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Going international? Pack your global competitive advantage.

- HSBC report and case studies point to differentiation as key to success in global markets

What do a Quebec-based clean technology firm, a British Columbia-based secure messaging firm, an Ontario-based commercial real estate services company and an Alberta-based oil & gas machinery and equipment manufacturer have in common? They are all internationally successful Canadian companies. More importantly, they also all hire strong and entrepreneurial leaders with previous international experience; conduct research and hire local skilled labour to better understand their target markets; continually invest in R&D; and are attentive to local customs in order to operate as seamlessly as possible and to avoid costly mistakes.

H₂O Innovation, Global Relay, Altus Group and Hi-Kalibre Equipment – the four companies described above – each possesses a global competitive advantage by combining **skilled executives, foreign market knowledge, innovation capabilities, and international networks** to provide more value for their international clients than their competitors, through differentiation.

The concept of a global competitive advantage is the main finding of a report issued today, titled *Selling to the World: The Keys to International Business Success*, and its companion case studies of 20 globally successful companies from across Canada, commissioned by HSBC Bank Canada from The Conference Board of Canada.

Linda Seymour, Executive Vice President and Head of Commercial Banking, HSBC Bank Canada, said: “Doing business internationally requires the right mix of people, skills, effort, and circumstance to give you the best shot at success – and even then, there’s no guarantee. This research and the accompanying case studies offer a unique combination of blueprint for Canadian companies with plans to grow internationally, and concrete examples of what success looks like from the inside.”

Despite over 40 free trade agreements in place for Canadian internationally-minded companies to leverage, there is still plenty of room for new players. In fact, only 10% of Canadian companies generate sales abroad and just 550 firms account for 70% of Canadian goods exported. By contrast, the remaining 30% is generated by nearly 40,000 firms.

While Canadian companies struggle to grow with tepid economy at home, a low Canadian dollar favours export-oriented firms and more Canadian companies are eyeing international markets for their products or services.

Frederic Dugré, CEO of H₂O Innovation, said: “Our international strategy relies on the identification and nurturing of committed, local partners to whom we entrust the care of our innovative products and brand. More specifically, sharing such technical knowledge with our local partners enables them to create sophisticated solutions for sophisticated customers locally, and that’s where the market really sees the value-added in our products.”

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By definition, a global competitive advantage is difficult to imitate, so companies must go about creating theirs in their own way. Succeeding internationally requires differentiation by offering unique products to niche markets. A global competitive advantage also takes on a life of its own through deft handling of a number of moving parts, and our research has boiled down some straightforward ways to craft theirs:

- 1. Know thyself.** Stand out from the crowd with noteworthy technology, products, or business culture.
- 2. Go big or go home.** Take calculated risks.
- 3. Get out there.** Knowing the culture of foreign markets is invaluable.
- 4. Focus on meeting your customers' needs.** Get to know international customers' buying culture well.
- 5. Adapt.** Be ready to tailor products and services to your target foreign markets.
- 6. Learn the art of local.** Maintain a local office or find a committed in-country partner.
- 7. Be ready to innovate.** Embrace R&D and technology investments.
- 8. Make use of helping hands.** Relationships with trade offices, customers, a trusted financial partner and other service firms go a long way.

As HSBC research continues to demonstrate that economic growth is taking place in emerging markets, the time is ripe for Canadian companies seeking new growth to consider what venturing beyond our borders and traditional trade routes can do for them.

A copy of the report and accompanying case studies are available at:

www.hsbc.ca/connectingforgrowth

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Notes to Editors:

1. About the Report

The research for this report was conducted by The Conference Board of Canada with funding and support from HSBC Bank Canada. In keeping with Conference Board guidelines for financed research, the design and method of research, as well as the content of this report, were determined solely by The Conference Board. The Conference Board conducted an extensive literature review of global business studies and identified 75 globally successful companies selected based on the degree of internationalization—measured by the proportion of total sales derived from foreign markets (at least 25%)—and growth in international sales. In-depth interviews with 23 of the companies were completed and 20 firms were selected to be featured in the published report.

2. HSBC Commercial Banking

For nearly 150 years we have been where the growth is, connecting customers to opportunities. Today, HSBC Commercial Banking serves businesses ranging from small enterprises to large multinationals in almost 60 developed and faster-growing markets around the world. Whether it is working capital, trade finance or payments and cash management solutions, we provide the tools and expertise that businesses need to thrive. With a network covering three quarters of global commerce, we make HSBC the world's leading international trade and business bank. For more information see www.hsbc.com/1/2/business-and-commercial

3. HSBC Bank Canada

HSBC Bank Canada, a subsidiary of HSBC Holdings plc, is the leading international bank in Canada. The HSBC Group serves customers worldwide from over 6,100 offices in 73 countries and territories in Europe, Asia, North and Latin America, and the Middle East and North Africa. With assets of US\$2,670bn at 31 March 2015, HSBC is one of the world's largest banking and financial services organizations.

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