

## 15.0 MARKET STRATEGIES

This report is intended to be a working tool for small to medium sized Canadian companies who wish to market their products or services in the Southwestern U.S.A. It is possible that companies in these categories have not attempted serious international marketing in any form before. For this reason we have produced a guide which covers the following points:

- Market evaluation;
- Preparing a market entry plan; and
- Examples showing how the elements in the marketing plan could differ for a selection of the product types covered by this study.

### Market Evaluation:

The first stage is to determine if there could be a worthwhile market for the products Canadian companies wish to export to the Southwestern U.S. The company reports provided throughout this study will serve as an initial guide to the potential market responses which could occur. At the same time, some clear market requirements for certain product types are readily identifiable.

Once it has been determined that the product may be salable, it will be necessary to plan one or two visits to the market area to physically test potential customers' responses. We suggest that these trips should be made by marketing rather than technical personnel. A worthwhile contact list is essential. The list of interested companies obtained from this report should be supplemented by additional contacts. These can be obtained from trade directories such as Data Sources\* and by calling companies direct. It is advisable to contact the Canadian Consulate General in the market area. Commercial Officers from the consulate may be helpful in providing additional contacts and in helping to plan a marketing trip so that the greatest benefit can be derived from it.

It is wise to send prospective customers a marketing package in advance. The package should include literature and a personalized letter. A follow-up phone call should be made and arrangements for as many tentative appointments as possible before leaving Canada. It is advisable not to fit any more than three major appointments into any one day's schedule.

The object of the evaluation trip is to discuss the product pricing, delivery, potential order size, and sales potential generally with prospective customers. The second major objective is to interview a number of possible representatives while critically examining the advantages and disadvantages offered by a number of alternative sales and distribution methods which may be available.

If it is at all possible, it will be advantageous to time the trip to coincide with participation in or attend-

ance at an area trade show or conference (these are discussed in the report section on promotional methods).

It should be remembered that there is a great deal of difference between products which sell virtually on a commodity basis such as components and some board level products, and those complete products which offer new or unusual technology. In the latter case, individual seminars together with visits to the exporter's Canadian plant should be considered an investment.

The Canadian Government provides a number of programs designed to assist new exporters with initial export costs. New exporters should consult External Affairs U.S. Trade and Investment Development Bureau and ITC/DRIE to ascertain if any of the available programs apply to them.

### Market Entry Plan:

It is essential to prepare a detailed market entry plan which will provide management, marketing, and production staff with a full outline of the processes which are involved in preparing for an export operation. This plan will also outline the practical marketing steps to be taken over the initial period once the export operation commences. The market entry plan should include the following information: —

- *Evaluation results* — Detailed results of the market evaluation to determine the marketability of the product or products, (is the product acceptable in its current form, is modification necessary); whether projected product pricing will be acceptable or should pricing be revised (at least in the early stages); the potential size of the market which could be achieved realistically in a set time; the type of distribution method which best suits the product, the market, and the Canadian exporting company.
- *Timing* — The physical aspects of selling and marketing should not commence until orders can be taken and delivered within a time period which is acceptable to the customer. Consequently, it is necessary to decide when export sales should commence.
- *Selling Organization* — An accurate outline of the selling and distribution organization required to maintain the export operation both in the U.S. and in Canada together with cost estimates for all stages and operations. This should include distributors' margins; travel to the market area; cost of participating in marketing activities such as advertising and trade shows; any related or set-up costs in the market area, i.e. rents, equipment, leasing.
- *In-house Organization* — An estimate of in-house Canadian costs, i.e. allocation of manpower, extra staff required, communications, and product development costs.
- *Budget and Sales Forecast* — An accurate budget and sales forecast reflecting all costs previously discussed and sales to be achieved. The budget and forecast will determine if the market-

\* Data Sources: Published by Ziff-Davies Publishing Co.,  
1 Park Avenue, New York, N.Y. 10016  
Tel: 212-725-3500