

6TH INTERNATIONAL MULTIDISCIPLINARY CONFERENCE

STUDY REGARDING IMPROVEMENT OF EXPORT OF PRODUCTS ACTIVITY THROUGH FUNDAMENTAL ELEMENTS' KNOWLEDGE OF EXPORT AND MARKETING ON WESTERN AND AMERICAN MARKETS

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Abstract: Exporting and marketing of one company's products and goods demands an understanding of the target country's economic and market characteristics, and law regulations, as well. Very often tough, selling your products successfully from an Eastern European country to Western ones or to America, demands knowledge of a bigger amount of elements. This paper develops the most important factors that lead to success growth in products export activities.

INTRODUCTION

Selling your products successfully in a foreign market often requires a very deep knowledge about that market. Even if the products meet all the elements of quality required on the international market, there are much more information needed to be known by an exporter before he plans to start an export activity. This paper follows to provide a package of information to ease anyone's interest to build and develop an export activity. The info enclosed is focused to the Canadian market, considering Canada as being one of the most complex markets. Therefore, as a preliminary observation regarding the quality of this paper, the information gathered can be used as useful tools by any Romanian company interested to open and to develop its export activities, mainly on the Canadian market.

SOME MARKETING FUNDAMENTALS

As a general rule, if you are selling your product(s) profitably to customers in the United States, and possibly Western Europe, you should look closely at the Canadian market, which share many of the characteristics of markets in other industrialized countries. On the other hand, if you have found it impossible to achieve success in the American or the West European markets, you will almost certainly encounter many of the same marketing difficulties in Canada.

In deciding whether or not to export goods to Canada, business people should begin by performing a basic „critique” of their product. As they do so, they should keep in mind some of the defining characteristics of the Canadian market place:

1. Seasonal factors

Is the use of, and demand for, your product likely to be affected by geography, climate and or seasonal buying patterns? Canada generally has a harsh climate, its population is spread unevenly across a number of regional markets, and many products tend to be purchased at particular times of the year. In many cases, wholesalers and retailers arrange to purchase certain products about nine months before the retail selling season begins.

Example: the market for many clothing and footwear products in Canada is strongly influenced by variations in the climatic conditions prevailing across the country, by seasonal cycles, and by changes in „fashion”. As a result, there are regular retailers’ buying seasons for various categories of clothing and footwear products.

2. Cultural factors

The cosmopolitan and increasingly multicultural character of Canadian society means that many different customer preferences co-exist in Canada. There is also a tendency, especially among younger customers, to be influenced by shifting fashion „trends”. Exporters must also bear in mind that more than six million Canadians, living in Quebec should use French in their promotional materials, advertising, product ingredients, and instructions for use. They should also consult with potential importers as to French Canadians tastes, attitudes and lifestyles since these can sometimes differ from those in the rest of Canada.

3. Quality and style

Canadian buyers are demanding and most products sold in Canada tend to be of relatively quality. Attractive styling or packaging is critical to selling most consumer goods. Often the Canadian importer/distributor will attend to or assist in this aspect of marketing your product. Because of growing customer demands for quality, there is a trend in Canada toward extended warranties for many consumer durables. Quality considerations are also important for fresh and prepackaged food products, which are subject to government regulation.

4. Market positioning

In preparing a product critique, you should develop an idea of the size, growth, and appeal of the Canadian market for the specific products you hope to sell. The value of a product’s annual sales provides a preliminary indication of whether the Canadian market is really worth pursuing.

At present, analysts are predicting strong growth in Canada’s market for medical supplies, computers, exotic and gourmet foods, high quality baby products, and a wide variety of time-saving products.

5. Market information

Many major Canadian corporations use consumer or buyer surveys to acquire market information when considering the development of a new or improved product, or planning to reposition an existing product in the marketplace.

An exporter’s home government can be a useful source of information on the Canadian market. Most countries have commercial or diplomatic representatives accredited to Canada.

Trade Facilitation Office Canada works closely with their trade representatives to provide market information as requested to would-be exporters. There are also, several statistics publications issued by the Canadian government which are valuable for market research, though some of them tend to be costly.

6. Advertising and promotion

Canadians are strongly influenced by advertising, as are customers in most industrialized countries. Television accounts for the biggest proportion of total advertising revenues in Canada, followed by newspapers, magazines, and radio.

