

Export Express

Insights to Accelerate International Expansion



Our Mission: Help Manufacturers “Spend time *Selling* to Distributors versus *Searching* for Distributors”

Sell to 96 Countries

Looking for new customers and distributors in international markets? Export Solutions’ distributor database covers more than 8,600 distributors in 96 countries. Our database features extensive coverage of leading food, confectionery, and beverage distributors. New! Export Solutions’ retailer database now tracks 2,500 retailers in 96 countries. Order now at www.exportsolutions.com.

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300 Tips for Export Managers

One of my favorite Beatles songs is “We get by with a little help from our friends.” Export managers build international businesses through advice from their network of colleagues, countrymen, and distributors. I am grateful for my export friends that serve as the inspiration for many of my *Export Express* articles.

Export Express has released a “Best of Ten Tips” compilation resource. This 60 page guide contains more than 300 timeless tips for building your export business and managing distributors. More than 400,000 industry professionals have visited our web site to study our strategies and suggestions for building brands in overseas markets. Our reader feedback suggests that our Ten Tips columns are appreciated for sharing practical commercial advice on common export issues.



Our future success is dependent on our ability to expand our sales to the world’s 7.8 billion consumers. Export Solutions can help!

Greg’s Ten Tips

1. Good news travels fast and bad news travels slowly
2. If you want to know what’s really going on, spend a day visiting stores
3. Pick up the phone and call a friend or business partner versus email
4. Be positive. Think, “why not?”
5. Results are directly proportionate to your investment: Marketing, People, Focus, Time
6. A distributor (or Broker) “respects” what the Brand owner “inspects”
7. Shipment numbers rarely lie
8. Put it in writing
9. If two people agree on the principle of a deal, you can usually work out the financial terms
10. There is more in common with industry practices across the globe than differences. Brand owners everywhere desire more shelf presence and retailers demand more discounts. Recognize the differences, but focus on the universal requirement for superior products, marketed at a fair price.

How to Win 2020 – Ten Tips

2020 will be challenging and everyone can benefit from “new ideas.” Listed below are Export Solutions’ 10 strategies to build your export business in 2020 and beyond.

Focus 5 Countries

A true measure of export success is relevant market share in large countries like China, USA, Japan, Mexico or Saudi Arabia, not selling small quantities to 50 or 100 countries. Each international manager should select his global “Focus 5” countries and strive to spend at least fifty percent of travel time in core countries. Regional managers should adapt the same mantra for gamechanging results at their top one or two opportunity countries.

China Strategy Renewal

Most brands have learned that China is not a country where you can appoint a national distributor and visit a few times a year. E-commerce represents most of industry growth and up to 50% of sales for imported brands. Many companies appear at a “10 Year Crossroads.” There is an urgent need to hire “boots on the ground” in China to execute a multi-channel, multi-region strategy.

Small Shops – Big Opportunity

Small stores represent 50% of sales or more in many emerging market countries in Asia, Latin America, Middle East, and Africa. These stores are particularly relevant for impulse categories such as beverages and confectionery/snack. Small shops are not a focus for niche brands or start-ups.

E-Commerce

Will e-commerce represent ten percent of sales by 2025? Twenty percent? Who knows? We can all agree that it will be bigger. Challenge each distributor to develop an e-commerce plan. Share learning from your corporate office. Treat Amazon as another “Global Customer.”

New Channels

My Summer Export Express identified 23 “alternate” channels that could represent new customers. These channels tend to be “less demanding” and more open to new brands.

USA – Multi Channel

USA based manufacturers routinely sell to ten channels or more. Most adopt a matrix model meshing channel specific brokers for supermarkets and foodservice with direct sales to Walmart, Costco, and Drug customers. Overseas brand owners should adopt the same approach to reach all USA channels and regions.

Listing Map

Our page 4 and 5 articles confirm that an up to date listing map and “white space” plan is the essential one page template for every country

Is the Store a 10?

Can 2020 be the year for focus on improved in-store brand presence? Brands (& distributors) own the tools and knowledge to reach these objectives. The critical element is your focus and execution of a formal shelf drive. Contact us if we can help.

Upgrade Distributor Network

Every company has distributors that are “under-achievers” or that are no longer a good fit with the brands aspirations. Begin the “upgrade” process early in the year to impact second half 2020 shipments.

Export Team

How can you redefine roles and responsibilities to obtain more productivity from your export team? One idea is to appoint one manager to focus on new country pioneering for a large country as a special project or “stretch” assignment. Another concept is to place a junior “company missionary” in a key distributor’s office for a one year training assignment. Contact Export Solutions for “new ideas to solve old problems.”

2020 Winning Strategies	
Geographic	<ul style="list-style-type: none"> Focus 5 Countries
	<ul style="list-style-type: none"> China Strategy Renewal
Channel	<ul style="list-style-type: none"> Small shops
	<ul style="list-style-type: none"> E Commerce
	<ul style="list-style-type: none"> Alternate Channels
	<ul style="list-style-type: none"> USA-Multi Channel
Sales Execution	<ul style="list-style-type: none"> Listing Map
	<ul style="list-style-type: none"> Is the Store a 10 ?
Organization	<ul style="list-style-type: none"> Upgrade Distributors
	<ul style="list-style-type: none"> Export Team

CEO Update: 10 Tips to Impress the Boss

Every international manager spends hours preparing senior management presentations. What happens when you get called to see the CEO “right away” or you see him in the elevator coming back from lunch? The obvious question is “how is it going?” Export Solutions shares our 10 tips to “impress the boss.”

Shipments vs. Annual Budget

The CEO has the corporate number to hit and wants to know if you will achieve your fair share. Orders are nice, but shipments translate to revenue. Measure progress versus time elapsed and compare versus similar time period last year. Publicly traded companies are concerned with quarterly metrics, while privately held businesses may focus on total year budgets. Be specific, be accurate, and do not appear overly optimistic. Discuss shipment performance first before you raise points regarding market dynamics.

Remedial Plan

Some exporters are blessed with healthy businesses, tracking ahead of pace. Most of us will land right on target. A few are struggling. Shortfalls happen for a hundred reasons including currency fluctuations, competitive activity, and reduced investment. The key is to have your remedial plan ready. Do not be afraid to ask for more spending if you need help. If management refuses, at least you have tried to correct the gap versus expectations.

Core Countries

Focus your update on the top five countries that drive your business. This sounds obvious but I have personally listened to many enthusiastic success stories about Latvia, Malta, and Bahamas. Good news, but the chief wants to know what is happening in focus countries.

