

On a practical note, however, it may not be possible for smaller companies to find distributors that are willing to make the heavy initial investment necessary to introduce a product without some degree of protection in the form of an exclusive agreement. Most of the companies began with exclusive distributors for their products in each of the market areas, moving to multiple distribution channels as the sales volume of their products expanded.

For smaller companies, it may be more practical to choose smaller distributors who are willing to give their products the degree of attention needed and who can grow with them. Microtronix Datacom advised that one of the most important factors in choosing a distributor is to find one that thinks the same way you do.

European distributors will dedicate more resources to the introduction of the products they represent and to the training of their product support staff than is customary in North America. A considerable amount of time may be required for both sides to establish the degree of commitment of each party. This investment of time in the early stages may be well worthwhile. One of the companies observed a direct correlation between the time it invested in locating and choosing its distributor and its success in that particular market.

Most of the companies stressed the need to support their distributors on an ongoing basis. Microtronix Datacom provides technical training in after-sales support for its distributors both on site in Europe and at its facilities in London, Ontario. Eicon has established an office in the UK, its principal role being to provide technical and marketing support to its well established network of distributors throughout Europe. The company saw its sales in Europe increase dramatically after this office was opened.

2.5 Sources of Information and Assistance

For the companies surveyed, the main source of information about European markets appears to be intelligence gathered about distributors and potential competitors at trade shows. A number of the companies participated in trade missions sponsored by External Affairs and International

Trade Canada or used services provided by Canadian federal and provincial trade offices abroad, particularly in arranging visits with potential users, customers and distributors.

Most companies stressed that participating in trade shows and missions does not supplant the need to make additional visits on your own. They underlined the importance of ongoing direct contact with users and potential users as an important aspect of market research. Gennum has a policy of making sure that each of its customers is visited regularly by its staff.

One useful source of information that does not appear to have been fully used is the experience of the Canadian companies that are already successfully marketing their products into Europe. These companies have a wealth of information that they are willing to share with new Canadian exporters about such subjects as procedures for regulatory and type approvals, European business customs and how they differ from country to country within Europe, or where to go for more detailed information. Most of the companies with whom we talked indicated their willingness to pass on their experiences and insights to new Canadian exporters to Europe.

2.6 Obstacles Encountered

One of the main obstacles that these companies had to overcome in establishing their European sales was the time consuming, expensive and often frustrating process of getting type approvals for the products they wished to introduce. Type approvals, which have to be obtained separately for each piece of equipment in each of the countries, can use up considerable time and resources, depending on the market and the degree to which the representative is able to help. Several of the companies have dedicated staff to look after all type approvals from Canada.

The standards in the UK and Germany are the most stringent in Europe. The process and standards appear to be most difficult in Germany, in extreme cases taking as long as 18 months to complete. The process and standards appear to be much more straightforward and less demanding in some of the smaller countries, such as the Netherlands and Denmark. With the implementation of Europe 1992, the type approval process will become Europe-wide and therefore less onerous for companies wishing to sell their products in several European countries.