NOVA SCOTIA
EXPORT NEWS

The Mid-Atlantic States: A 'Logical Step' for N.S. Exporters

When Nova Scotia companies think of exporting to the United States, they usually think first of New England. Given that region's long-standing economic and other links with Nova Scotia, and its geographic proximity, it's not surprising that Nova Scotians look to "the Boston states" as a natural export market. But Brian Oak, Trade Commissioner at the Canadian Embassy in Washington, D.C., recommends that once a company has established a foothold in New England, it should consider taking the next logical step—a step down the eastern seaboard to the region he is responsible for ... the mid-Atlantic states.

Oak cites a few statistics about the mid-Atlantic region to back up his recommendation to potential Nova Scotia exporters. The region—which consists of Maryland, Delaware, Virginia, eastern Pennsylvania and Washington, D.C.—has a population of about 25 million (in an area roughly three times the size of Nova Scotia). Eleven per cent of U.S. retail sales are made there. Approximately 45 of the 500 largest corporations in the U.S. have their headquarters in the region, meaning that many purchasing decisions of nationwide (or continent-wide) scope are made there.

Oak, 37, says that business decision makers in the region, especially in the bigger companies, are fairly knowledgeable about Canada and interested in making contacts with Canadian exporters. The advent of the Canada—U.S.

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Brian Oak, Trade Commissioner at the Canadian Embassy in Washington D.C.

Halifax Office Establishes International Trade Centre

Doug Rosenthal, Senior Trade Commissioner, International Trade Centre

The Halifax office of Industry, Science and Technology Canada has established an International Trade Centre to make the federal government's trade services more visible and accessible to the business public.

Federal government ministers, in announcing the centres, stated that "the International Trade Centres will be the key elements of the new Industry, Science and Technology department's thrust to help Canadian industry expand market opportunities and become more internationally competitive".

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'Logical Step'

Free Trade Agreement will heighten this interest, he says.

One of the keys to cracking the mid-Atlantic market, in Oak's view, is personal contact.

"It's difficult to do business long distance," he says. "Personal visits are very important."

Oak and his staff of four in the trade and investment development section at the embassy handle "private-sector, non-defense trade promotion" for the mid-Atlantic region. (Others in the trade promotion and market access section of the embassy are responsible for helping Canadian exporters interested in selling to the U.S. government or defense contractors.) They use a number of ways to help companies make the all-important initial contact.

The embassy can provide Canadian companies with names of appropriate retailers, agents or manufacturers' representatives in the mid-Atlantic area. Using the new 'WIN Exports' computerized catalogue of Canadian companies interested in exporting (see *Nova Scotia Export News*, summer 1988), embassy trade promotion staff can now also supply potential mid-Atlantic customers with names of firms to contact in, for example, Nova Scotia. Finally, the embassy can help Canadian companies participate in trade fairs, which Oak describes as "a very cost-effective way to market a product." He cites the Oct. 31—Nov. 2 "Oceans '88" ocean technology show in Baltimore as one that should be of interest to many Nova Scotia firms. Ocean technology is one of Oak's priority areas these days.

"At the moment we're putting emphasis on promoting Canada's capacities in ocean industries, the food sector, electronics and furniture," he says.

Asked to name a Nova Scotia company that has benefitted from the services offered by his section at the embassy, Oak points to the Mineral Water Company of Canada, whose headquarters are at Historic Properties in Halifax. The company began bottling mineral water (under the brand name Sparcal) at its plant near Middleton early this year.

To kick off its U.S. marketing effort, the company, with help from Oak and his staff, threw a 'product launch' cocktail party at the Canadian Embassy in Washington last November. The embassy sent out the invitations (to mineral water distributors) and provided the venue; the company organized the event's program and covered all direct costs. Company president Peter Claman describes the launch party as "quite useful."

The embassy has also helped the company to participate in key food-industry trade fairs, by arranging space in booths rented by the Canadian government. John Bergmann, president of Mineral Water's U.S. marketing subsidiary, says that the trade fairs have helped the company get its product widely distributed in a short period of time. He lauds the efforts of Oak and his colleagues.

