VI. Beginning to Export

Here is a list of the most common errors made by Canadian exporters new to the U.S. market. It is based on information gathered from the Agri-food sector specialists in the U.S. consulates:

Exporters have not developed a viable product in Canada first: Realistically, the domestic market should be developed before companies consider exporting

Companies do not utilize the services of the regional International Trade Centre before approaching the Consulate in the U.S. However, firms should contact the Consulate located in the market of interest once they have dealt with the ITC and are ready to export.

Companies do not undertake sufficient market research.

The product to be exported does not offer something "different" which will interest the buyer and the consumer. Consider how it differs from the established products in the market place.

Many firms do not visit the market prior to entry so as to determine its demographic character.

Companies lack knowledge of the correct rate of U.S. duty.

Exporters do not use a qualified customs broker for correct tariff classification and to ensure that they have the proper documentation that would avert needless problems when shipping products across the border.

Companies do not retain a broker before entering a market or trade show: In most cases buyers will not buy directly and will require a local agent who can service them adequately.

Exporters often lack knowledge of the channels of distribution in each market: Each region has varying channels of distribution, which in most cases are different from those in Canada.

The labels on the exported item are not in conformity with U.S. requirements: It is not a good idea to use the label of a U.S. competitor as a guide: in many cases the U.S. company's labelling is also incorrect.

Companies often experience problems with country of origin markings either because of non-compliance or lack of knowledge of the requirements.

Exporters fail to develop C.I.F. pricing duty-paid in U.S. dollars.

Companies fail to develop a marketing plan that will provide them with a strategy to enter their selected markets: It is important to target certain segments of the market (retail, institutional, etc.) and to concentrate initially on a geographic region. To export successfully requires an investment of both time and money. The shotgun approach simply will not work.

Companies neglect to follow up their initial marketing effort: Continued calls to the broker and key clients are required. The broker needs to be "pumped up" occasionally. It is the exporter's responsibility to educate the broker on the product and to monitor how well it is being promoted. Exporting companies should develop attractive product literature and prepare samples for the brokers/agents.

Unsophisticated packaging: Packing must attract consumer attention. Packaging elicits initial sales while the product delivers the repeat business.

The financial resources and production capabilities of the would-be exporter may not be adequate for the intended market: Sometimes Canadian exporters may shift production runs destined for export customers to the domestic market to meet unexpected shortfalls. This is a sure-fire way of losing your American customers!

Lack of knowledge of the slotting allowance: The allowance, as noted above, can be a major factor in entering certain U.S. markets.