commission. Selling direct is the most expensive option but usually leads to a stronger relationship with customers. Each choice implies a different degree of involvement, a different level of investment, and bears a different potential for growth.

The design houses to which Screen Print was selling were in fact acting as distributors. They were buying and then reselling Screen Print's murals. The salespeople of Canada Belt were agents. They were promoting the products and collecting orders on which they received a commission. Agents were used by Canada Belt because accessories buyers of many department stores preferred to deal with them.

When choosing your distribution channel, consider the type of product that you plan to export and the nature of your market. Enterprises manufacturing specialized industrial equipment that requires customer training usually prefer to sell directly. Businesses with limited resources that have to reach a broad client-base usually decide to sell through intermediaries.

Your firm's motives for exporting are also important factors to look at in the selection of a distribution channel. An entrepreneur who simply wants to fill an order book during the low season may decide to deal with a trading house, while a firm aiming at continued growth despite the saturation of the domestic market is more likely to use distributors or a direct sales force. Canadians use trading houses less frequently to export to the U.S. than to other countries because of the proximity of Canada to the United States.

On the other hand, manufacturers' representatives are used more frequently in the United States than in other countries for industrial and commercial products. Manufacturers' representatives are specialized agents who generally operate within a given territory and sell related lines of goods to a specific group of customers. Many U.S. buyers prefer purchasing from manufacturers' representatives because they find it less time-consuming and less risky than dealing with competing manufacturers for every single item.

Use what you know about the market to chart the distribution structure in your industry from manufacturers to end-users. Indicate the channels used by your competitors and evaluate which option will allow you to compete most effectively. Find out what the implications are in terms of service, marketing, and pricing.

Mistakes can be costly, as a Canadian manufacturer of products for landscaping recently learned. He decided to market his products more aggressively in New England after a few unsolicited orders from that region. He signed up an agent after spending thousands of dollars in legal advice, time, and travelling. To his surprise, the agent failed to generate any orders during the months following the agreement. His competitors were selling directly to distributors and large designers and, despite higher production costs, were able to cut their prices enough to keep him out of the market. He finally signed an exclusivity contract with one of Massachusetts' largest distributors, but only after another round of legal negotiations and expenses.

The establishment of a distributor relationship with a U.S. firm should also be done with great care. Avoid making a commitment to a firm only because the manager is well connected or is a distant relative of a potential client. Never sign an agreement with the first firm that you meet. The factors to consider in your decision should include the following:

- *segments served in view of your target market*
- *territory covered*
- *quality of management*
- *customers served*
- *reputation of the firm in the industry*
- *size of its sales force*
- *number and locations of offices*
- *interest in your product*
- *annual sales that the firm can potentially generate for your product*
- *what competitors are doing*