"We would not have been at the shows had it not been for the Canadian Embassy," he says, adding that "sales are now moving along very nicely".

Brian Oak says that the Mineral Water Company of Canada is one of only a few Nova Scotia firms that have made use of the services offered by his section at the embassy. Given the market potential of the region he covers and the advent of the Free Trade Agreement, however, he expects that to change, as more and more Nova Scotia businesses take the 'logical step' south to the mid-Atlantic states.■

—Jim Houston

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Halifax ITC

The International Trade Centres will offer a full range of trade services, including export counselling and the provision of market opportunity information, and delivery of the **Program for Export Market Development** (PEMD). They will assist business to develop marketing plans and will support export awareness initiatives such as seminars and workshops. Each centre will be linked with WIN Exports, the world-wide information network of the Department of External Affairs.

Doug Rosenthal, Senior Trade Commissioner for the Halifax International Trade Centre, is confident that through the Centre, he and his staff (soon to be supplemented) can provide exporters and potential exporters with a high quality service. "Through the WIN Export system, and better all-round communications with the Posts, we have access to up-to-the-minute and customized information for exporters. We also have a growing volume of trade-related publications and are planning for an improved physical layout for the International Trade Centre."

In a move to provide more comprehensive export services to business communities across Canada, the Export Development Corporation will relocate its regional offices to the centres (once current leases expire) and the future regional operations of the Canadian International Development Agency (CIDA) will be located in the centres.

"We hope to create a centre that will be both more visible and accessible to the business public," says Mr. Rosenthal, "to assist Nova Scotia companies to respond to the challenges of world-wide trade and the opportunities arising from the Canada-U.S. Free Trade Agreement".■

PEMD Aids Nova Scotia Firms

Halifax-based fashion designer Lori Ashton had already won honors as Atlantic Canada's Designer of the Year and her **Serendipity Designs Ltd.** line of lingerie and wedding gowns was beginning to attract national and international consumer attention. In order to take advantage of this growing interest in her fashions, however, Ashton knew she would need to line up international suppliers, buyers and agents. But her business was still a small one, with fewer than a half-dozen employees, and there was no budget for such promotional efforts.

That's where the Program for Export Market Development (PEMD) entered the picture.

PEMD, a trade promotion program of the Department of External Affairs, assists Canadian businesses to participate in either government or industry-initiated export promotion activities. The program helps by sharing the costs of export market activities a smaller business couldn't normally undertake on its own—travelling abroad to identify new markets, bringing in foreign buyers, attending trade missions and trade fairs, bidding on proposals outside Canada and establishing a permanent sales office and export consortia in countries where the company already has export sales.

In Ashton's case, PEMD supplied the airfare for a visit to New York, so she could deal directly with the people who could help her get into the export business in a big way. More recently, PEMD helped Serendipity participate in a trade mission (organized by the Nova Scotia Department of Industry, Trade, and Technology in cooperation with Industry, Science and Technology Canada, which provided PEMD funding for some of the participants) from Nova Scotia to Bermuda.

Roger Smith of Yarmouth County's **Sanssouci Seafood Ltd.**, the largest Canadian exporter of finished product cod, also took part in the Bermuda mission with help from PEMD. For Smith, PEMD's most valuable contribution wasn't financial but organizational. "They can go in ahead of us and do the legwork. It's very time-consuming for small and medium-sized companies like ourselves ... and we don't know contacts, etc."

Smith was pleased with the results of the Bermuda mission—"We will probably make a profit from this," he notes, adding, "we expect to ship a container every two months there"—as well as a second PEMD-assisted trip to a trade show in Puerto Rico. "In Puerto Rico we do a lot of business [so] this keeps us in touch with our buyers [and] enables us to reach out to the rest of the Caribbean."

Serendipity Designs Limited's line of lingerie and wedding gowns has attracted national and international consumer attention.

John MacCulloch of **Videotex Atlantic Ltd.**, a Halifax-based company which deals in interactive information systems, is another Nova Scotia business person who reports success as a result of his involvement with PEMD. "We're marketing a system to the States and we used PEMD to go to trade shows and wouldn't have gone if not for PEMD," he explains. "As a result of the trade show, we now have our Canadian computer system installed in Silicon Valley—quite a feat! New markets have been opened up, [we have] distributors in the States [and] prospective sales."