Risk to Plan

CEO's assessment by the board depends on accurate guidance on current performance as well as long range outlook. Smart executives can read shipment reports, but want to identify potential risks to the plan. Surprises are tough to digest. Transparency on challenges as well as upside is appreciated.



What's Working? What's Not?

Many companies export to 20, 50, 100 countries or more. Results include a mix of top performers and laggards. I endorse the practice of sending a mid-year, one-page report card to each distributor. Include a request for feedback on “what's working and what's not.” Share key findings with your manager and CEO.

How Can We Double the Business in Three Years?

The CEO wants your opinion on accelerated growth options. Leaders are not content with 5 percent increases. Doubling the business may include acquisitions of overseas category players or construction of offshore factories. Think big!

Required Investments and Resources

Historically, export is starved for resources. Which comes first: sales or investment? Lay out your priorities for the executive team. Validate export rationale for more headcount.

Test Updates

Every company should be seeking new ways to solve old problems. Update management on new initiatives. Share positive news as well as tests that provided learning, but results behind expectations.

How is the Team?

Export development is a team sport. Caring CEOs will want to learn how your group is doing, particularly in offshore locations. Share your organizational development plan, training activities, succession planning, and status of new hires.

How Can She (or He) Help?

Most CEOs are supportive and genuinely interested in helping. Business in the home country may be mature and international always provides a pathway to higher growth. Create your short “wish list.” Invite the boss to visit your markets or call a key distributor. Ask for support for your “pet” project. Always keep your immediate manager in the loop!

New Product Launch: Ready, Set, Grow – Ten Tips

Your new product launch is a big deal, comparable to the birth of a child. The first days are critical if you want to raise a “healthy brand.” Listed below are Export Solutions’ ten tips for launching your company for the first time to a new distributor or expanding through a new product introduction.

Firm Calendar

Distributor and brand owner should align on a “firm calendar.” This includes dates for sales materials development, launch meeting and key account calls. All dates are dependent on arrival and customs clearance of the first order. No product, no meeting!

Get Ready

Allow adequate time for printing of point of sale materials and development of key account presentation. In some cases, translation or local adaptation of brand owner supplied tools may be required.

Memorable Meetings

I still remember motivational meetings with themes around boxing and magic. Create new memories with a special theme or an external speaker. Off-site meetings contribute to making your launch special, with an added sense of commitment. Have fun!

Mandatory Attendance

The distributor CEO, brand manager, and export manager must all attend and have speaking roles. Best is to have one meeting with sales and merchandising teams together. However, in some cases, a follow up meeting may be required. Invite logistics, finance, and customer service people to make it a “team effort.”

In-Store Objectives

Establish clear measures for in-store presence. This includes shelf positioning, space allocation, pricing, and off-shelf merchandising. Share a photo. What qualifies as a “good store” versus a “bad store?”

Frequently Asked Questions

Prepare a list of potential questions and logical responses. Role play with the team. Share a printed one pager with sample answers to tough questions.

Samples, Samples, Samples

Provide generous quantities of samples for all distributor employees to enjoy and take home. Prepare recipes if your brand is a food product. Samples are your best advertisement.

Personal Goals

Each team member should have personal goals for your launch. For a key account sales person, this could be acceptance of the core product lineup. A retail merchandiser could be assigned a target of a specific number of stores with displays or eye level shelf placement. For the launch, focus on implementation goals versus case shipments.



Key Account Calls

In many countries, large supermarket chains dominate sales. Develop a personal strategy for each key account. What are the buyers internal goals? How do we fit with the chains consumer base and plans? Which chain “push” programs can we participate in? Schedule a “lead call” with an easier key account to get feedback that will help you with a tougher buyer. Invite the export manager or distributor MD to participate in the sales call if it will help.

Audit

Schedule a retail audit of stores to coincide with the expected retail availability of product. Bring other people from the brand owner’s company and have 2-3 teams auditing the market against a specific set of goals. Visit secondary cities, not just the stores around the distributor’s office. Recognize that conditions will not be perfect and celebrate progress to date.

Need more information? Visit www.exportsolutions.com.

Fifteen Tips: Achieve Preferred Supplier Status

A natural goal is to achieve “Preferred Supplier Status” with retailers and your distributors. Satisfied trading partners generate superior results. “Vendor of the Year” does not mean “Spender of the Year.” Listed below are 15 tips to be viewed as a Preferred Supplier with your distributors and retail customers.

1. Invest in Brand Support

Marketing activities drive incremental sales and cultivate the health of your brand and category. Supplier investments in consumer awareness and retailer development activities help everyone achieve their sales objectives.

2. Innovate, Innovate, Innovate

The CPG/FMCG industry is fast paced, with frequent new product introductions. Companies which invest in research to deliver new product ideas out-perform and lead the category.

3. Keep the Supply Chain Filled

Short shipments cause a chain reaction of problems throughout the supply chain. Seek to attain a 98% case fill rate or better.

4. Distributors Need to Make Money Too!

Retailers, Manufacturers, and Distributors seek to achieve a reasonable profit. Distributors (Importers/Brokers) are often “squeezed” as middlemen. Distributor Margin reductions translate to cutbacks in sales personnel, customer service, investments in technology, and ultimately impact results for your brand. A financially healthy distributor is a productive partner.

5. Focus on Priorities versus Minutiae

All partners are guilty of getting absorbed in the details of the business. Maintain attention on the key elements which drive business success. Minimize “non-essential” reports.

6. Serve as Category Expert

It’s a challenge for Retailer buyers and distributors to master all the categories. Preferred suppliers provide fresh and unbiased insights into category trends, product development, and analysis of category data.

7. Visit the Market, But not Too Often

Distributors and Retailers welcome your periodic visits. Insights on market development and problem solving “face

to face” are invaluable. On the other, you need to provide distributors the time and freedom to build the business without distraction of preparation and management of frequent supplier market visits.

8. Calibrate Time Commitment to Compensation

A first step is to evaluate what your brand represents to a distributor (or retailer) in terms of annual revenue/profit contribution. Reflect on the activities requested to service your business in relation to your contribution.

9. Keep Your Commitments

Preferred suppliers are viewed as trusted partners. Reliable suppliers secure more than their fair share of retailer and distributor focus. Last minute cutbacks in marketing support are sometimes necessary, but damage your credibility.

10. Respond to Local Ideas

Distributors and Retailers know their markets. Give them the support they request on a new promotion idea or sales campaign. Let them build ownership of an idea and the ultimate results. Good ideas will build credibility and sales.

11. Pay Bill-backs on a Timely Basis

Many distributors are small businesses with tight cash flow. It is always positive to be viewed as a “Prompt Payer” of legitimate invoices.

