

KEY STEPS TOWARD EXPORTING SUCCESS IN THE U.S.

STEP 1

GATHERING INFORMATION THAT PAYS

Much like Andy Smith and Carole Epstein, you will need to engage in a certain amount of research before successfully doing business in the United States. Gathering basic market information is essential in identifying the best opportunities for your firm and in developing a successful strategy to pursue them. Good market research is less expensive and much more efficient than trial-and-error learning. Basic information gathering should begin before you develop relationships with potential distributors and clients and preferably before you exhibit in trade shows.

What to Look For

You must first develop an estimate of the commercial potential of your product in the United States. Knowing the gross market size is usually not very useful in the world's most segmented market. Figures on the overall market for point-of-sale display products, for instance, would not have been particularly relevant to Andy Smith's needs. You need to establish the industry, the application, or the group of customers to whom your product will be most useful or most attractive. What volume of sales do they represent? Are their purchases increasing or decreasing? Why? By discovering that potential annual sales for ultra-violet murals were only between \$4 and \$8 million in the United States, Andy Smith knew that it was not necessary to increase the production capacity or the size of his sales staff to serve the U.S. market.

Take the time to learn about American customers, their business, aspirations, tastes, and mentality. How will your product help or satisfy them? A Canadian modern home furniture manufacturer recently discovered through market research that his products did not appeal to professional Californians, as he expected, but rather to upwardly mobile Black and Hispanic yuppies in the New York area. His findings led him to scale down his efforts in California and to develop a radically different promotion campaign in New York.

Next, inform yourself about all potential distribution channels serving the market. Who are the major firms involved in distribution in each region? Classifying the end-users by size, as Andy Smith did, will make the selection of a distribution channel easier.

You should also try to gather as much information as you can on your competitors — their products, estimated market shares, distribution channels and prices. Gather this information in a format that will allow easy comparison with your firm, your own products and your technology. What are your strengths? How can you make up for your weaknesses? How are your U.S. competitors likely to react to your entry into the market?

Finally, as Carole Epstein learned the hard way, Canadian exporters need to learn about U.S. commercial practices. What methods of payment are U.S. customers using? Do they prefer to deal with a U.S. bank? What discounts are usually applied? Are clients invoiced for payments within 15, 30 or 60 days? What penalties will you face if your shipment is held by customs officials and delivered late?

Key research areas

- commercial potential of a product in the United States
- preferences and needs of the U.S. consumer
- distribution channels
- competitors
- commercial practices

How to Get It

The United States market is the most researched market in the world. Statistical publications and market studies are available from Canadian and U.S. government agencies as well as from many trade associations. You should consult the catalogues of specialized U.S. firms that supply off-the-shelf industry and market studies on a wide range of sectors