

Nexus' experience with distributors has been varied, and has depended very much on the ambition, technical competence and aggressiveness of the individual distributor. The firm's success in Germany is attributable not only to a high quality product but also to having chosen a very good distributor. In Spain, Nexus has seen excellent returns as a result of a long term commitment between Nexus and its distributor there.

8.4 Sources of Information and Assistance

Nexus has made good use of trade missions and PEMD support in developing its European network of distributors. Canadian Trade Commissioners also provided useful inputs in the early stages of the process of locating distributors.

8.5 Barriers and Obstacles Encountered

The toughest barrier that Nexus has had to face is getting type approvals from the various PTTs in each of the countries in which it wants to sell its products, since the standards differ from country to country. In Germany, the process took about 18 months.

8.6 European Presence

Nexus maintains a branch office in the UK to serve this market directly. The office also provided technical support to its distributors in the rest of Europe.

In an effort to be more responsive to its European customers, Nexus will be increasing its European presence dramatically in the near future. More resources will be allocated to Europe, in terms both of manpower and of local sales offices.

8.7 Some Observations

According to Michael Dinsmore, Senior International Account Representative, Nexus Engineering Corp., the key to success is patience. The time and capital

investment required to develop markets in Europe is quite substantial. So far, he has seen no evidence of dramatic changes as a result of the implementation of Europe 1992.

Mr. Dinsmore thinks that the use of a distributor network may be the only realistic option for the smaller Canadian firm that cannot initially afford to locate in Europe. This alternative is cheaper in the short run, but will still require a substantial investment of time in searching for and choosing a suitable contact. Mr. Dinsmore recommends a visit to a European trade show as a good first step that would allow you to identify the players in your particular industry and to make contact with them more economically than by visiting them individually.

Regarding the company's plans to open more European offices in the near future, Mr. Dinsmore feels that these changes will dramatically change Nexus' European direction. By being closer to its customers Nexus will be better able to respond to their requirements and thus ensure its long term success in Europe.

8.8 Conclusions

Nexus Engineering Corp. appears to be making good inroads into a highly competitive product area in a number of European countries. The company expended a considerable amount of effort to locate and select good distributors for its products and was willing to spend the time and money required to develop these markets. The degree of success of Nexus in the different countries appears to be closely related to its choice of distributors.

At the present time Nexus has only one sales office in Europe, located in the UK.

With the implementation of its plans to open a number of additional sales office in Europe, we can expect a dramatic improvement in Nexus' performance in Europe.