12. Support Distributor with Corporate Headquarters

Many companies enjoy long term relationships with their distributor network. The Distributor depends on you to serve as their advocate with senior management of your company. Fight for



their ideas and defend their business performance, where appropriate. Remember that all organizations experience a mix of “good years and bad years.”

13. Share Best Practices

Industry participants are all “students of the game” and are generally open to learning about strategies from other markets/retailers. On the other hand, we must recognize that all markets have subtle differences and not all approaches are transferable.

14. Provide Proper Lead Time to Achieve Desired Results

The consumer goods industry is relatively organized with established protocols and timelines. Exceptions can be made in case of product recall or breakthrough innovation. Everything functions better when timelines are adhered to.

15. Recognize Achievement

Take the time to say “Thanks” or “Well done.” This acknowledgement may be in the form of a personal note, phone call, or public recognition.

Ten Tips: From Homesick Shelf to Category Captains

Many supermarkets offer sections dedicated to products from foreign countries. The “Homesick” shelf allocates one meter, mini departments, represented by iconic niche brands from the USA, Germany, Italy, UK, Brazil, or Mexico. Despondent expatriates rush to this section hoping to find their favorite candy or “sauce” brand from back home. Often, this represents a “foot in the door” and a starting place for your business development. However, most brands soon become frustrated with this remote shelf location and plot strategies to enter the main fixture to compete side by side versus local competitors. Read Export Solutions *Ten Tips* to gravitate from “Homesick Shelf to Category Captain.”



1. Analyze the Data

Government census data (and embassies) can reveal the number of your citizens in a foreign country. For example, in the USA there are many Italians and Brits in New York, Germans in Pennsylvania and Mexicans in California. Tourism statistics also supply guidance where to find your current customer base overseas. Current sales per capita figures indicate countries where your brand has traction beyond your core expatriate base. This analysis provides you with the first clues on where to focus your investments.

2. Research Local Preferences

A food scientist or market research company could study local food preferences and your product portfolio. Are there options to incorporate your brand into traditional recipes? Consider adapting your core product line to meet local flavor preferences. Pringles built exceptional sales and excitement by launching innovative new flavors such as Jalapeno, Curry, Grilled Shrimp, Ketchup, and Pizza.

3. Test “Higher Spend” Marketing Plan

Everyone knows the fundamentals of brand building: sampling, billboards, radio, and social media. Usually, exporters may be hesitant to invest in advance of sales. However, it may be “low risk” to pick one small-medium size country to test a targeted marketing support plan.

4. Hire a Local Manager

It’s tougher and tougher to manage exports via remote control from company headquarters. Smart exporters are

opening offices in regional centers like Shanghai and Dubai for placement close to the action. You have a choice to send a missionary from company headquarters or a local hire who understands the language, market, and how to get things done at store level.

5. Focus on Upscale Supermarkets

Identify the “upscale” supermarket chain in a country. Their consumer base is likely more adventurous and boasts higher purchasing power. Invest to be a category leader at these high profile customers. Often, middle income supermarkets look to these upscale chains for assortment inspiration. In the USA, think of HEB and Whole Foods first, not Walmart. In the UK, look to Waitrose vs. Morrison’s. The same analogy applies to every market.

6. Manufacture in Country

Eliminating overseas freight charges and duties may allow you to compete more effectively on a price basis. Labeling in the local language may be a plus. A small factory also establishes you as a member of the community with employees that will create goodwill. A manufacturing site may be complex and expensive, but co-packers may represent another option.

7. Move to a Bigger Distributor

Frequently, a new brand will align with a small distributor consolidating brands from one country. This is a logical and viable strategy to get started. However, I’ve witnessed countless cases where the brand’s aspirations and requirements outstrip the capabilities of the small distributor. Brands may consider moving

to a more powerful distributor, with deeper brand building capabilities. Warning: be prepared to invest more with a big distributor or you risk losing ground as unsupported brands may get lost in the mix. Export Solutions’ database tracks an average of 79 distributors per country.

8. Sponsor a Sports Team or Charity

Fans everywhere love their teams. Alignment and support of a local sports team yields dividends. Pick a charity that contains a meaningful link to your product or target consumer. Many supermarket chains have a favorite charity providing a route to collaborate with a trading partner for a worthwhile cause.

9. Bring Your Team

Retailers are desperate for fact based consumer insights. Bring your research and technical experts from headquarters to visit overseas retailers and distributors. Let them “wow” them with their category knowledge. Note: you may need to coach your experts on appropriate messages as sometimes foreign buyers don’t care how you operate in Chicago or London.

10. Create an Anniversary Event

Many brands have been available in foreign markets for 10, 20, 30 years or more. Why not design an anniversary event commemorating “25 years in the _____ Market.” Elements could include special packages, consumer contest, public relations, charitable donations, and a celebratory dinner for your retail customers.

Ten Tips – Getting a Distributor to Love Your Brand

The classic industry question is: “How do you maintain distributor focus on your company priorities once you leave the market?” There is no easy answer, but a solution is to encourage a distributor to “fall in love” with your brand and company. Falling in love is based upon an attraction to a person and enjoyment of spending time with them. The same feelings can apply to a brand. I regularly witness super human efforts by distributors for small and medium sized brands just because of “Brand Love.” Listed below are Ten Tips to romance your distributors to superior results.

1. Master Chef Endorsement

The first step is convince the distributor team to be passionate consumers of your product and enthusiastic brand ambassadors. For food products, invite all of the group to lunch at a popular local restaurant. Pay a well-known chef to prepare a meal featuring your products. Or cook lunch for them yourself. For candy and snack brands, provide samples to share with the distributor’s children’s sports clubs. Provide frequent and generous samples to all of the distributor team.

2. Fun Sales Meetings

Every distributor has sales meetings for their entire company. These are usually a repetitive drone of Powerpoint slides. Why not hire an agency to create a fun presentation module which may include audience participation, games, or costumes? Or sponsor a local motivational speaker or training workshop using your products as the case studies. Break the mold of boring meetings!

3. Provide Great Customer Service

Respond to requests quickly. Ship complete containers to keep the pipeline filled. Pay all bill-backs promptly.

4. Distributor Awards

Recognize your high performing distributors with an award. This could be Distributor of the Year or for \$1 million in sales or for 15 years of partnership. Some companies sponsor smaller awards for key account manager of the year in each market and retail representative of the year. Publicize the event by awarding a plaque, hold an awards luncheon, take photos and share a press release of the celebration.

5. VIP Visit to Corporate Headquarters

Treat your distributors as VIPs at your corporate office. This trip creates a memorable bonding experience and a chance for you to serve as a good host. Take the distributor to a product development lab and organize a meal with your CEO or executive officers. Make him feel like part of the family.

