N O V A S C O T I A

EXPORT NEWS

The Atlanta Consulate

Geographically, the American Southeast could be called the next natural step for Nova Scotia exporters who have already conquered New England. And in order to take that next step they should keep a couple of things in mind, according to Doug Ditto, Deputy Consul General and Senior Trade Commissioner at the Canadian consulate in Atlanta: the large number of major trade shows in the region, and the hi-tech possibilities surrounding the Southeast's many large research centres.

The consulate, with a large staff of 41 employees, also has a satellite office in Orlando, and plans for ones in Miami and San Juan. Together they cover Georgia, Florida, the Carolinas, Tennessee, Alabama, Mississippi, Puerto Rico and the Virgin Islands. It's an area of some 40 million people, with 13 cities over 500,000 population, to which Canada already exports over $6 billion worth of goods annually. There's a potential for a lot more, says Ditto, especially with the advent of free trade.

Unlike the U.S. Midwest with its conservative tastes, or fad-crazed California, the Southeast has no specific "market personality." In fact it embodies both tendencies—from trendy Florida to the Old South outlook of places like Alabama and Tennessee, with a large in-between. Add to that the fact that this is the "sunbelt" which has been experiencing phenomenal new growth as northern industries drift south and you have an area where virtually anything is possible in terms of export sales.

The consulate has been emphasizing the large potential in high technology, a lot of it linked to space and the military (there are some 60 major U.S. defence contractors in the seven states). There's a concentration of advanced research in such things as biotechnology, telecommunications and pharmaceuticals around Raleigh and Durham in North Carolina. There's the Marshall Space Centre plus some large defence installations at Huntsville, Ala. There's also the Florida "space coast" from Orlando down which includes the Kennedy Space Centre, the large NASA base and ten or so large, space-linked high-tech contractors. Another area is the south coast of Mississippi around Biloxi and the John C. Stennis Space Centre, which has a concentration of oceanographic excellence. Then there's Georgia Tech which combines engineering and science research, plus lesser centres such as the Oak Ridge National Laboratory near Knoxville, Tenn.

All of these are "heavily oriented towards research and application," says Ditto, who adds that an endeavor such as the space program "need not be narrowly defined." It includes such things as oceanography—a potential there for Atlantic Canadian expertise. "A lot of oceanography is done from space these days."

In mid-May the consulate brought together 25 Canadian companies plus representatives of various interested government agencies together with NASA, Department of Defence and American high-tech companies for a symposium intended to stimulate two-way business—Canadian exports and American investment in Canada—in such fields as remote sensing, oceanography,

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Sea Sell '89 visits Baltimore, Maryland.

Sea Sell '89

Canada's largest tourism and trade show, **Sea Sell '89** took place April 14-23 leaving and returning to Halifax, via Providence, Baltimore and Boston.

Under Sea Sell '89, the Tourism Industry Association of Nova Scotia chartered the M. S. Scotia Prince from Prince of Fundy Cruises Limited, for a series of marketplace promotions targetted to U.S. markets in the New England and Mid-Atlantic States. Approximately 400 representatives from the Atlantic Provinces, including tourism suppliers and operators, participated in professional development seminars prior to and during the trip, to assist them in identifying the needs of international buyers, and prepare effectively for the packaging, marketing and selling of their products.

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Exporting to West Germany

It's an overseas market just waiting to be tapped. After all, it's the world's fourth–largest economy and business can be conducted in English virtually everywhere. Yet it accounted for only 2. 3 per cent of Nova Scotia's exports last year.

"It" is West Germany (formally, the Federal Republic of Germany), whose economic miracle over the past 40 years has propelled it from devastation to the strongest economy in Western Europe.

Nautical Electronic Laboratories Ltd. (NAUTEL) is one Nova Scotia company that has recently begun to tap the lucrative West German market. NAUTEL produces ground–based radio beacon transmitters, which it has sold for use as navigational aids by airplanes in more than 60 countries around the world.

Earlier this year, the Hackett's Cove–based company sold its first navigational beacon in West Germany, and marketing manager Bob Perry says he thinks the company will have exported about $400,000 (U.S.) worth of beacons by the end of 1990.

Was it tough doing business with the West Germans? Not at all, says Perry.

"It was easier to deal with them than other European countries we sell to," he says. "They're very businesslike."

NAUTEL sells its beacons via the major German manufacturer of navigational aids, Standard Electrik Lorenz AG, NAUTEL's exclusive agent in West Germany.

Ed Shelly, deputy director of the Western Europe trade and investment division at the Department of External Affairs in Ottawa, also sees potential for increased Canadian exports to West Germany. But Shelly says potential exporters should know how business is done in West Germany. It's not always the same as in Canada.

