

New ideas from **CANADA**

What can we learn
from Canadian
distributors?

The spirit is
understanding
how to get
big figures
from small
orders

from our foreign correspondent,
Giovanni Carlini



In these “lean cow” times, Dimensione Pulito International went in search of how dealers balance budgets in a land of very small clients distributed over an enormous territory like Canada, taking as example Eric Cox Sanitation, a cleaning product dealer based in Palmerston, Ontario.

A distributor as small as his website is big: Eric Cox

Rick Fisk’s Eric Cox Sanitation has a website that looks only six pages long, but if you delve deeper into the company profile you

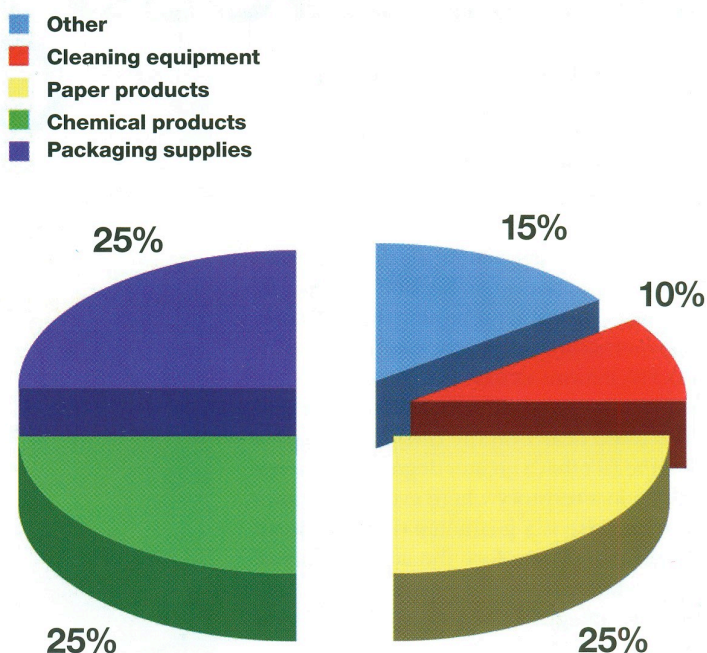


Eric Cox covers a large part of Ontario, and precisely, the region lying west of Toronto.

tap into over 100 pages thanks to 17 different options that correspond to the diversity of his clientele. Click on www.ericcoxsanitation.com and you'll come into contact with a very active company. If you go to visit in person, you'll be surprised at the spartan set-up that is no less efficient, however, to the degree that it's amply capable of covering a decidedly large part of Ontario, and precisely, the region lying west of Toronto. This is an area with a potential 50,000 clients, approximately 2% of which – around 1000 – are served by Cox.

The unusual thing about this country is that the Canadian Sanitation Supply Association, CSSA, www.cssa.com, **made no contribution to allotting specific areas for producers and distributors.** The immediate result for the Province of Ontario's 81 distributors is the absolute freedom to do their business wherever they want. Contrary to expected, this does not create problems of coexistence between the various members, also perhaps because the Canadian population is distinguished by a higher level of social cohesion