6. Support Local Events and Charities

Creative distributors drive incremental sales through local marketing events. Display a willingness to support their ideas and invest in new programs. Events that sync with the distributors (or retailers) special charity build substantial goodwill and appreciation.



7. Annual Incentive Trip

Many companies sponsor trips for distributor executives who attain their annual sales quota. Mid-size brands source added focus by sharing the benefits of a good year by inviting achievers (and spouses?) to trips in resort locations like Hawaii or international cities such as Rome. Everyone works hard to qualify and vow to return “year after year.”

8. Holiday Baskets

Send baskets or gift packs to distributor employees that include your product and other adjacent holiday items. The idea is to extend your brand’s relationship to your partner’s homes.

9. Distributor Advisory Council

Form a small elite group of distributors to advise your company on international development. Meet twice a year with access to your companies senior management. All members of the Distributor Advisory Council will meet their sales target.

10. Treat Distributors as Your Best Customers

Be nice. Say “thank you” frequently. Send handwritten notes to people to recognize a nice display or a fixed problem. Have fun while you work.

Distributors may work with twenty brands or more, each shouting for attention. Distributors support all their brands, but there is no magic science to allocate time equally. Naturally, we all spend more time and effort for the brands and people we like. What can you do to make your distributors “Fall in Love?”

Need more information? Visit www.exportsolutions.com.

How Multinationals Build Brands

Exporters envy the massive clout and impressive results generated by multinationals such as Nestle & Procter and Gamble. These powerful brand builders succeed in emerging markets by adhering to a well defined new business development process. Their approach represents an ideal mix of global category knowledge with local execution. Recapped below are key elements on how multinationals win in international markets.

Market Research

Multinationals invest in both qualitative research and syndicated data. Significant effort is directed to understand local consumer behavior, shopper insights, and attitudes to new product concepts. This information is paired with syndicated data from providers such as Nielsen and Euromonitor. This allows companies to study trends and calibrate the “size of the prize.”

Innovation & Adaptation

New product ideas sweep the globe these days. There are too many “me too” products, offering little differentiation to global buyers. Multinationals dedicate technical resources to identify the “next big thing.” Their point of difference is the ability to adapt these big ideas to local tastes and habits. This may be achieved through a unique marketing approach, adjustment of a flavor profile, or a distinct package appropriate for a local market.

Local Production

Manufacturing facilities close to your consumers supply a tremendous competitive advantage. Direct benefits are sourced from the elimination of overseas logistics costs and duties. This translates to lower shelf prices and more money to invest in marketing or higher gross margins. A plant is usually associated with scale and creation of a local subsidiary. These employees and their families become “brand ambassadors” for the companies where they work. A factory presence creates spending and pride in a community. Factories may be expensive, but co-packing may be another option.

Close to the Customer

Multinationals typically enjoy special customer “intimacy.” Their critical mass and importance to the retailer create more of a balanced relationship and partnership. The multinationals local



management may be empowered to make decisions quickly without needing to check with an overseas office.

Multifunctional Team Support

All commercial teams have sales people, but multinationals may offer “on the ground” customer support in other critical functions. This includes product supply, financial, marketing, information technology, and customer service. It takes a professional “team” to win in our business, not just a “super salesman.”

Marketing Investment

Large companies maintain the resources to invest in consumer marketing and trade support programs. All brands allocate dollars to these activities, but multinationals fund their launches to include television advertising, social media and consumer sampling. They entice retailers with large discounts and rebates in return for impactful shelf visibility and massive end of aisle displays.

Competitive Pricing

Multinationals’ scale allows them to offer competitive pricing in a market. Frequently, their pricing strategy for a new brand will include a structure at parity versus current players or even at a savings. This creates a measurable advantage versus brands entering with “super premium” pricing and little marketing support.

Category Expertise

Multinationals frequently serve as “Category Captains” yielding benefits and respect from retailers. They are viewed as important sources of category trends, insights, and analysis. A multinational brings knowledge from adjacent categories or markets that can be applied to a new product launch.

Think Big

New product launches from multinationals contain high expectations, focus, and support levels. Typically, these initiatives are aimed at creating new brands with sales measured in the millions. New product launch plans feature three year sales targets and investments. Normally, these brands lose money in year 1, break even in year 2, and budget positive cash flow for years 3 and beyond.

Glocal Strategy

International marketers win with a “Glocal” approach. This involves leveraging “global” category expertise and resources and adopting it to a “local” market. Multinationals win because they offer critical mass in the country of their corporate headquarters, as well as international countries.

How Exporters Build Brands

1. World Cuisine

Foreign travel and exposure to world cuisine has sparked an appreciation of food and confectionery products from around the globe. Today's consumers enjoy diverse food choices as they plan their weekly menus. Asians may consider American or UK brands as ethnic food, just as we consider Thai or Mexican cuisine as "international." Successful exporters focus on traditional products and favorite brands from their home country that may be considered to unique to citizens of other nations. What is your products USP (unique selling proposition)?

2. Visit Each Country

Export managers should visit each country at least once. It's easy to capture the pulse of a market by visiting stores and meeting with distributor candidates. Winning requires the combination of your brand and category expertise matched with your distributor's mastery of local industry practices.

3. Complete Homework

Veteran exporters complete fundamental research on category conditions prior to market entry. This includes size of the category, competing brands, pricing, and merchandising standards. Careful consideration should be applied to what added value your brand contributes to the existing category dynamics in a new market.

4. Choose the Right Distributor

Selecting the right partner is the third most critical success factor after creating a meaningful USP and commitment to invest in brand building activities. Finding the distributor that is a right fit is a difficult task. Most brands prefer to align with a category specialist (i.e confectionery distributor) or a distributor that specializes in brands from your home country. In every case, look for a distributor that is passionate about your brand and offers sufficient scale to achieve your business objectives.

5. Crawl, Walk, Run

Export is not easy and new business development always takes longer than the optimistic dates we place in our timeline. Start with listings at upscale supermarkets and global retailers. Create a success story at a few high profile retailers versus trying to sell to all accounts during year one.

6. Results: Proportional to Your Investment

Every country maintains a universal requirement to invest in consumer and trade marketing activities. How much does it cost to secure shelf presence and merchandising support at the leading supermarket chain in your home country? Why should it



be any less expensive to enter a foreign country where your brand is unknown? Your investment level signals to distributors and retailers your commitment to the market.

7. Premium Pricing

International brands may command as much as a fifty percent price premium versus local products. Savvy consumers recognize high quality, foreign products and are willing to pay a slight premium. Super premium pricing rarely works, as families hesitate to try a new brand that costs one hundred percent more than other category options.