Companies using PEMD for industry-initiated activities are expected to repay the assistance—usually about half of the costs of an activity—over a period of time as a percentage of whatever sales that may result.

PEMD assisted activities must be commercially-oriented—that is, they must be intended to generate export sales. Assistance is also availalble for government-initiated activities—trade fairs and trade missions—organized by the Department of External Affairs and businesses are invited to participate.

If your company is interested in participating in such a trade fair or mission, you should contact the International Trade Centre for further information on eligibility criteria and how to become a participant.

For information on PEMD assistance for an industry-initiated activity, you can contact the International Trade Centre (426-7540) to find out about the eligibility of your business and proposed project, and details on how to apply.■

—Krista Blair

Simple Rules Guide Moosehead's U.K. Venture

Moosehead Breweries Ltd. is finding that a set of simple marketing guidelines is boosting its exporting venture with one of the U.K.'s largest breweries, Whitbread & Co. PLC, London.

Simple but effective, that is. Rick Knudson, Director of Marketing at Moosehead, Dartmouth, says those principles were in place even before the brewery first shipped bottles of Moosehead Canadian Export to Whitbread in November, 1985. Almost two years later Moosehead took an even bigger step, licensing Whitbread to brew its draft. And most recently, Whitbread has also started bottling the mildly malty brew of Canada's oldest independent brewery.

Knudson draws his principles from the firm's export experience, especially Moosehead's 10 years in the U.S. where it's become the fifth-largest selling import among 400 competing brands. He outlines the marketing strategy as follows:

• *Learn all about the market you wish to enter.* Small size need not be a handicap if an exporter can team up with a partner already expert in a given area. Insights into foreign markets from a key player can dictate an entirely different approach to the domestic one. In the U.K., for example, breweries own the pubs and Britons drink 80 per cent of their beer on premises. "If you pick a company that knows the ropes in that country, it should be able to provide the information," says Knudson, referring to Whitbread's extensive network of 7,000 pubs, clubs and cafe bars.

• *Choose a partner committed to your product's sales growth.* Don't be tempted by a large volume order which might only end up a one-time deal with a distributor. Mishandling a product launch at the start will damage its image down the road.

"You need to get into partnership with somebody who's going to be really reputable and who has your interest at heart," he says, "not just to make a quick buck, grabbing a containerload, shoving it out there and marking it up."

By contrast, Whitbread is taking the long-term view. Moosehead's partner is doing considerable "investment spending." Whitbread is developing annual marketing plans, creating TV commercials and maintaining brand support with printed material, branded glassware and phone-in promotions.

Rick Knudson, Director of Marketing at Moosehead Breweries Limited.

• *Be selective with any additional partners as well.* Holding to that advice itself, Moosehead has also negotiated arrangements with All Brand Importers of Hartford, Conn. (its first) and the Special Beer Company in Freemantle, Australia.

Explains Knudson: "Now that we're big business in the U.S., England and Australia, we can't afford to take a chance going into business with just any partner who may compromise the reputation. We're now dealing with a world brand."

• *Give the market what it wants.* Customize the product and package instead of just selling off the shelf. The U.K. Moosehead is bottled in 330 ml bottles (341 ml in Canada), has the regulated alcohol level (a so-called Original Gravity of 1042 degrees) and is served at 6 degrees Celsius.

• *Develop a well-defined market strategy and stick to it.* Make sure that all of the elements of the program reinforce that strategy. Moosehead's TV commercials in the U.K. tend to be weird and zany because they're shown in clusters. Stresses Knudson, "If you've got 10 or 12 commercials in a row, you better make sure your commercial stands out, is intrusive."

• *Be consistent in how you communicate a brand to the consumer.* A standardized image is vital whether for bar serving mats, draft tap handles, printed glasses

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The Marketing Trip

The would-be exporter has a lot of homework to do. First you must identify a suitable product to sell abroad, and then examine it from all angles. Then you need to know where you might sell it. This will probably involve a long list, a short list and then a detailed market profile of your target market countries.

