



## Entering a foreign market

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### Be informed

A first rule of thumb: don't venture into foreign markets without a clear understanding of culture, customs and market conditions. Entrepreneurs prospecting markets can find an abundance of information online:

[Exportsource](#) provides information on government and private sector services, markets and industry sectors, trade statistics, trade leads and potential partners.

The [Canadian Trade Commissioner Service](#) will give you access to hundreds of market studies and country reports. For example, you can search by country or by industry sector.

### Visit the potential market

Although you can get useful information online, nothing takes the place of visiting the target market for yourself. On site, you can talk to potential buyers, find out everything you need to know about the competition, the local rules and distribution channels.

One way of feeling out your target market is to attend tradeshows and events specific to your industry in that country. While at tradeshows, take ample notes about products and services, competitive information, and packaging and labeling of similar products.

For upcoming trade conferences and trade shows, try [exportsource](#), [CanadExport](#) and the [Department of Foreign Affairs and International Trade Investment Publication](#).

You can join business and government delegates representing the Canadian government on a [trade mission](#), which is essentially an organized visit to a foreign market. Trade missions give you the added clout of being backed by our government and provide your company more credibility.

### Look for leads

Consult government sources for sales leads to define buyers for your products. For example, the [International Business Opportunities Centre's](#) trade officers collect trade leads globally and match them with Canadian businesses. Also, the [World Chambers Network \(WCN\)](#) offers registered companies specific opportunities and methods for getting in touch with other interested parties. [Sourcecan](#) is another business portal providing leads to Canadian businesses.

### Find the right market entry strategy

Here are some of the most common market entry strategies:

**Sales representatives** work on a commission basis and use your company's product literature and samples to present the product to potential buyers.

**Foreign retailers** buy directly from your company. This method relies mainly on traveling sales representatives who directly contact foreign retailers.

**Direct sales to end users** means your products or services are sold directly to consumers in foreign countries. You may choose to do this online, or act on a lead from a government source.

**Foreign distributors** are basically merchants who purchase goods from an exporter (often at a substantial discount) and resell them for a profit. This can be a very cost-effective strategy for small and medium-size businesses. Not only do you save costs by forming strategic alliances with local people, you can also rely on their distribution and marketing knowledge.

### Choose the right foreign partner

Finding a foreign partner is much like recruiting a new employee. You want someone who matches your

company profile and represents you well. Keep these tips in mind:

- Be specific about the geographical area that you want your partner to cover.
- Determine if you want an individual or a company to represent you.
- Generate a list of some of the candidates that would be most likely to handle your products or services in your export-target country. For example, you can use the online Yellow Pages of that country or check with international associations that may have foreign representatives.
- Consider placing a newspaper advertisement. In some countries, there are specialized companies that, for a fee, will find a suitable representative for you. This is particularly important if you don't speak the language.
- Make sure that you're not competing with your partners and that they have complementary products that may give you a competitive edge.
- Define the responsibilities of your foreign partner and expect to take more time at the beginning to develop a business relationship.
- Specify the commission that you're willing to pay.
- Specify the sales volume that you expect your partner to deliver.

### **Make the most of your strategic alliance**

Here are some helpful pointers to ensure that your strategic alliance delivers what it should:

- If there is a contract, ensure that it's governed by Canadian law.
- Don't offer exclusivity to anybody unless a certain sales level is achieved or objectives are attained.
- Put everything in writing and be sure you have a systematic way of communicating other than the telephone.
- Set up a good accounting system and clarify anything that could make data exchange difficult, i.e., rules for writing figures, measures or local currency.
- Make arrangements with your foreign partner to ensure that someone is always available during business hours, even if it is only an emergency resource person.
- Eliminate the problem of being held up in customs by choosing a good customs broker with whom you are both satisfied.
- Define your terms of payment, which vary in different countries. In particular, business practices in financial institutions, as well as the currency controls that still exist in many countries, can cause considerable delays in payment.