8. Guerilla Marketing Activities

Successful distributors are magicians at creating brilliant programs with minimal investment. Export managers challenge their partners to develop "outside the box" programs to build brands. The concept is to establish a culture that rewards innovative, promotional activity.

9. Leverage Government & Trade Support Organizations

Exports mean jobs and most American and European countries have established valuable programs and resources to facilitate exports. Many activities are free or are available at a substantial discount. For example, in the Confectionery sector, the National Confectionery Association (USA), German Sweets, and ABICAB (Sweet Brazil), all provide excellent resources for new and experienced exporters.

10. Get Your Distributors to Love Your Brand

Experienced Exporters are multi-taskers, able to juggle many priorities with far fewer resources than multinationals. An essential skill is to inspire a network of foreign distributors to fall in love with your brand. This requires you to earn your position as a preferred supplier by serving as a responsive partner that supports your brand with product innovation and marketing investments. Distributors will work harder for people that recognize their efforts and are fun to be around.

Talk to an Expert

- Find Distributors in 96 Countries
- International Strategy Road Map
- Fix Problem Markets
- Next Level Sales Management
- Export Workshops
- Motivational Meeting Speaker



Contact Greg Seminara at (001)-404-255-8387 to discuss your business development project.

www.exportsolutions.com

Ten Tips: Converting Promising Leads to New Partnerships

Have you ever experienced an incredible first meeting with a distributor? Strong alignment, good fit, everyone smiling, timelines agreed. Then, nothing happens! The export manager may take up to six months to translate his outlook from “done deal” to “dead deal.” There are two reasons why this occurs.

First, distributors are positive, competitive athletes, always striving to win new business. However, in some cases, the distributors wake up after time to reflect and decide they really weren't that interested in the brand after all. Failure also results when a strong first personal meeting at a trade show or distributor's office is followed by a relationship buried in email communication, with no personal touch. Below are Export Solutions' Ten Tips on converting promising new business leads into tangible business partnerships.

1. Call/Skype – Don't Depend on Email

Motivated distributors still return phone calls, but frequently receive up to 200 emails a day, many from existing brand partners. Top distributors' business days are captured by a continuous flow of meetings with customers, principals, and their own employees. Best bet is to call a potential partner or set up Skype meetings. Email is okay for routine correspondence, but too easy to ignore or delete.

2. Follow Up Immediately & Frequently

Time slips away, as Export Managers focus on existing businesses and “problems of the day.” One tip is to put regular follow up reminders on your computer calendar.

3. Focus on 10 C's: Category Review, Calculation, Cost of Plan, Compliance, Contract, etc.

Described below are critical elements to translate a “lead” into shipments.

Category Review: How does your category look in target country? Category size, competition, pricing, margins, and merchandising activity.

Calculation: What is the distributor's proposed calculation from your factory gate to the store shelf? What are standard costs like duties and taxes? What are flexible or negotiable like trade discounts and distributor margin?

Cost of Plan: Each brand needs a plan to gain market entry. This includes key

account “sell in,” followed by consumer and trade promotion activities. Look at the distributor's proposed plan, as well as several options with different price tags.

Compliance: Many countries feature a product registration process and labeling requirements. In some countries, this step is easy with automatic compliance for a USA or European brand. Or a simple solution with a small distributor applied sticker. In other countries like Japan or Indonesia, plan on one year or more to navigate the complex process.

Contract: “Ready, Set, Go” can be delayed by 3-6 months due to contract negotiations. Company lawyers demand 20 page agreements in English that even the Brits can't understand. Distributors prefer two page letters of understanding or a handshake deal. Do what is right for your business, but expect delays and frustration.

4. Request References

A good idea is to quickly request distributor references from other brands they handle. Motivated distributors will send impressive references right away. Also, have your credit department run a Dun and Bradstreet or Equifax report as soon as possible. Many trade show meetings are with “pretenders” who state exaggerated claims and are ultimately too small to handle your brand. Better to discover this sooner versus later.

5. Move Beyond the Distributor Owner/MD

The distributor owner “writes the checks,” but frequently serves as a “bottleneck.” The key is to quickly get your brand assigned to a “worker” whose task is to move your project through the system and produce an order!

6. Establish Realistic Timelines

Sync with category review dates and avoid holiday periods. Update timelines frequently. New distributor relationships always take longer. Plan on six months from first meeting to first shipment. Be pleasantly surprised if things move quicker.



7. Distributor Response Time Signals Interest Level

How often do you check your emails? Probably every hour. When I work on distributor search projects for well known brands like Pringles, Tabasco, or Barilla, distributor response is lightening fast. Motivated distributors will chase you if they are interested because they are anxious to start selling your brand!

8. Establish Regular Checkpoint Calls

I suggest every two weeks at a minimum. Use a common document of priorities, action steps, and due dates.

9. Visit the Distributor

It's amazing the amount of progress that will be made during a meeting at the distributor's office. Also, the distributor will work hard in advance of your visit as your project moves up the priority list and they want to guarantee a favorable impression. A visit to the distributor's market signals your commitment. Beware if the distributor is reluctant to schedule your visit. Either he has changed his mind about a partnership or his office and capabilities do not match the bold promises made at the initial trade show meeting.

10. Parallel Path Two Candidates per Country

A favorable first meeting represents an excellent start. However, there are still many steps (think 10 C's in point 3) before you sign a contract and receive your first order. Always keep two candidates in the process, in case your top choice disappoints. This can be tough, but represents a better option than needing to start the entire process over again.

Ten Tips: Action Steps for Poor Performing Countries

Every exporter has countries where their brand performance lags far behind expectations and market potential. This appears as a serious issue when the poor results are in a large strategic country like the USA or China. The first step to fixing the situation is to admit that you have a problem. Too many times, export managers loyally cling to their plan and existing distributor with hope that "next year will be better." The likelihood is that sub-par trends will continue without intervention. Remember, it's your quota and job that suffer due to lackluster results in a country. Listed below are Export Solutions' 10 Tips on action steps for under performing countries.

1. Look in the Mirror

Chances are that your current brand proposition is wrong for the country. Your product sales are a reflection on buyer and consumer response to your product range. An underqualified partner does not help, but is usually just part of the problem.

2. Research Consumer Habits

Conduct category research to understand why consumers in a foreign country do not appreciate your brand like they do "back home." Category habits and development vary widely, particularly around food products. Recently, I confirmed several examples where Asian consumers demonstrated little interest in certain Western style foods (although everyone loves candy and snacks!).