But finally the time comes to put all of this research to the reality test of a marketing trip, in order to get first-hand confirmation of the accuracy of your market profile. Only by travelling can you find out whether there really is a niche for your product, what the user really needs, what the competition is like, and how they do business outside Canada.

What should you know? Well, for a start, do not turn up at Baghdad Airport in a three-piece wool suit, asking for the Yellow Pages, suggests Keith Condon, President of Tri-Star Industries Limited in Yarmouth. The heat is almost overwhelming, and there is no telephone directory for the city. Yet Condon has seen business people do exactly this. They not only risk heat exhaustion, but also wasting their entire trip. It is vital first to know what conditions are like in the country you are to visit, and then to set up all your appointments in advance.

Tri-Star sells specialized vehicles such as ambulances and police vans in many countries including Iraq, Morocco, the United Kingdom and Scandinavia, so Keith Condon is an experienced traveller. He cautions that before going you must understand all the customs and immigration requirements. In the Middle East you may get in, but not be able to get out if visas are not in order.

Culture shock can also be a very real phenomenon. Background reading before leaving Canada will provide useful information on local food, customs, and dress codes. But to a certain extent, you must be prepared to learn the hard way. That is how Keith Condon found out that it is rude to show the soles of your feet in Iraq. But, reassuringly, he found that local people were always courteous when dealing with the ignorance of foreigners.

Overt culture shock is much less of a problem in the United States, but Canadian exporters should not be lulled into a sense of false familiarity. Both the business climate and the way governments let contracts is quite different, says Sylvia Rudderham, marketing/contracts administrator with **Metocean**, a Dartmouth company which specializes in data acquisition and telemetry systems for use in severe environments. They export customized drifting buoys

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Moosehead

or whatever. Moosehead ensures that labels and logos are uniform worldwide by using a graphic design manual of color swatches and international color codes.

"When we say green, we don't want any green, we want Pantone 343 C," Knudson says. "I don't want it darker. I don't want it lighter."■

—Brent King

Marketplace 88 to take place in Halifax and Sydney

Trade Commissioners from 17 posts around the world will be in Halifax on October 11, and in Sydney on October 13 to provide local exporters with their advice about market trends and opportunities.

The Trade Commissioners will be available for one-on-one sessions with local exporters or those contemplating export business. They will provide local companies with their assessment of the competition in their field, the requirements of customers in their area and suggest marketing techniques.

Local federal and provincial officers responsible for international trade—from the International Trade Centre of Industry, Science and Technology as well as the provincial government—will also be on hand, as will companies and organizations which provide export services—banks, freight companies, trading houses, the Export Development Corporation, the Canadian Commercial Corporation and the Canadian International Development Agency.

An *Introduction to Exporting* workshop for new or potential exporters will be held first thing in the morning, to answer general questions and respond to concerns of those new to exporting. Another workshop featuring local exporters and their advice about exporting will also be available.

Trade Commissioners expected to be represented in Halifax and Sydney are from Atlanta, Boston, New York, Chicago and Los Angeles, France, Italy, the Netherlands, Norway, the United Kingdom, West Germany, China, Hong Kong, Japan, Barbados, Jamaica and Morocco.

The Halifax event will be held at the Sheraton, while the Sydney Marketplace will be held at the Holiday Inn. Exporters wishing to attend, and/or to set up appointments with particular Trade Commissioners, should contact the International Trade Centre at 426-7540.■

Trade Show Research Yields Lessons

New research which examines the participation of Canadian firms in major international trade fairs such as the Paris Air Show and Offshore Europe extravaganza contains a number of lessons for companies who want to get the most for their money. Like Topsy, the number of shows continues to grow worldwide. In the U.S., business now spends more than $25-billion annually on these exhibitions—making trade shows the third largest promotional expense after TV and newspaper advertising.

" ... trade shows [are] the third largest promotional expense after TV and newspaper advertising."

