AN INVESTIGATION OF CHANGES IN EXPORTING ACTIVITIES BY CANADIAN SMEs BETWEEN 1996 AND 2003

This study investigated a group of SME exporters within a region of Canada that is contiguous with the United States, and looked at a number of factors including their motivations for exporting, perceived barriers to exporting, methods of exporting, stage of exporting activity, and perceptions of export success. The purpose of the mail-administered study was to investigate changes in export activity in 2003 compared to an earlier 1996 study. Both surveys were administered to approximately 500 respondents and both achieved approximately a 25% response rate.

In the period from 1996 to 2003, according to the surveys, some things have not changed greatly - the United States remains the dominant market, the percentage of sales going to exporting is still low, and the proportion of passive/reactive exporters continues to be high, if declining. On the other hand, exporters continue to show a positive, proactive outlook despite various external barriers, and are willing to seek support services help. There is evidence of growing export maturity between the surveys, although at the expense of newer entrants to exporting. The picture in the last six years is therefore not one of dramatic change and growth overall, but there is much to be optimistic about, and much work remaining to be done. The following paragraphs summarize the main findings from our study.

Exports for many firms still account for a relatively small percentage of total sales; therefore, in order to achieve greater revenues from exporting and increased growth, a more proactive approach should be encouraged. The companies in both surveys were found to concentrate on only a few key markets, in particular the United States. Market opportunities exist elsewhere notably with new and emerging markets. More innovative techniques for expanding overseas markets should be encouraged as firms are still not utilizing new technologies such as video conferencing and are favouring more traditional methods such as agents and distributors.

The factors identified as important export motivators confirm that these companies continue to be proactive and positive in their approach to international trade. Increases in growth, stability, and potential profits are all cited as major reasons to export. The most significant barriers to exporting continue to be external. Lack of export incentives, regarded as an important barrier in both surveys, could be countered by building awareness of the support services available and the benefits of serving a world market.

An important group of companies have been identified as passive/reactive exporters, accounting for 51% of respondents in 2003 (64% in 1996). The growth potential of this group is high as they have demonstrated the acceptability of their products in export markets. However they are not actively seeking export growth and therefore by encouraging a more proactive approach, exporting activity can be increased.

Companies at different levels of internationalization, including new exporters, may require different types of support. A segmentation strategy by support agencies should prove beneficial and further research is needed to target the appropriate services to specific companies.