3. Investment Level

Many poor performers suffer the classic issue of insufficient funds to invest in marketing and trade programs. There is a cost of doing business everywhere and the investment requirements can be huge in a place like China or the USA. Best bet is to break down the country into smaller areas and focus on targeted investments with high potential, regional retailers where your brand has a higher probability of success. Avoid the attraction of large, national retailers where you realistically cannot support the business. Don't expect miracles without basic investments in marketing and trade promotion.

4. Establish and Track In Store KPI's

Many exporters focus primarily on monthly shipment numbers. Shipments represent the ultimate scorecard, but we strongly advocate the implementation of in-store metrics. This process starts with major

account listing maps, tracking your SKU level authorizations for major customers. The second step is to launch and measure in-store presence guidelines. How do you judge a good store from a bad store? Ultimately, shipments are a reflection of consumer purchases, not inventory sitting in a distributor's warehouse. "What's measured is treasured."

5. Spend a Day at Retail With Your Distributor Executives

We all spend too much time in comfy meeting rooms sharing PowerPoint presentations with optimistic plans. Dedicate time for retail with the distributor executive team. Visit stores at random, picking an area on the other side of town from the distributor's office. Create a store check sheet to capture observations such as shelf space, promotions, and competitive activity. Speak to aisle clerks and store managers to get "street smart" on your product and category performance.

6. Secure Direct Buyer Feedback

Every distributor should maintain excellent trade relations with at least one of his key accounts (if not all!). Schedule an appointment or a lunch with a friendly buyer to secure his point of view. Try to keep the conversation focused around category dynamics and trends versus just a request for more trade spending. Buyers love to serve as "experts" and may support you if you follow their advice.

7. Distributor Brand Manager

The Distributor Brand Manager serves as our everyday contact and the conduit to distributor resources. Problems may relate to having an experienced brand manager handling too many companies or a junior brand manager, lacking the clout to get things done with the busy sales team. We all like our Brand Managers, as they take our calls and rescue us periodically. However, sometimes it's just not working and you need a change.



8. Share Best Practices – Adjacent Countries

Every distributor will be quick to point out "How different their country is." The reality is that there are more similarities between countries than differences. Look at an adjacent country or one with common retailers and share lessons learned. This may represent a category review, presentation approach or special sales contest. Invite the brand manager to visit a successful country or attend a meeting where best practices are shared.

9. FaceTime in the Trenches

Distributors appreciate export managers willing to contribute to joint resolution of problems. Consider sending a company employee to work for 3-6 months on assignment at the distributor. Visit quarterly or more frequently. Schedule bi-weekly update calls. Better to focus attention on fixing a high potential country than regular visits to small countries achieving their objectives. "Distributor respects what the principal inspects."

10. Partner Change

A distributor change is the last resort, but sometimes partners outgrow each other and are no longer a "fit." Export Solutions' database tracks an average of 79 distributors per country, so you always maintain options. Transition to a new distributor involves business disruption and even a temporary decline in shipments. The good news is that your new distributor will be motivated, committed and anxious to make a positive impression with a fast start. The key is to manage the process with dignity and open communication, so that the terminated distributor is not surprised by your actions.

Export Accelerator



Why have Barilla, Pringles, Nature Valley, Starbucks, Duracell, Nestlé, Tabasco, Pepperidge Farm, and other leaders used Export Solutions as a distributor search consultant?

- Powerful distributor network: owner of industry database 8,600 distributors – 96 countries
- Professional 10 step due diligence process
- Results! We make Export Managers' lives easier!

Contact Us for Distributor Search Help in 96 Countries



Greg Seminara • greg@exportsolutions.com

“Spend time *Selling* to Distributors versus *Searching* for Distributors”

Ten Tips: Ex-Selling at E-Commerce

E-commerce now accounts for five percent of USA omnichannel sales, up forty percent in the last year according to Nielsen. This includes almost 12 billion dollars sold through online grocers. No one can accurately gauge how big e-commerce will become, but it is safe to predict that it will be much, much bigger in the next five years. Billion dollar multinationals and scrappy start-ups are attacking this channel with vigor, widening the performance gap versus successful national brands. In China and India, e-commerce accounts for a majority of the sales for many imported products. Read Export Solutions' ten tips for capturing your fair share of the growth in this strategic channel.

1. Conduct E-Commerce Survey for Core Countries

Create a one page template capturing local e-commerce customers, online grocery trends and current distributor engagement. Calibrate where each country is on a development curve. Source best practices from distributors in China, India, United Kingdom, and the USA where e-commerce maintains highest acceptance levels.

2. Speak to Millennials

Spend time with young people, learning how they shop and blaze through digital marketing messages. Learn why millennials avoid "their mothers brands" and how many rarely make a "stock up shop" at a neighborhood supermarket. Another revelation is the trust that they place in online reviews and key influencer recommendations.

3. Create a Global E-Commerce Strategy

Align with your company's overall e-commerce strategy. Establish benchmarks and toolkits to share with your distributors. Acknowledge the fast pace of development, allowing flexibility to pivot fast.

4. Distributors: E-Commerce Business Plan

Request each distributor to create a 2020 e-commerce business plan. Include new distribution targets, marketing plans, and shipment objectives for e-commerce customers. Challenge distributors to hire a young person to serve as a dedicated e-commerce key account manager. Review each distributor's e-commerce marketing plan early and often in 2020. "A distributor respects, what the brand owner inspects."

5. Learn Online Marketing Tactics

Goodbye end caps and slotting allowances. Hello "pay per click" and first page search results. Unlimited shelf space exists in cyberspace, with room for every sku that you (and your competitors) produce. Face-to-face buyer meetings are replaced by online marketing menu programs and transparent sales ranking information. Learn the new rules or you will fail the e-commerce test.

6. Treat Amazon and Alibaba as Global Customers

Amazon revenue will exceed \$300 billion by 2020, including more than \$220 billion sourced from sales of goods. Amazon will comfortably rank as the world's number two retailer, far exceeding sales by Carrefour or Costco. Multinational category leaders have established customer teams to service Amazon. Many place their best, young talent against this high growth customer. Multifunctional team roles may share the same titles in



Finance, Supply Chain and Marketing, but the "work" is much different. What dedicated resources are assigned to Amazon and Alibaba today at your company?

7. Consider a Web Shop

Direct to consumer represented a complex route to market in the past. Today, new brands and leading companies are jumping at the opportunity to showcase their innovation and share in depth product knowledge through their own proprietary web shop. Outsourced supply chain experts exist to provide fulfillment solutions. Tangible profits may be elusive today, but there is valuable, inexpensive learning to be gained from pioneering in this area.