Yet companies who participate in trade shows by setting up booths and buying display space often experience widely divergent results in terms of sales and future business contacts. An evaluation of 500 Canadian firms who received financial assistance from External Affairs to help them participate in selected international trade shows from 1984 to mid-1986 suggests some businesses do very well while others do very poorly.

A surprising 51 per cent of all firms who took part—at an average, per show cost of $20,000 split between each firm and the government—made no sales at all from their trade show participation. At the other end of the spectrum, four per cent of the companies involved each did more than $1-million of sales from the floor. Averaged together, the survey showed trade shows generated sales of close to $279,000. per company—giving the Canadian government a respectable 10:1 return for every dollar invested.

Dr. Philip Rosson, the director of Dalhousie University's Center for International Business Studies, has been working to interpret those results by analyzing the survey and sales information provided by the businesses which took part in External Affairs' Promotional Projects Program (now part of the Program for Export Market Development [PEMD]). Rosson says the large number of companies who failed to make any sales tended to be newer firms without much presence in the larger, international market and whose product often "wasn't quite ready" to respond to the volume of orders.

Then there's the prospect that the new company may have ended up at the wrong show—the choice of which is absolutely critical for success, contends Rosson. First-time exhibitors are generally dependent on the matchmaking talents of External Affairs personnel who invite firms to participate in major international fairs running the gamut from books to computer software.

On one level, the failure of a first-time exhibitor to make sales at a trade show may not be the most important thing. All Canadian firms—large or small—are eligible for the same amount of financial assistance to travel to any trade show a maximum of three times. In contrast to large, well-established Canadian firms like Northern Telecom or Bombardier Inc., which do most of the sales and attract most of the "shoppers" to the Canada booth at competitive international trade fairs, the smaller companies may look unimpressive. But even though these small firms "may make no sales at the trade show," admits Rosson, "it may have been a tremendous learning experience for them."

For example, nearly one-quarter of all firms surveyed planned additional trips to the market as a result of their trade show experience. Another 20 per cent of companies modified their product after exhibiting it in a fair. Fifteen per cent planned to spend more money on promotion and advertising.

The study found a high correlation between trade show sales and firms who arrived at the trade show with a number of pre-planned objectives, such as making business contacts, identifying potential agents or distributors, meeting regular customers, or even introducing a new product. "Firms that plan for the event do better," confirms Rosson.

"Firms that plan for the event do better."

Homework that can be done before leaving home includes setting your objectives for what you hope to accomplish, deciding how to evaluate the experience, arranging for pre-show promotion in trade journals or show programs, and training personel to staff the company's booth in a professional manner.

Analysis of the study results has convinced Rosson trade shows aren't necessarily for everyone. As promotional tools, trade fairs can offer established companies a good vehicle to help maintain their market presence, pre-test innovative products and strategies, and check out the competition. But for new firms which haven't exported to a particular market before and whose needs are primarily research-oriented, he suspects there may be easier and cheaper ways to gather intelligence than buying space at trade shows.

"My view is that a trade mission may be more helpful initially for a company who wants to begin by doing some field work and making business contacts in a new international market," suggests Dr. Rosson. "Another option might be to attend a trade show and pick up as much information about the market and competition as you can from walking around—but not take-out a booth until your firm has a product that is export-ready."■

—Jennifer Henderson

Woodcraft Succeeds in Bermuda

A conscientious adherence to company marketing guidelines; strategic and focussed planning; attention to critical details—these are the export principles which have made a recognized and respected Nova Scotia furniture design and manufacturing company a successful player in the discriminating Bermuda marketplace.

Woodcraft Manufacturing Company Limited of Hatchet Lake, Halifax County has, since 1974, established itself as an Atlantic Canadian leader in the production of quality pine and oak furniture for the retail market.

According to the company's founder and hands-on General Manager John Brown, "Woodcraft began to mature in 1981 when it complemented its retail operation with a custom/contract division to design and construct quality hardwood products" for office environments and commercial establishments. Taking the next five years (until 1986) to establish a reputation across Canada as creative and reliable custom contractors, the company was ready to test exporting. Brown's research targeted Bermuda for Woodcraft's initial concentrated export effort.

