

The Need for Market Research

When considering the option of expanding into the United States, market research is extremely important. Brian Auty has made a regular practice of traveling to U.S. cities to explore for opportunities. He suggests that if a firm plans to export to the United States, it must research its target market with the objective of "finding the real reason that Americans would want to buy from Canadian printers." Lowe-Martin, is currently researching U.S. markets for scientific and engineering company concentrations. Webcom has already completed its market research. One niche of Webcom is colleges and universities, and it has thus chosen the college and university-rich Boston market for a sales branch.

Once a firm finds a market concentration, its next step should be to survey the competition. For example, Lowe-Martin is an excellent high-tech printer, but so is the world-wide conglomerate Donnelly Printing. Since Donnelly has the advantages of size and market credibility, Lowe Martin wisely plans to conduct its business in a market that Donnelly does not currently serve.

Buyouts, Joint Ventures and Partnerships

After deciding to enter the U.S. market, a Canadian firm has several alternatives to execute its plan of expansion. John Morris of MM&T believes that a buyout is the only way to enter the market. He feels this is the best way to gain credibility with certain provincially-minded U.S. buyers. His opinion is based on the failure of MM&T's attempt to establish a branch office in New York City.

The partnership between Auty and Advanced Screen Printers (A.S.P. and later Auty, U.S.A.) was extremely successful. A.S.P. produced screen printed promotional products, just as Auty did, but was much smaller. After Mr. Auty showed the owner of A.S.P. that a partnership would be mutually beneficial, the companies developed a partnership contract, and A.S.P. changed its name to Auty, U.S.A.. Annual revenues for Auty, U.S.A. jumped from \$360,000 to nearly \$2 million largely because of the expertise and investment provided by Auty, Canada. The owner of Auty, U.S.A. decided he did not want to take the risks that would be necessary to boost revenues to \$5 to \$10 million per year, so the official partnership was ended. Presently, a less structured working relationship continues to exist and is beneficial to both companies.