"Trade fairs are much more important there," he says. The fairs tend to be very large and attract exhibitors from all over the world. Deals are normally concluded right at the fair, rather than back in an office, says Shelly.

Shelly says that the trade commissioners at Canada's three West German offices (in Bonn, Munich and Dusseldorf) can help exporters decide which fairs to attend, and provide other helpful tips—for example, take lots of business cards when you go to West Germany, because business people at trade fairs are often reluctant to talk until they know "officially" who you are.

Fish and food products are potential growth areas for Canadian exports to West Germany, says Shelly. Fish and fruit accounted for 57 per cent of Nova Scotia's $49. 4 million worth of exports to Germany in 1988, with fish the top at about $19 million.

Clearwater Fine Foods Inc. is one of the companies exporting fish products to West Germany. Clearwater spokesperson Stephen Greene says the company sells more than $1 million worth of lobster there annually. When it comes to a consumer product such as fish, Greene stresses the importance of face-to-face dealings with potential buyers in Germany.

"You've got to go there physically," Greene says. "We deal directly with restaurants, supermarkets and wholesalers." Clearwater has also exhibited at several trade fairs in West Germany, he says.

Product Differentiation

Frank Perdue may well be the richest farmer in the world. His company, Perdue Farms Inc. grosses more than 150 million dollars a year. Not bad for a chicken farmer from Maryland. Perdue's business method was simple but brilliant. His chickens were the best—top quality—and he let the buying public know it. After years of promotion, the red and yellow Perdue label has come to be synonymous with quality chicken. Frank Perdue is a genius of product differentiation.

Product differentiation—most marketing textbooks barely give it two pages. But the concept is an important one for business people to understand—there's no better way to beat your competition than to make your product stand out from the crowd.

"Which do you prefer—Coke or Pepsi?" asks Dalhousie business professor Neil Maddox. "To me they're both just black liquids with bubbles in them." Somehow though, the two soft drink giants have mastered the technique of taking a similar product and differentiated it clearly in consumers' minds. "Anything that sets your product apart is product differentiation", says Maddox. "Aspirin and ASA have essentially the same ingredient, but Aspirin costs more. To many consumers, higher price means better quality, therefore, the product is differentiated."

Nowhere are the subtleties of product differentiation more felt than in the seafood industry. A fish is a fish, right? Not according to National Sea Products and Clearwater. Both seafood companies get their product from the same place. It's what they do with that product after it's in the boat that differentiates them from each other and from their other competitors.

"The classic issue in the fish business is species", says Tom Morse, director of product development at Clearwater. "No one cares what species of chicken they're eating but they do care about the type of fish. Someone in the world according to Garp decided that cod and haddock were good quality whitefish while pollock is considered inferior. Consequently, pollock commands a much lower price in the marketplace, even though it's essentially the same fish."

"There are two main ways that we in the seafood business try to differentiate our product", says Morse, "with quality and with packaging. We at Clearwater have defined what fresh lobsters are internationally. Our goal is to do to lobster what Perdue did to chicken. We want consumers to be aware that they are not simply buying a lobster but a Clearwater lobster. Eventually we hope to develop a brand that will last right until the lobster is put on the table." Clearwater is also marketing a whole line of packaged fish products.

"It's difficult to differentiate seafood because it's essentially a commodity", says Ron Whynacht, vice president of corporate planning at National Sea. "One product that we're trying it with is cod fillets. Fillets have traditionally been an ingredient. We're introducing a new line called Simple Serv North Atlantic Cod fillets. The differentiating factor is exact portion control."

The best way to differentiate a product is to develop what Whynacht calls "a significant point of difference". That point of difference could be as simple as ketchup in a squeezable bottle, but it must strike a cord of familiarity with consumers. "One company I know of is marketing a microwave milkshake", says Whynacht. "That's a difficult concept for consumers to accept because people don't associate milkshakes with microwaves. Squeezable bottles, on the other hand, have some basis of acceptability in people's minds."

The key to product differentiation is good marketing research. Find out what consumers want or need and find a way to fill the niche. Whether it's better packaging, a different price or a higher quality product, product differentiation is the best way to make your business stand out from the crowd.■

—Tom Mason

External Affairs' Ed Shelly agrees with the importance of marketing trips. He advises companies interested in the West German market to "look at Germany as a three-to-five year push," and to go there at least once a year to do the initial market reconnaissance and then seek out customers.

