

## 2.3 Sales Vehicles

The second element of the entry strategy is the choice of sales vehicle. The sales vehicles used in Europe by each of these companies are presented in Exhibit 2-3. The most popular is the use of distributors or agents; most of the companies in our survey use more than one sales mechanism.

In choosing the most appropriate sales vehicles, the factors to be considered include: the nature, technical complexity and price range of the product; the number and the geographic distribution of the potential customers; the nature of the distribution mechanisms for the products; the difficulties associated with the type approval processes; and the anticipated difficulty and expense involved in introducing the product to the market.

Direct selling from a Canadian base of operations is used by many of the companies, but not as the sole vehicle by any company. The exception is Gennum, with one of its two major product groups, devices for the hearing instrument industry. One of the companies surveyed strongly advised against trying to rely solely on direct selling from Canada if the product requires significant support.

Almost all of the companies use distributors for some of their products in some of the markets. Generally speaking, the smaller companies appear to rely more on distributors, while the larger companies have set up a number of sales offices in Europe. The use of distributors may be the only realistic initial option for a small company that cannot afford to establish sales offices in Europe immediately.

## 2.4 Choosing Agents and Distributors

If the decision is made to use distributors as the main sales vehicle, the most critical element in the execution of the chosen strategy — and possibly the most difficult step — is to find and choose the distributors or agents to represent the product in each of the chosen markets. Ideally, the distributor should be large enough and have enough financial stability and resources to stay with the company over the long haul. In addition, it should have well-established distribution channels so that the products can have the widest exposure. Another key factor in choosing distributors is their understanding of the products and their technical ability to support and service them.

Most of the companies found that good agents with a thorough knowledge of the market and the potential customers, along with the technical competence to explain, install and support their products were not easy to locate. Many of the companies found their first distributors by participating in trade fairs. In a number of cases, it was the distributor that made the first contact.

Some of the larger companies advised that exclusive distribution agreements be avoided wherever possible. Newbridge uses national distributors to tap national markets and pan-European distributors to serve markets that go beyond national borders — a situation that will become increasingly important with the full implementation of Europe 1992. Gandalf has a policy of establishing non-exclusive relationships with about five distributors and then using their performance over the ensuing year or so as the basis for choosing the ones with which it will establish long-term relationships.

**Exhibit 2-3**  
**Sales Vehicles Used**

Company	Direct Selling from Canada Sales Office	Distributors and Agents	Direct Selling from European Sales Office	Strategic Partner
Consultronics		x		
Eicon		x		
Gennum	x	x		
Gandalf		x	x	x
Newbridge	x	x	x	x
Nexus		x	x	
Microtronix		x		
Glenayre	x		x	
Positron	x	x		