," which can help attract customers.

You can also sell by catalogue or by direct mail. In the first case, you produce a catalogue and distribute it using a well-targeted mailing list. In the second, you send promotional material to many potential customers, again using a mailing list. In both cases, you'll need a mechanism to take orders and payments, and a way to handle returns.

Another option is to use the Internet as a sales channel. Doing business electronically can be very convenient, but you'll still have to deal with traditional export procedures such as cross-border shipping and customs regulations. Furthermore, you'll need to convince potential customers that their transactions with you are secure, and that you'll protect their privacy and personal information.

If your business takes you to a lot of U.S. trade shows, this might be a fruitful sales opportunity. However—and it's very important to remember this—unless you have a U.S. work visa, you can't take money for your goods while you're in the U.S. You can, though, take orders for your goods, for later shipping from Canada.

Payment and after-market service

Successful direct selling requires efficient methods of dealing with payments, returns and warranties. To begin with, you'll need to handle payments in U.S. funds, possibly by converting them to Canadian funds when you receive payment, or by using a U.S.-dollar account at your Canadian bank. Or you could simply set up a U.S. bank account.

Inevitably, some products will be returned. You could manage these in several ways: by having the buyer ship them back to Canada, by renting a U.S. warehouse to store them pending shipment to Canada, or by subcontracting a U.S. company to deal with them. While the costs of a return policy—such as customs-brokerage and shipping fees—can be quite high, many consumers won't buy from a business that doesn't accept returns. As for warranties and guarantees, you might consider hiring a U.S. subcontractor to handle repairs and replacements, rather than doing it yourself.

Selling services directly

Service exporters can often do well in direct sales by contracting their expertise directly to American clients. Deciding whether to do this will depend on the nature of your service, the resources available to you and the particular U.S. market you're entering.



To succeed with this approach, you'll need to establish an awareness of your firm in the target market and demonstrate your credibility, competence and professionalism. And, as with any customer, you'll have to ensure that your management and staff are sensitive to the culture, values and business practices of your U.S. clients.

For more information on doing business in the U.S., be sure to consult *Exporting to the United States*, the comprehensive online guide from Team Canada Inc. You'll find it at <http://exportsource.ca/unitedstates>, or you can call the Export Information Line at 1 888 811-1119.