



CHOOSING AN ENTRY STRATEGY

Export success depends on many factors. If you are a manufacturer, you should have an effective way of getting your goods into and distributed in the foreign market, which may involve using intermediaries, direct selling or partnering. If you export services, you should have a mechanism that will help you secure and manage contracts in the market, which usually involves some form of local presence.

The characteristics and regulations of the target market will help you determine which entry strategy to pursue. For example, for relatively accessible markets such as the United States, direct selling may be a viable option. For other markets, with cultural differences, complex local business practices and unfamiliar legal environments, it is often better to find a local partner.

INTERMEDIARIES

For most new exporters, using intermediaries such as an agent, foreign distributor or a Canadian trading house is likely the best entry option.

Agents and Representatives

An agent secures orders from foreign customers and receives a commission from the exporter. A representative is a specialized agent who generally operates within a specific geographic territory and who sells related lines of goods.

Both agents and representatives are authorized to enter into contractual sales agreements with foreign customers on behalf of the Canadian exporter. They are usually paid on a commission basis only when they sell your product.

An agreement with a foreign agent or representative immediately gives the Canadian company an established sales presence in the foreign market. This approach is less costly than setting up your own direct sales operation and allows you to make more frequent sales calls. It also gives you control over the product and its price — an important advantage.

A good foreign agent or representative can be helpful in many ways, including gathering market intelligence, advising on financing and transportation, clearing Customs, providing access to potential customers, making collections, and supplying information on local business practices, legal rules and cultural traditions.

Foreign Distributors

Unlike agents, distributors actually purchase the exporter's product and resells it to local customers. Often, distributors set the selling price, provide buyer financing, and look after warranty and service needs.

A significant advantage is that the distributor is often able to provide after-sales service in the