

Selling through distributors. There are major advantages for selling through distributors -- they have an access to the market, local presence and are typically lower cost method of distribution than employing one's own sales-force. Yet, getting a distributor to carry and promote the products of Canadian manufacturers is not an easy task. The basic task facing the Canadian manufacturer is to develop a strategy to sell the distributor and motivate him/her to promote the Canadian products. Assuring reliable supplies, offering exclusive rights for a given territory and competitive financial terms are all necessary conditions for getting acceptance by distributors. Furthermore, the more unique the product positioning the easier it is to get their acceptance. It is important to note, however, that employing a distributor still requires continuous service of his needs (after sales service, information, reliable delivery, etc.).

Selling direct. This option is viable for some of the larger customers (hospitals and labs). It is typically more expensive than operating through distributors. Yet, it offers greater opportunity to "push" the product more effectively. The cost of such an option especially when considering a single region such as the Mid-Atlantic states, can be quite reasonable since a single salesperson can cover the area quite effectively and a compensation scheme based primarily on commission can help control the cost.

Mixed pattern. Given the advantages (and disadvantages) of the two major approaches to distribution, it is strongly suggested that the Canadian manufacturer consider experimenting with both methods. Furthermore, the proposed mixed pattern can include both using the two methods of distribution as competing approaches (testing to establish which is more effective) as well as cooperative approach primarily in the form of a joint venture between Canadian manufacturers and U.S. distributors.

5. The U.S. market for hospital and lab products is highly competitive. Any new entry into this market has first of all to create awareness for its products and services. Even if one has a unique and innovative product, efforts should be directed toward creating awareness of the product and preference for it among the relevant decision makers in hospitals and labs. The need to heavily promote new products (assuming they do have a unique positioning) is especially critical given that most buyers are very satisfied with their current products and suppliers and, hence, perceive little need for change and adding a new supplier.

It is desirable, therefore, to experiment with different levels of promotional efforts. In planning the necessary promotion campaign, one should take advantage of the word of mouth communication among physicians in a given area and concentrate in one area rather than spread the efforts in a number of areas. It is strongly suggested that unless a national distributor can be obtained to carry and promote the given products, a regional entry strategy be employed.