

could readily analyze market information. In recent years, Japanese competitiveness has focused attention on quality, and this has culminated in the pervasive movement towards total quality management. From this perspective, attention is devoted to provision of goods and services that are modified in accordance with the specific needs of each customer. Quality is not just a matter of ensuring minimal defects, but also of continually modifying the product to make it better suit each customer, and to adjust to new customer needs. Innovation is an integral element of this continuous improvement, and innovation has become a joint activity of all those firms that are linked in each value chain. Consequently, Canadian businesses now need much more than the traditional introductions of principals of one firm to those of another. Canadian businesses need ongoing assistance to facilitate relationships that are continually changing. The need exists for a far more sophisticated "market intelligence" than used to be necessary.

The "competitive advantage" literature discusses the ability of firms to innovate both in terms of cost reduction and in terms of quality modifications. Analyses of authors like Michael Porter focus on future, continually changing cost structures, and they analyze the ability of businesses to alter the way they operate. Closely related is the ability of businesses to shift from one product or component to another as the demand for each changes. This feature is often referred to as "economies of scope," and it deals with the efficiency with which a business can alter its products to suit particular customers, thereby satisfying the limited market demands for each version of its products.

Vertical integration is now occurring through various kinds of alliances as well as the traditional corporate "take-over". The retail sector as well as the manufacturing sector is relying increasingly on such integration. The success of the retailer, even if only a small local retailer, depends to a major degree on an ability to deal appropriately with suppliers in a wide variety of nations. The pursuit of suppliers throughout the world has meant that even the small local retailer is part of the global marketplace. The search for partners in a value chain increasingly involves the search for suppliers of components rather than suppliers of the product as a whole. Here the retailer has an opportunity to become truly creative in the design of its own unique product. This trend is blurring the distinction between retail as a service sector and manufacturing as an industrial operation. The retailer may also be tempted to participate directly in the ownership and the operation of the manufacturing process itself, particularly in assembling the various components into the final product.

These dramatic changes in the way that business is conducted are putting additional strains on the exchange of information in the market place. Each Canadian business now looks at a vast number of possible suppliers and customers, with each of which there is the potential for a wide range of ongoing relationships. No longer is it adequate to send a sample of a product in the expectation that a foreign company will be able to reach a decision with regard to a business deal. The marketing function is changing, becoming an ongoing task that is more complex than it once was. At issue now is the ability of each Canadian business to understand the needs and interests of each foreign company--located throughout the world--with which it might usefully establish new linkages, knowing that the