

convince the customer that it would benefit from buying Gennum's device.

This type of marketing cannot be done through contact with the potential customer's purchasing agent — it must be done with management. Also, there was no requirement for Gennum to have its components certified or to translate instruction manuals into the language of the client. Gennum therefore chose to tackle the European market by selling directly from Canada.

In its Video Broadcast Products business, Gennum has agents in most European countries to contact, follow up and generate leads. The actual selling is still done by Gennum's Canada-based staff. Gennum has sold video broadcast products to customers in the UK, Spain, Germany, the Netherlands, Switzerland, France and Italy.

5.3 Choosing Distributors

Agents that had the technical expertise and experience to represent Gennum's products properly were very difficult to locate. Very early in its efforts to break into the European market, Gennum tried to use agents in Denmark, which, with three companies at that time, was one of the leading producers of hearing aids in Europe. Gennum found out that the agent that it chose did not know the product and the industry well enough to be effective. In the end, the company had to do its own selling, paying the agent its commission until the agreement ended. The problem was not so much the competence of the agent, it was the highly specialized nature of the industry and the technical complexity of the product.

5.4 Sources of Information and Assistance

Gennum made use of support provided by External Affairs and International Trade Canada, taking part in some missions to Europe, and getting assistance with local logistics and finding the names of possible agents.

5.5 Barriers and Obstacles Encountered

Gennum did not encounter any significant barriers in developing a market for its products in Europe. As noted above, Gennum experienced some difficulty in locating distributors that had the technical competence necessary to represent their products.

5.6 European Presence

Gennum has no permanent presence in Europe.

5.7 Some Observations

Dr. Wally Pieczonka, Chairman, Gennum Corporation, emphasized that not only will you have to convince your customer of the technical superiority of your product, you must also convince customers that you are a reliable supplier willing to remain with them for the long haul as their markets develop through the incorporation of your device. You have to convince customers that you are competent and serious and can support your product. He also noted that you have to arm yourself with copious amounts of applications data. Europeans are more receptive to arguments based on overall benefits than are North Americans.

Dr. Pieczonka noted that meetings to discuss applications with your customers' senior management present opportunities to do market research that should not be bypassed. Gennum has a policy of making sure that every one of its customers is visited at least every two months by someone from the company.

Dr. Pieczonka stressed the need to think strategically in developing your export business, investing the time and resources required to do the job properly without expecting immediate results. You must get to know the customer and the customer must get to know you — to do so requires personal contact, which only the company's personnel can do, not an agent. There is a definite and important role for agents, but don't expect them to do the whole job. Also, you must do your homework well in advance of your regular trips to the target market.

5.8 Conclusions

The success that Gennum Corporation has achieved in penetrating markets in Europe appears to be the result of strategic planning coupled with good execution. Having reached the point of diminishing returns for its hearing industry products in the North American market, Gennum embarked upon a planned attack on the European market. In its highly specialized niche, the company had little difficulty identifying its main customers and competitors. Gennum systematically undertook to displace its competitors, who were offering a somewhat lower performance product at a lower price. Gennum