Dare Foods

Dare is a private company that was founded in 1892 in the town of Berlin (Kitchener) by the grandfather of the current owner. Many of the candies, crackers and cookies that it makes go back to its origins. Dare remained a regional bakery until the 1950s when it began expanding across Canada. A decade later it was a national company that was also selling products to the United States. The firm's success is based on forward thinking. It was the first to use the now-popular stand-up bag for packaging cookies. At the same time, the fact that the cookies were not visible through the bag prompted the use of professional photography to enhance the appearance of the product and emphasize its improved quality.

To enter the snack cracker market, Dare developed Breton and Cabaret, unique items that have propelled it into international markets. Michael Thompson, Dare's Vice President for International Markets, saw some opportunities in the Mexican market but was initially dissuaded by the country's restrictions on imports. When the border opened after Mexico joined the General Agreement on Tariffs and Trade (GATT) in 1986, the opportunities looked more promising. Shortly thereafter, a chance meeting led to a contact in Mexico.

Initial discussions lasted six months and involved faxes, letters and telephone conversations. Dare eventually provided the contact with product samples that were well-received and that resulted in a first shipment in March of 1990. The Mexican distributor placed the product with *Gigantes* supermarkets (160 stores) for a promotional sale. Five weeks later, Mr. Thompson went to Mexico prepared to do business in the North American way with meetings, promotional events, and pricing discussions. To his surprise, he discovered that his distributor was much more interested in establishing a closer personal relationship. He introduced Thompson to his family and associates through breakfast and lunch meetings. In the end, however, these lunch meetings were of critical importance to the business because they provided new contacts and enhanced the distributor's image. Trust was established and both sides of the partnership have benefitted.

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A slightly different set of issues confronts the service exporter. While service exports do not face the need for physical modification, those who provide them may still have to adapt to local regulations, professional standards, and certification requirements. Transferring employees from Canada to Mexico involves visas and work permits, while hiring them locally means conforming to Mexican labour laws. In addition, because a large part of any service business involves the communication of information between people, service providers must display a greater sensitivity to cultural issues, local business practices and customer preferences.

Financing

A strong financial position allows a company to devote the resources needed for successful export market development. Such a firm can aim for medium-term sales growth rather than short-term profitability. In so doing, it will be well-placed to make a significant commitment to exploiting international business opportunities.

If immediate profitability is a firm's key priority, it would be well-advised not to begin exporting. International trade often requires a willingness to forego short-term profits for a longer-term position in the market. Nor is exporting likely to be a good idea for companies finding it difficult to obtain financing for expansion. And committing resources to develop an export business may be either impossible or highly risky for a firm with inadequate working capital.

Commitment and Knowledge

Some companies start exporting because they want to dispose of excess domestic product, supplement domestic sales with occasional foreign orders, stabilize seasonal domestic markets, or extend the lifecycle of products facing obsolescence. None of these are good reasons for undertaking a major export effort. If anything, companies with such motives run the risk of alienating their Mexican customers who will resent being treated as anything less than first class.

There are other more compelling motives for exporting. For example, companies look to enter the Mexican market in order to:

- use existing capacity more efficiently;
- build a base for long-term growth;
- diversify the company's markets;