The United States, with a population of 312 million people and a 20% per cent share of the global economy, is the world’s biggest and richest market. It is also Canada’s largest trading partner, with hundreds of Canadian exporters doing a huge volume of business with U.S. companies, consumers and governments — far more than with any other single nation.

Doing business in the United States can provide the usual benefits of exporting, such as more sales, better market diversification and improved competitiveness. But as Jayson Myers, President and CEO of the Canadian Manufacturers & Exporters (CME) association points out, it also has unique advantages for Canadian firms. “It’s our closest market geographically, and its familiarity makes it a place where Canadian exporters can feel very comfortable. It’s also an easy market to enter — if you have a good product and provide good service, companies and consumers there will be happy to do business with you.”

Hendrik Brakel, of EDC’s Economics and Political Intelligence Centre, concurs. “It’s an enormously dynamic market, where Canadian companies can find plenty of opportunities to integrate themselves into U.S.-based global supply chains. It has leading-edge technologies, it’s home to some of the world’s largest companies, it is a top source of foreign investment and some of the most successful start-ups are American. It is also extremely competitive, it can also be very lucrative.”

Still, given the United States’ economic difficulties since 2009, it is a good time for Canadian exporters to consider entering the U.S. market! Brakel certainly thinks so. “At EDC, we see the United States as going into recovery mode, with much more positive growth being expected to be expected in 2014. Consumers are doing better and house prices have been rising steadily. Corporate profits are at all-time highs and U.S. corporations are sitting on $3.4 trillion in cash that they can use to boost their operations. This investment-friendly situation can help Canadian exporters in the sector. So the outlook is getting rosier, but what about the risks? One hazard, says the CME’s Myers, is that the U.S. market can appear deceptively familiar to novice Canadian exporters. ‘If you do business in the United States and think that because you have customers there, you’ll be able to sell to U.S. companies, you’ll be wrong. The U.S. market is a highly competitive market, and the U.S. market isn’t a monolithic entity. Instead, it’s a mosaic of regional and local markets, each with its own economic characteristics and key industrial and service sectors. A product or service that’s attractive in the northeast may be less appealing to potential customers in the southwest, and vice versa. When you’re looking for opportunities, consequently, it’s important to find out which regions offer you the best chances of success. By doing so, you’ll lower your risk of a failed market entry.”

The bottom line? Focus on specific U.S. markets where you have strengths, and research your potential customers carefully. Look for partners whose capabilities dovetail with yours and integrate yourself into Canadian-U.S. supply chains. Be realistic about the barriers you will need to overcome, but don’t let them intimidate you. After several difficult years, the U.S. market is coming back, and 2014 will be a very good time to join it. For more information about exporting to the U.S. market, download EDC’s guide to Doing Business in the United States at edc.ca/USbusiness.

HONEYBAR’S SWEET SUCCESS

Snack bars from HoneyBar Products International grace grocery store aisles across the United States and Canada. “The big reason for our success,” says Wayne Spalding, the company’s owner and president, “is that our honeybars are clean. The trend toward healthy food products iscontinuing, and we don’t put in additives. All we use are nuts, seeds, fruit and honey, which is our only binder and sweetener. It’s also a natural preservative.”

Spalding purchased Honeybar in 1995, when its bars were still produced by hand and only sold locally. Today, the Ottawa-based snack food producer sells millions of bars a year and is automating its operations to keep up with rising demand. Spalding is also looking into expanding into the Chinese market, where the appetite for an increasing variety of healthy and healthy dieting is rising with incomes. In addition, the company is eyeing the U.K., which is looking to expand the global demand for natural and healthy food products.

How can Canadian exporters — either new to the United States, or already present but hoping to introduce new products there — make the most of this recovery? Looking to innovation is one good strategy, in Myers’ opinion. “It’s always a good idea to get into a new market as quickly as possible as new products and services are being developed for it. If you can get in at ground level, with innovations of your own, it will be easier for your company to take full advantage of the U.S. economic resurgence.”

You also have to decide whether to sell your products directly to U.S. customers, possibly through agents or distributors, or whether working with business partners is a better approach. For many Canadian companies, partnerships may be the best strategy because of the vast size and intense competitiveness of the U.S. market. Working with a larger Canadian company that has footholds in the United States can be a very effective way to enter the U.S. market, or you can partner with a U.S. company that operates in your market of interest.

Leveraging your business relationships to become part of an industrial supply chain and procurement system is another good strategy. “However,” adds Myers, “in a supply chain relationship, you need to think in terms not just of your U.S. customers’ requirements, but also in terms of what their customers need. If you want to sell products to GE in the United States, for example, you need to know how GE will use them in larger products that sell around the world.”

A special information feature presented by EDC.