8. Hire an International E-Commerce Expert

Appear as a preferred supplier by your distributors by providing leadership insights into this new trade channel. Distributors in emerging markets are hungry for best practices in establishing e-commerce brand building models. Send your e-commerce expert to core markets to conduct workshop training sessions. Your investment in an e-commerce strategy and guru positions your company as a preferred partner helping to build the distributor's entire business.

9. Appoint E-Commerce Distributors – Asia

Selling through the e-commerce channel requires different route to market capabilities and skill sets than marketing through brick and mortar supermarkets. Consider appointing a separate e-commerce distributor in advanced countries like China and South Korea. A key issue is managing pricing equilibrium between your conventional distributor and e-commerce partner.

10. Track E-Commerce Results

Establish KPI's and measure performance at key customers such as Amazon. Are you getting your fair share of the growth?

E-commerce development is a top 2020 priority for every brand and distributor. Some may say that e-commerce is evolving slowly in their country or too complex and unprofitable to allocate resources. These are the same people whose parents were probably in the horse and buggy or fax businesses. Enhanced focus on e-commerce will position you as a leader (or survivor) for 2025.

Ten Tips: Small Countries Deliver Big Business

Are you selling more to Ireland, Iceland or India? To the Bahamas, Baltics, or Brasil? UAE or United Kingdom? Small countries offer solid business opportunities, with lower complexity and investment required. All companies export development plans should include a mix of strategic countries like China and the USA (Europeans) plus revenue generators with fewer than ten million people. Listed below are Export Solutions' ten tips on why small countries deliver big business.

1. Limited Local Production

Small countries are highly dependent on food imports. Even multinationals tend to locate factories in larger hub countries. This creates the opportunity for exporters to fill a high percentage of a small countries food supply requirements.

2. Distributor Model – Primary Route to Market

Most companies partner with distributors in these countries. Leaders like Nestlé and Unilever may find it more productive and efficient to use distributors versus establishing a local subsidiary. For example, Export Solutions' distributor database supplies information on 60 distributors in Panama, 78 in Kuwait, and 69 distributors in Croatia.

3. Value Chain – Level Playing Field

Brands are frequently able to compete on a level playing field in smaller countries. Most products maintain similar cost structures with importation fees, distributor margins, and retailer margins. International brands do not suffer the same type of price gap problems versus homegrown brands as they encounter in large countries with local plants.

4. Low Complexity – Ship and Sell

In many cases, you are able to sell existing Made in the USA or Europacks. Compliance may be achieved with a small, distributor applied sticker. Many countries in this cluster do not require a lengthy registration process accepting USA or European standards.

5. Brand Awareness Exists

Surprise! Some consumers in an adjacent small country will already be aware of your brand. This could result from cable TV advertising or visits from their citizens to your country. Costa Rica, Malta, and the Caribbean represent tourist hubs. These popular hosts feed seasonal residents from the mainland and boatloads of visitors hungry for their favorite brands.

6. Reasonable Cost of Entry

Launching a new brand is economical. Retailers are frequently happy with a "free fill" of the first order versus an excessive listing fee. Demos in a handful of high profile stores will create visibility. Distributors appreciate your existing point of sale materials.



7. Best in Class Distributors

Some of the best distributors of the world are based in small countries. The reason is that even enormous multinationals partner with distributors in these regions. This propels the leading players to top ten suppliers to the retail trade. These distributors implement the best practice models from companies like Procter & Gamble and apply them to all the brands in their portfolio. I witness many examples where a powerful distributor creates a huge success story for a smaller brand based upon their marketplace clout.

8. Currency and Freight Impact

Many countries consider the USA dollar or Euro as legal tender. This reduces the impact of currency fluctuation and perhaps some financing charges. Small countries that depend on imports across all industries enjoy frequent freight service. This creates competitive rates and potentially lower logistics costs.

9. Distributors: Excellent Relationships and Coverage

Everyone knows everyone in these countries. Distributor owners emerge as respected community leaders. They know how to get things done. Distributors are forced to be generalists, selling to all customers across all channels and all regions within a small geography.

10. International Brands: Affordable Luxury

Consumers take pride in offering their families the best food treats from overseas. These world class brands may only be a few cents more expensive versus private label type options which face similar cost structures.

Export Solutions serves as a distributor search "helper," with 300+ projects completed for more than 50 companies of all sizes. Contact us to leverage our distributor database and strong relationships with distributors in 96 countries.

Export Trade Promotion Funding

How much do you pay for a display or special promotion at your top customer? Retailers from Argentina to Vietnam capture manufacturers' promotion money to drive sales and profits. Brand development and market share are frequently proportional to investment level. In the world of export, you must "pay to play." However, different models exist to fund trade activities. Leading distributors confirm that they work with a variety of different structures. "It's all money" and the key question remains: under which cost line do you want this investment to sit in your price calculation?

Manufacturer Funded Promotion Budget

The classic approach is for the brand owner to develop a joint business promotion plan with the distributor. A spending budget is developed, funded 100% by the manufacturer. The overseas distributor pays the local retailer and sends a billback to the producer, with proof of performance. The rationale for this practice is that the supplier owns the brand equity and can change distributors. Distributors are reluctant to invest their own margin into another company's brand.

Split Fund – "Skin in the Game"

In some cases, the brand owner and distributor split the marketing plan costs, usually "50-50." A further variation exists where the brand owner covers the cost of consumer marketing and the distributor pays for the periodic trade promotion discounts. The philosophy is that the distributor will benefit from higher sales and will also be motivated to execute successful promotions if their own money is invested. This structure appears most frequently with an existing brand, with a minimum three year history of shipments. In reality, the distributor calculates the expected investment and builds it into his cost structure. A "50-50" shared model will usually not be accepted with a new brand pioneered for the first time.

Best Price – Dead Net

Dead net pricing is the third model. In this scenario, a manufacturer provides a distributor with his very best price. The distributor builds in all promotional support and his margin into his calculation. In this case, the manufacturer does not receive a constant stream of requests for more promotion funding. However, the brand may lose control of their pricing model or be under supported if the distributor fails to promote at adequate levels.

10% of Sales – \$1/Case

Another common model is for a manufacturer to establish a fixed funding rate per case sold which the distributor invests to build the brand. Normal funding begins at 10% of case cost, but can accelerate to 20% or more for a competitive category. Some manufacturers offer a flat rate per case or amount per container. As mentioned before, it ultimately converts to a pile of money to invest in brand building. This approach functions best with a brand with a current sales history, as percentages don't mean much when the brand has zero sales.

Listing Fees

These one time payments are primarily covered by the brand owner as part of upfront launch costs. Sometimes these fees can be rolled into introductory promotions, spread out over twelve months, or paid via free goods. Please check out Export



Solutions' article *Ten Tips: How to Minimize Listing Fee Payments* for more ideas on how to reduce these payments.