But, because of the cost and the difficulty of targeting markets effectively, very few exporters make direct use of the Canadian broadcast media to advertise or promote products. Similarly, few choose to advertise their products in daily newspapers.

7. Advertising alternatives

Cooperative advertising and promotion campaigns undertaken jointly with Canadian importers/distributors may make sense for some suppliers. Other advertising/promotion options used by Canadian importers/distributors include brochures, contests, direct mail, coupons, and special events.

8. Trade shows

There are many trade shows and fairs held regularly in Toronto or Montreal. Foreign firms, particularly those planning to enter the Canadian market for the first time, may find it worthwhile to attend a specialized trade show. Exhibiting is a costly option, and should not be undertaken without a careful of various alternate strategies for reaching potential customers.

9. Samples

The exporter will likely need to bring limited quantities of the product(s) to Canada when attending a trade show, fair or on a trade mission. Samples may be imported by a non-resident of Canada, or a resident of Canada who is employee or agent of a foreign supplier and negotiates sales contracts only in the name of the foreign supplier.

10. Trading houses

Trading houses act as commercial intermediaries between the producers and the purchasers of goods and services. Exporters may consider using the services of trading houses at home as part of their efforts to enter the Canadian market. They should also consider the possibility of engaging a Canadian trading house to provide similar service.

According to one survey, 14% of Canadian trade house activity involves assisting foreign exporters entering Canada, 8% involves transactions in a third country, and 9% is concerned with countertrade transactions.

11. Import and distribution channels

The marketing system in Canada adds a mark-up on goods as they move through the distribution stages from entry into the country to final sale to the end user. Often exporters sell directly to retailers, some of which have centralized buying departments and agents posted abroad. More rarely, an exporter may sell directly to final end-users.

To ensure coverage national market, you should note that few intermediaries are able to offer truly national distribution facilities. Along the years there has been developed a diversified distribution system in some industries: wholesalers and brokers, chain stores, single-line retailers, mail-order firms, mass-merchandising department stores, local agents manufacturers representatives, agents sell suppliers. You may need Canadian intermediaries not only to assist in marketing, but also to ensure that appropriate packaging is used prior to retail distribution. Before proceeding, however, you should check the agent's reputation and bank references, and find out which other manufacturers and product lines he or she represents.

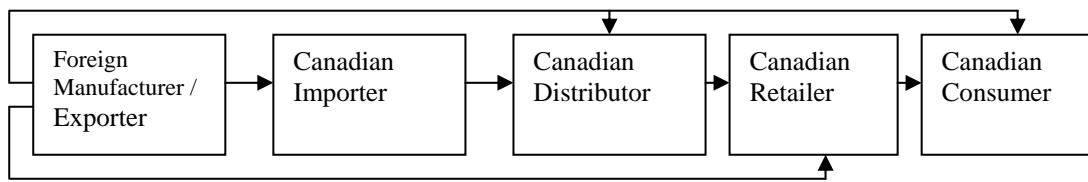


Fig. 1 A typical distribution channel

With some industrial goods, the customer may purchase directly, particularly if the size or value of the order is significant. Smaller orders, and purchases of less expensive equipment and industrial supplies, are often arranged through agents or wholesalers who distribute the foreign made product to end-users.

12. Canada's retail sector

Large Canadian retailers prefer to buy directly from foreign producers and manufacturers because this allows for economies of scale and better profit margins. Smaller retailers, however, do not buy sufficiently large volumes to justify dealing directly with foreign manufacturer/exporters.

Other types of retailers are „junior” mass merchandise department stores and retail chains that focus on particular product lines such as clothing, electronics, hardware, paints, and the like. Once an import arrives in Canada, many costs are added to the price charged by the exporter, including customs duty, warehousing/storage, transport, insurance, packaging, sales taxes, and the costs of retail business overheads.

Importers are the key link in the Canadian distribution channel for fresh produce. Like brokers, they must obtain a license to import from Agriculture Canada. They then sell the imported produce to wholesalers.

Retail food chains do, however, buy packaged food products directly from exporters. All of them seek to bypass channel intermediaries whenever possible, and one, Loblaws, is now Canada's biggest importer of food products.