Any company that follows Shelly's advice and undertakes a three-to-five year marketing effort in West Germany is going to feel the effects of what has come to be known as "Europe 1992." This is the planned removal of all remaining barriers to the free flow of goods, services, people and capital among the 12 countries of the European Community (EC), leading to a single European market by the end of 1992.

The Canadian government's official position on Europe 1992, as stated in a May 1989 briefing paper from External Affairs, is that "Canada welcomes the European Community's move to complete its internal market ... the integration of the market will offer Canadian companies new trade opportunities." For example, the harmonization of technical product standards in the 12 EC member countries will mean that a Canadian exporter whose product is approved in one EC country will be able to sell it in the other countries without further paperwork. In addition, the increased prosperity that is expected to stem from liberalized intra-EC trade should increase the EC countries' demand for products from outside the Community as well.

However, some business groups have expressed concern that the EC may increase trade barriers against products from outside the Community at the same time as it reduces barriers to trade within the EC, creating an economic version of "Fortress Europe." That threat may be curtailed though at the current Uruguay Round of negotiations under the General Agreement on Tariffs and Trade.

In anticipation of the changes due to take place before the end of 1992, companies interested in tapping the rich West German market, or the wider EC market, would be well advised to get a foot in the door as soon as possible.■

—Jim Houston

Free Trade Bulletin

Business People Entering the United States

Export sales require more than high-quality products with competitive price tags. They demand a good sales network and, perhaps most important of all, reliable after-sales service. Free trade conditions require that goods, services and investments be treated without discrimination, and that the people making the sales, managing the investments, and providing services should be able to more easily cross the Canada-U.S. border.

For these reasons the Canadian and U.S. governments have agreed on reciprocal rules that will allow business travellers freer access to each other's markets.

Business Visitors, that is Canadian citizens who visit the U.S. to conduct business for their Canadian company and receive remuneration from their Canadian employer, may qualify to enter the U.S. temporarily to engage in commercial activity of an international nature on behalf of a company located in Canada. Acceptable activities include sales and purchasing, after-sales service, research and design, manufacture and production, marketing, distribution, and general service. Business Visitors may apply for admission to the U.S. at any point of entry and may be requested to provide proof of the type of business activity in which they are involved. No fee is payable for the application. While Canadian citizens do not require a passport, they must show proof of citizenship. Drivers' licenses are not acceptable.

Further information can be obtained from the U.S. Consulate General in Halifax (429-2480).■

THE ATLANTA CONSULATE

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satellite imagery, artificial intelligence, computer graphics and so forth. Ditto says he hopes to do something similar purely on oceanography this fall.

As for opportunities in other fields, Ditto underlines the abundance of trade shows in the region as a ready-made platform from which to work the market. Atlanta is second only to Chicago for the amount of national trade show activity in the U.S. The World Congress Centre for example, which is near the consulate, has "at least two trade shows a week." Some are huge, like a recent show on clothing, textiles and advanced materials which drew up to 60,000 people. There are some in other places as well. There's the Miami International Boat Show, for example, which drew some 200,000 people in February.

Trade shows are a large part of the Atlanta consulate's strategy. Trade officers—who specialize in consumer goods, foodstuffs, manufactures, machinery, telecommunications, computers, defence, automobiles, tourism and so on—work these shows. Says Ditto: "We work them very diligently in making connections between Canadian exhibitors and local companies."

Ditto has a straightforward piece of advice for potential exporters to the area: get plugged in to the appropriate trade show. The Atlanta consulate or its satellites can steer you to it. "Shop the trade shows. Most are national in scope and give a very good overview of the entire U.S. market." Next, he says, "assuming you got your feet wet in New England and Central Canada, get a distributor or agent and exhibit in the show."

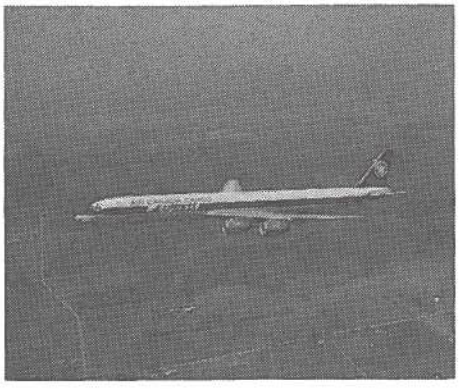
He adds that "we're most anxious to give Nova Scotia firms special help in tackling the Southeast market." He mentions oceanography and remote sensing equipment in particular, but also software, salt fish (for which there is a large Hispanic market) as well as the huge business in pleasure boats. "We're putting a great deal of attention on boats. We had a great deal of success last year. We're burning a lot of midnight oil helping Canadian firms capitalize."