Woodcraft Manufacturing Company Limited has exported its double pedastal table and chairs to Bermuda.

When Brown began his initial investigation of export markets he received assistance from the Program for Export Market Development to travel to Bermuda in order to gauge the market potential. He found a community with a traditional British appreciation of woodwork and a potential demand he was confident of being able to service. He also secured a receptive and enthusiastic sales agent in **Creative Interiors** of Hamilton, Bermuda. In the two years which have followed Nova Scotia's Woodcraft Manufacturing has completed six commercial contracts in Bermuda and is offering a line of dining room and bedroom furniture to discriminating Bermudians.

John Brown emphasizes that extensive research and keen attention to product quality and presentation gave him "the experience and confidence to export". He knows his market and what it demands. "A source of effective and dependable transportation is key (to success)." Brown says. "The administrative details associated with tariffs and customs and the fine points of shipping, packing and crating" are essential elements which will effect any company's export success and its reputation in the export market as well. Brown chose to pursue Bermuda as his company's initial export venture rather than a more traditional export market for Nova Scotia businesses—New England. In retrospect he maintains that the decision was sound. It has provided Woodcraft Manufacturing with a proven export reputation and the know-how to tackle competitive New England.■

—Marsha Andrews

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Marketing Trip

and ice beacons to countries including Australia, Japan and Italy. Often they can use local agents, but in the US they must sell direct.

Make sure you know how they do business, make frequent trips, and just plain persevere, is Rudderham's advice. Metocean representatives were visiting potential clients in the US for three years before the first sale was made. Condon echoes this advice. On occasion he has had to make over 20 visits before clinching a sale. Nor does the travelling stop then. He finds it necessary to visit Tri-Star's markets three or four times a year to keep abreast of his clients' needs.

Rudderham also found it necessary to start not at the top, but further down the US bureaucracy. By establishing a good working relationship with potential users, they were able subsequently to influence the decision makers higher up the ladder. "It's important to become known as individuals", says Rudderham, "not just as 'that Canadian company'".

Keith Condon recommends that time—a particularly expensive commodity when you are thousands of miles from home—should be used wisely. "Hit the ground running, while you're still psyched up", he suggests. He takes a short nap when he gets off the plane, to counter some of the travel fatigue, and then starts work immediately. But he says that seven to 10 days should be the maximum length of any trip, taking in no more than two or three countries. A longer itinerary is simply not productive.

Both Condon and Rudderham agree that there is no substitute for experience. You have to do it to learn it. But the difficulties should not scare anyone off. The fundamentals of doing business successfully are the same the world over—finding out what the client really needs, and then supplying it.■

—Lesley Griffiths

Trade Shows

The following are Trade Shows which will take place over the next few months. For more information on these shows and on others, please call the International Trade Centre at 426-7540.

Oceans 88 ..... 31 October—2 November, 1988
Baltimore, Ohio

Specialty Equipment Market Association (SEMA) ..... 02 November, 1988
Las Vegas, Nevada

Solo Food Show ..... 02 November, 1988
Cleveland, Ohio

PHCPX-Plumbing, Heating and Cooling Show ..... 1-3 November, 1988
New Orleans

Electronica '88 ..... 8 November, 1988
Munich

COMDEX Fall 88 ..... 14 November, 1988
Las Vegas

National Spa and Pool Association Show ..... 16 November, 1988
Houston, Texas

MEDICA 88 ..... 16 November, 1988
Duesseldorf,FRG

Salon des Metiers Bouche ..... 21 January, 1988
Lyon, France

IFE 89 (International Food and Drink) ..... 29 January, 1988
London, U.K.

Food and Beverage 88 Solo Show ..... February, 1989
Hong Kong

ISPO (sporting goods) Spring '89 ..... 23 February, 1989
Munich

Canadian Technology Exhibition ..... 22-25 February, 1989
Istanbul, Turkey

Canadian Trade Fair ..... February-March, 1989
Dominican Republic

Foodex ..... March, 1989
Tokyo, Japan

Middle East Communications Show ..... March 1989
Bahrain

Middle East Oil Show ..... March 1989
Bahrain

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