

A NEW LOOK AT EXPORTING

The Right Product

Generally, a product must be successful at home before it can succeed abroad — unless, of course, it has been developed to meet the particular needs of a foreign market.

A product's domestic performance (Is it the best or among the best and most competitive in Canada?) must be closely scrutinized before being subjected to international markets — where a 'dog-eat-dog' competitiveness generally prevails.

If you are considering exporting because your product is doing poorly in Canada, you have little likelihood of success. Indeed, even being a leader in your field at home is no guarantee of success abroad.

Once your product is well established nationally, you must determine what countries are using this type of commodity, who the competitive suppliers are, and how the product is being utilized.

Adaptability

Often, and frequently overlooked, is the fact that products must be adapted to the needs of the consumer; not the consumer being obliged to adapt to the way the product was used in Canada.

You might also have to modify your product to suit a particular foreign market because of different climatic conditions. This creates additional risks that must be covered by a carefully prepared contract and by adequate export insurance.

Requirements/Standards

Regulatory requirements as well as new technical, marking, labelling, presentation and packaging standards must also be met. These standards are usually prescribed by regulations. Failure to conform will usually result in the product's being

barred from the market.

Outstanding packaging and translation of labels will help to sell your product. The marking and labelling must exceed the legal standards in the many countries where retailers will appreciate seeing a bar code, and consumers will appreciate receiving detailed information on a product and the way in which it is used.

In some cases, an export permit may be required from Canada, or an import permit from the target country (which may wish to protect an infant industry in your activity sector).

Constraints

More subtle and sometimes more constraining are the numerous non-regulatory standards and the problems they raise.

On the plus side is the fact that in many countries, the "Made in Canada" label lends an air of quality to your product. Conversely, many buyers in the United States prefer to "Buy American" out of a sense of nationalism or because they feel the supply is more secure.

Consumer and environmental organizations can place unexpected requirements on your product or even cause it to be banned on some markets. Witness the demise of the seal fur and asbestos-derived products markets following complaints from concerned environmental groups.

There are also transportation-related constraints. Some products cannot be transported by air for reasons of safety, weight or cost, while others require special packaging.

Would-be exporters must also face new challenges in regard to price. The same principles used in Canadian production apply to the method of calculating the cost of manufacturing for export.

A more extensive use of your production capability can improve your margin and cover part of the marketing costs and the financial expenses, including the cost of transportation, packaging, export insurance, documentation, financing, remuneration of middlemen and after-sale service.

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