Ditto adds that one of the consulate's goals is to stimulate business through the possibilities newly opened by free trade and in the process to transfer technology—to find technology in the Southeast states that can be transferred to Canadian companies.■

NEXOS

No, its not a new Greek god! NEXOS is the short form for New Exporters to Overseas, a program of the Department of External Affairs aimed at small and medium sized companies that are already exporting (probably to the U.S.) and are now looking at expanding to Western Europe. Companies will be exposed to customs procedures, market access, shipping, labelling, market characteristics, and a myriad of other facets of selling to Western Europe. Plans are being developed to organize NEXOS' in conjunction with three trade shows: Anuga, Equip Auto and Interbuild.■

Air Canada Cargo Services



Air Canada maintains a fleet of all-cargo DC 8 aircraft to provide overnight service.

The importance of cargo transportation by air has increased dramatically in recent years. Sophisticated marketing and inventory principles of the '80's have placed a new importance on precise and reliable delivery schedules. The days when cargo was regarded as something to fill up the extra belly on an aircraft are long gone.

Air Canada Cargo's route network, alliances, and interline agreements allow it to serve customers in thousands of international centres.

Direct service is offered to 27 cities in Europe, the Caribbean and the Far East. Lisbon and Madrid were added late in 1988 and Nice, Athens, Birmingham, and Zagreb were added in 1989. Further expansion is planned, particularly to the Far East and Pacific Rim areas, to meet customer needs.

Air Cargo enables customers to ship almost anything that will fit through an aircraft door and take it almost anywhere in the world quickly.

EXPORTER.CA RAPPORTE EXPORTS BUILD CANADA

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Canada

Upcoming Trade Shows and Missions

Western Europe

Fisheries Inspectors Mission from Italy	Sept. 1989
Offshore Europe '89, Aberdeen	Sept. 1989
ISPO Fall, Munich	Sept. 1989
Anuga International Food Fair, Frankfurt	Oct. 1989
Computer Mission to Nordic Countries	Oct. 1989

United States

Solo Food Fair, Buffalo	Sept.1989
International Kids Fashion Show, New York	Oct. 1989
Solo Food Show, Cleveland	Nov. 1989
Comdex Fall, Las Vegas	Nov. 1989

Pacific Rim

Converted Wood Products Mission to Japan	Sept. 1989
Specialized Software Mission to Hong Kong	Nov. 1989

Middle East

Education and Training Mission to Saudi Arabia	Sept.1989
Canada Food Week, Tel Aviv	Oct. 1989
Trading House Mission to Iraq	Oct. 1989

For information on these and other trade fairs and missions, contact the **International Trade Centre**, telephone (902) 426-7540

Publications Recently Received in the International Trade Centre

1. *Update '89: U.S. Industry Steel Market*—a general overview of the U.S. steel industry and the market for Canadian sales to that industry.
2. *Update '89: Computer and Hi Tech Markets in Western Pennsylvania and West Virginia*—includes a summary of leading developments in computer software, advanced materials, factory automation, and biomedical technology.
3. *Report on the Fisheries Mission to Spain*—includes a list of Spanish importers.
4. *Report on the Atlantic Herring Roe Mission to Japan*
5. *Guidelines for Canadian Fish Exporters 1988/89*—separate reports on France and the Ivory Coast.
6. *Report on SIAL '88*
7. *Government Planned Promotional Projects 1989-90 Program*
8. *1992 Implications of a Single European Market*—two parts: Executive Summary and Part I: Effects on Europe.
9. *Exporter's Guide to ASIAN 1989*—a guide to markets in Brunei Indonesia, Malaysia, Philippines, Singapore, and Thailand.
10. *Hong Kong Building and Construction Industry*—building products market penetration survey (prepared by Coopers and Lybrand Assoc.)
11. *Studies in Canadian Export Opportunities in the U.S. Market* -separate reports on: rubber products, drugs and pharmaceuticals, medical equipment, chemicals and chemical products, beauty products.

For copies of these and other trade publications please contact the International Trade Centre, telephone (902) 426-7540.

SEA SELL '89 *from page 1 ...*

Assisted by federal-provincial subsidiary agreements in the Atlantic provinces, the project provided a unique opportunity to deliver a large scale marketing and promotional program of highly targetted events aimed at key travel influencers and highlighting the Atlantic Canadian destinations. Activities were targetted at pre-selected U.S. and overseas travel influencer groups, such as tour and motorcoach operators, wholesalers, meetings and incentive travel planners, retail (AAA) travel trade group leaders, media and consumers.■