

8. NEXUS ENGINEERING CORP.

Products/services:	Cable television head end equipment
Annual sales (1990):	\$28 million
Non-Canadian sales:	90 per cent
European sales:	11 per cent (\$3 million)
European markets:	Germany, UK, Spain
Sales vehicles:	Direct sales, distributors
European presence:	Sales office in the UK
Year founded:	1982
Entry into Europe:	Norway, 1986

Nexus Engineering Corp. manufactures the most complete lines of cable television head end equipment in the world, specializing in satellite receivers, signal processors, television demodulators, modulators and various ancillary products for the satellite television market. Nexus Engineering, a member of the Nexus Group of Companies, was founded in 1982.

Total sales for Nexus Engineering last year were \$28 million. Approximately 90 per cent of these sales were outside Canada. Nexus received a Canada Export Award in 1990.

8.1 Markets

Nexus now has sales in most of the major countries in Europe. Sales in Europe were \$3 million, or approximately 11 per cent of total sales. Its first European sales were made in Norway in 1986, where there was a small market niche that Nexus was able to tap fairly readily.

Nexus' largest market at present is Germany, which has one of the largest markets in Europe for cable television head end equipment. Although entry into the German market was difficult and took more than two years, Nexus has been successful even against competition from German manufacturers.

8.2 Market Development Approaches

Nexus chose to tackle the UK market from a UK sales office. The office was established to capitalize on the attractive market opportunities created by the substantial investment being made in installing cable television systems in the UK, primarily by Canadian and American companies.

Throughout the rest of Europe, Nexus maintains a network of distributors. In each country Nexus appoints a single distributor, who is responsible for marketing the product and for providing the necessary levels of technical servicing and applications consultations.

Nexus' immediate customers are the distributors, who purchase the goods directly from Nexus in Canada and are responsible for clearing the goods and integrating the products according to their customers' requirements. The ultimate customers for Nexus' products are those people or groups who require a satellite system for commercial use, such as hotel or motel owners or operators of CATV systems.

8.3 Choosing Distributors

The Nexus distributor in Norway contacted Nexus, which it learned about at a trade show. Similarly, Nexus was approached by its eventual German distributor at a trade show in the UK.

The most important criterion that Nexus uses in selecting distributors is whether or not they possess the technical skills needed to market Nexus' products.

The process of choosing the best distributor is very difficult and expensive for a company like Nexus was in its earlier years. However, the effort appears to be well worthwhile. Nexus has found that, generally speaking, the more time it invests in locating and choosing the distributor, the more successful it has been. Patience is also important in that it has taken months or years to mature some distributor links.