

• Broker*

Brokers pursue individual sales on their suppliers' behalf, and pass requests for quotations on products to their suppliers for a response. For brokers, it is just as important to please their customers as their suppliers. This means that, if the product of a Canadian company is not as price-competitive as that of another supplier, the broker may sell a competitor's product to keep a regular customer satisfied. The broker may be paid a commission on sales, or sometimes the agreement will stipulate that a broker will take legal title to and physical possession of the product, warehouse it, and ship it from the broker's premises in the market territory.

Generally, the Canadian exporter retains most control over the indirect sales representation process if a manufacturer's agent is contracted to do the selling. Greater market coverage is assured. An agent will call on all distributors, dealers or other suitable purchasers.

Analyzing Your Market Needs

Whatever sales representation you select to launch your product in the U.S., the initial steps lie within your company's decision-making chain. Basically, these first steps include answering the following questions:

- What does the product offer the American customer?
- What is the demand for this product in the U.S.?
- Which region(s) of the U.S. is the company likely to target most successfully?

Consider the regional demand in the U.S. as well as your capability to produce sufficient amounts for reliable and consistent delivery. Consider proximity to the market and transportation costs to reach that market by the most efficient method for your product, including Customs brokerage fees. Can you still be competitive with the suppliers who are already selling in the region you have targeted?

Let us suppose you do not, as yet, have any business contacts in the U.S. Where do you start to research the market so that you can make decisions on all the above issues?

* Note that "broker" here refers to an indirect sales representative arrangement. The term bears no connection to a "Customs broker," who assists in clearing products through the U.S. border.

Canada's trade commissioners posted in the Canadian Embassy and 12 consulates (Appendix 6) in the U.S. can provide you with a broad range of information about the state of the market for your product within their assigned territory. Be precise in your request for assistance. If the trade commissioner is not able to obtain up-to-date information to answer your inquiry, you will be given other contacts in agencies of the U.S. government. Examples of just two subjects which every Canadian exporter should research are the state transportation regulations and guidelines concerning product composition.

The trade commissioners in the Canadian consulates also have compiled data bases of manufacturers' agents for various product categories in their region. Manufacturers' agents often visit the Canadian posts to make themselves known and to attend trade-related events organized by the trade commissioners for Canadian suppliers. Chapter 2 outlines the information you should have available when contacting the Commercial Division at the consulate for assistance. Information on U.S. Customs considerations such as import tariffs, "country-of-origin" marking, labelling and other import requirements can be obtained from:

United States Tariffs and Market Access Division
(UEA)
External Affairs and International Trade Canada
125 Sussex Drive
Ottawa, Ontario, K1A 0G2
Tel.: (613) 991-2056
Fax: (613) 991-4840

Information about programs for new exporters, such as the Program for Export Market Development (PEMD), New Exporters to Border States (NEBS) and New Exporters to the U.S. (NEXUS) can be obtained from the International Trade Centres co-located with the regional offices of Industry, Science and Technology Canada (ISTC) and from the ISTC offices in the Yukon and Northwest Territories. (See Appendix 7)

Other Management Decisions

If your company is following an established marketing strategy, you will be able to answer most of the questions that prospective sales agents will ask you. If this is not the situation, it is recommended that you devise an overall marketing plan for the company, encompassing the objectives of both domestic and export sales. Many small-to medium-sized businesses contract a marketing specialist to assist them in this task.