Chart 1 - Sectors of Eric Cox activity



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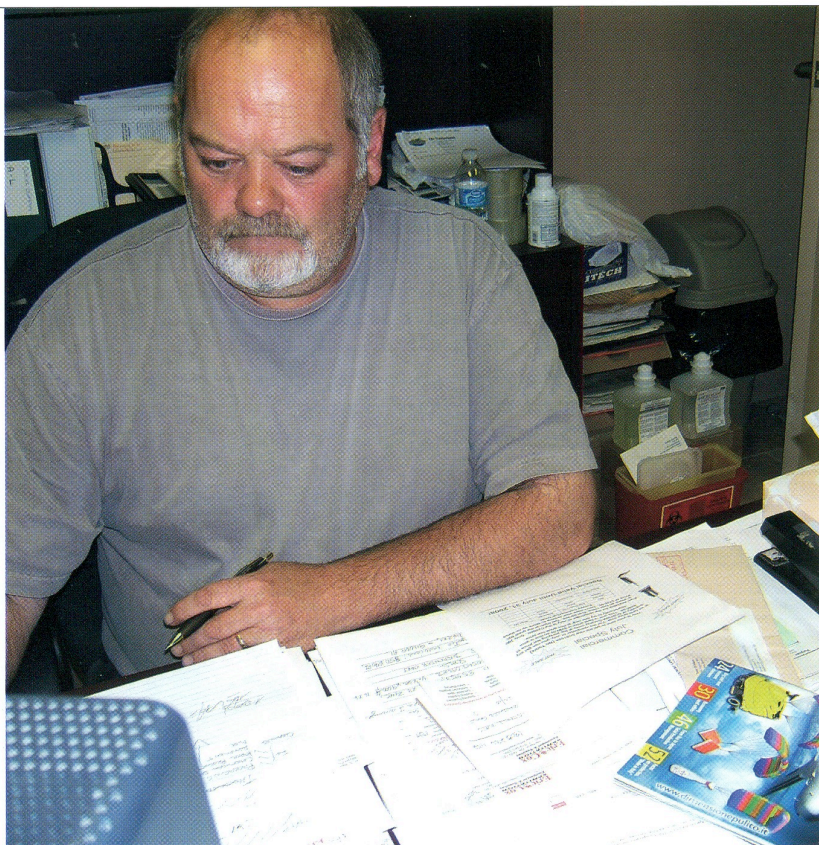
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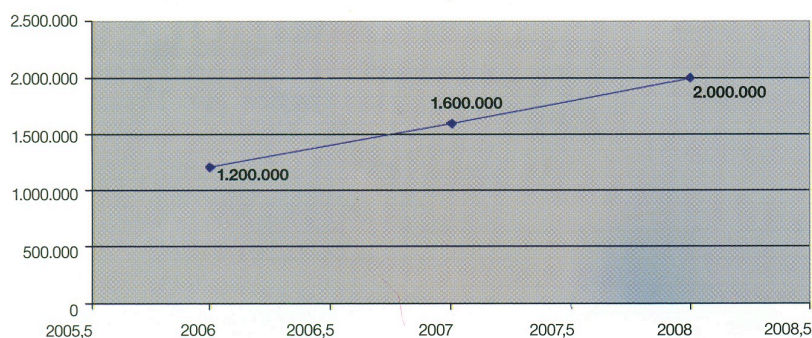
and civility. Another interesting aspect that emerged from our interview with Eric Cox Sanitation owner Rick Fisk is **how producers - at the moment of sending shipments of goods to different dealers - apply the latter's logo to the products together with their own trade name that is already so widely known in the market.**

This means that "so-and so", a producer of dish soap, for example, also applies the logo of the dealer to whom he entrusts the product to be sold at the bottom of his label, in this way personalizing it and promoting the widespread penetration of the article in the market. Rick Fisk informs us that 75% of products shipped bear mention of both the producer and the trusted dealer on the label justifying this with the fact that a greater degree of personalization in a territory where everyone knows everyone else is a guarantee of professional diligence and therefore the acceptability of the product.

This is a strategy that might easily be exported elsewhere.



Eric Cox turnover trends



A word from the dealer

Can you explain how important your company is in the market?

That's a tough one to answer because Eric Cox handles a wide range of very different articles, even if they're all included in the cleaning material sector. Out of our thousand clients in the area we serve (see chart no. 1), we cover 2% of the packaging supplies market, 6% of both the chemical products for cleaning market and the paper products market, such as hand towels, rolls of absorbent paper, and 1% of the cleaning machine market and other.

What are your annual total sales?

In 2008, our turnover was 2.3 million Canadian Dollars over 1.6 million in 2007 and 1.2 million in 2006. I work with my daughter and son, Sara and Josh, who help me in running the show. Josh, my first-born, now serves as President but still does a lot of selling. In addition to its leaders, Eric Cox also has six employees working as driver, warehouse workers and sales staff. Sales outlet product display and storage space amounts to 9,000 square feet (around 2,200 sq m).

Which products give you your biggest numbers?

Looking at the curve of our total sales over the past three years, I see an annual growth rate of 30% and more. What we sell a lot of is paper for hand towels for restaurants or large community use, which has also risen by as much as +12% in a single year. This is followed first by chemical products, which follow with around a 15% annual increase, and then packaging supplies, which have shown an 8% rise. These are the three biggest products for us.

I happened to see a few Italian brand cleaning machines usually used for large com-



munities in your warehouse. Do you sell many of these?

I know that Italian machines offer excellent quality and are always appreciated by customers, but in my area there isn't much demand, in the sense that users will use them only once a week, whereas the supermarkets, banks, companies with large surface areas and the airport in Toronto require cleaning once a day.

Are you a pure dealer or is your business completed by other activities?

In addition to handling cleaning products, we've opened a new line of products in the same sector that we sell and have specially produced for us by a productive unit: a detergent that is every bit as good as those produced by our competitors, but with a difference in the way we sell it, and in this context, personalization and the type of relationship established with the client assume strategic importance. When I sell "myself", people buy me because they know where I am, who I am, and how much I'm worth.

But aren't you satisfied by the product label that features both the name of the producer and your own logo?

I'm enthusiastic about it, but don't confuse my enterprising spirit with ingratitude towards my suppliers. They're two different things, and if I achieve success with my name, my face, and my logo, everyone benefits. Therefore acquiring a bit of space of my own for positioning in the market is not just an advantage for me.

Are you involved in other activities as well?

My daughter Sara is involved in energy saving activities. One good example is the way we help repair or service machines no longer in production or covered by warranty: we give the client the idea and find the part required to ensure the regeneration of the product with higher savings.

Do you invest in training?

We organize 100 hours of training each year between meetings and symposiums for updating.



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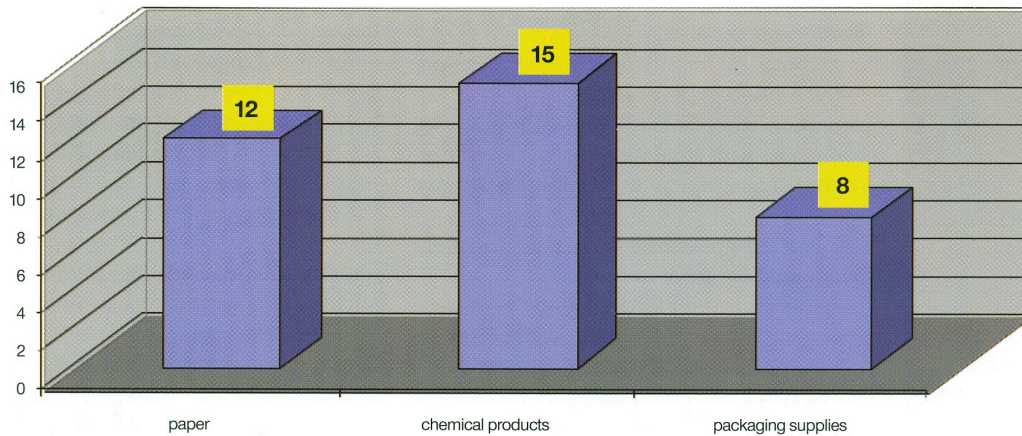
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The leading Eric Cox products



On how many levels does distribution work in this part of Canada, and how much time passes from the time an order is placed until it reaches destination?

As dealers, we are the second link in the chain standing between the producers and the client, understood as the restaurant, school, government body, etc. There are 3 distribution levels in all: the producer, us, and mass distribution. We fill orders anywhere in our area in 48 hours.

Are the products you sell all made in Canada?

80% is produced locally; we import the remaining 20% from the USA. We get some things from Italy (our floor cleaning machines, for example) and China, but we don't import these products ourselves.

How many dealers are there in your zone?

I compete against 10-15 dealers. I'm about halfway down the list in terms of quality and turnover.

Plans for the future?

We're hoping to make contact with producers and dealers in other nations in order to begin negotiations for joint ventures, new products, and other contacts in general because you don't go very far by yourself.

Conclusions

The news, concepts, and points of view that emerge from this interview are revolutionary compared to our way of operating, and it's well worth bearing in mind that a part of the world - and not a small part, at that - works in this way.

Undoubtedly the double name on the product's label and the search for new ways to save energy are - in this sector - certainly things to be pursued starting from now because the market is ready for this level of innovation. For the rest, everyone will organize themselves as they see fit.