Most Effective Promotion Vehicles

Every key account manager should know the best promotion vehicles to drive incremental sales at their customer. At some supermarkets, promotional leaflets drive tonnage. At others, deep discounts (30%+) or displays are winners. Distributor sales teams are market experts and can source best practices from their other brands.

Post Promotion Analysis

Tools are available to measure promotion effectiveness. These evaluate sales lift, boost in baseline consumption, and cost per incremental case. A good idea is to analyze multiple scenarios such as different price points, seasonality, and display support.

Creativity Counts

Many of the best trade promotion success stories involve field activated promotions. This allows a brand to break through the clutter of too many "me too" events. The sales team maintains ownership and enthusiasm to drive support. Another positive strategy is aligning with a retailer's favorite charity to contribute to the community while building your brand. Manufacturers must avoid the dull routine of repetitive 15% trade promotions. Boring!

Key Issue – Distributor Underspends

Distributors are businesses, aimed at achieving a fair profit, just like your company. A risk occurs whenever distributors claim responsibility for managing the trade discount plan for their country. At times, these trade discounts can be under spent versus category and brand requirements. For example: when a distributor says that he will fund four promotions per year, does that mean at a 10% level or 30% level? Will the distributor funded promotions be for all channels and retailers or just a few customers? How do you know?

Compliance and Audit

Most distributor contracts include provisions for audit of trade promotion payments. Larger suppliers include trade promotion payment software. Good practices are complex and require piles of paperwork. A core message is that the "distributor respects what the manufacturer inspects."

Searching for New Distributors?

Export Solutions makes life a little easier for more than 2,700 export managers. Our time saving distributor database serves as a “helper” for identifying more than 8,600 qualified, local brand builders in 96 countries.

Search by Country, Category, or Country of Origin

Local Experts

Distributor Coverage

Asia:	1,930
Europe:	2,830
Latin America:	1,503
Middle East:	857
USA/Canada:	1,326

Category Experts

Distributor Coverage

Beverage:	1,490
Candy/Snack:	2,501
International Food:	2,711
Health & Beauty:	1,545
Natural Food:	680

Country Experts

Distributor Coverage

German Brands:	607
Italian Brands:	1,229
UK Brands:	592
USA Brands:	1,073



*“Select Your Distributors,
Do **Not** Let Your Distributors Select You”*

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NEW!

Retailer Search Made Simple Canada Example

Search By Country, Format, or Keyword. Keyword may include Retailer name. Like what you see? [Click here](#) to purchase current retailer lists.

Continent: USA & Canada Country: Canada Format: All Formats

Keywords:

78 Listings Page 1 of 2 Next >> Go To Page: 1 2

Country	Retailer	Store Count	Formats	Profile	News	Financial
Canada	7 Eleven					
Canada	Loblaws	2,300	Drug Store, E-Commerce, Hypermarket, Supermarket, Wholesale			
Canada	Costco	95	Cash & Carry/Club, E-Commerce			
Canada	Federated Coop	290	Convenience, Supermarket, Wholesale			
Canada	Fortinos	23	Supermarket			

Search by Country

Coverage: 96 countries and 2,500 retailers

Search By Format

Supermarket
Convenience
Drug Store
Natural Food
Club, Cash & Carry

Search by Retailer Name

Supplying profiles, store counts, formats, news and info for Top 100 international retailers plus all overseas branches

Combo Search

Example 1: Who are supermarket retailers in Canada?

Example 2: How many stores does Loblaws operate by banner, in Canada?

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FAQ's – Retailer Database

Why did you create the retailer database?

Export managers dedicate a lot of time to researching countries, retailers and preparing business plans. A standard KPI measure is tracking product listings for key customers. I believe that our industry could benefit from a global retailer database to instantly locate retailers and their store counts in 96 countries. The retailer database is a logical extension of our leading distributor database which has helped more than 3,000 companies build export sales during the last 10 years.

What is your geographic coverage?

96 of top 100 GDP countries worldwide. This includes most Asian, Middle Eastern, and European countries. Our database covers every country in the Americas. In Africa, we cover South Africa.

What is your format coverage?

Excellent coverage of chain supermarkets, hypermarkets, clubs, cash and carry, and convenience formats. Solid initial coverage of drug stores, natural food stores, and e-commerce channels. Our database does not cover DIY/hardware, toy, office, liquor, or sporting goods channels.

Retailer database: featured info

Profile – Retailers profile and link to their internet home page.

Formats – Retailer's stores segmented by format and banner.

We track supermarkets, hypermarkets, cash and carry, convenience stores, discounters, drug stores, natural food stores, and e-commerce retailers.

News – Latest retailers' news. In some cases (Asia), we substitute a link to the retailer's latest promotional flyer.

Financial – Many leading retailers are publicly traded. A link is provided to their latest financial results. We do not offer estimated financial information for privately held or family owned retailers.

How is your coverage of global retailers?

We offer total coverage for top 100 global retailers. This includes all of their branches and banners. Searchable! Use filters to research Walmart, Costco, Carrefour, Tesco, Metro, Casino presence by country. Database covers retailer's total store outlets as well as a breakout by banner and format.



What can I use the retailer database info for?

- Obtain an instant snapshot of an average of 23 retailers per country for 96 countries.
- Track presence of global retailers like Walmart, Carrefour, and Metro AG.
- Create country specific listing maps where distributors measure brand authorization by retailer.
- Conduct home office based international category reviews and price checks from retailers' e-commerce sites (not all retailers).
- Prepare annual reviews and reports with up-to-date information on leading retailers and channels.

Searchable

The database offers filters allowing you to search by country, format, or retailer name. You can also use a combination of filters for your research.

Can I get a free sample of the retailer database?

Sure! Check www.exportsolutions.com for a complete profile of United Kingdom retailers.

Do you provide retailer's annual sales or market share information?

Accurate annual sales information is available through the financial link for publicly traded companies. We do not provide estimated financial information for privately held and family owned retailers. Channel blurring occurs between supermarket, convenience, e-commerce, and even natural food operators. We do not provide market share due to difficulty to accurately isolate and define channel market share information, particularly with so many privately held retailers.

How accurate is the retailer data?

Export Solutions' retailer database is updated weekly, so information is highly accurate. Retailer names, web sites, and formats rarely change. This makes the database 99% accurate at the company level. New stores open every day, resulting in store counts that may be 95% accurate. We intend to update store counts on a regular basis.

How much does retailer database access cost?

An annual subscription to the retailer database is \$975. This supplies one year, unlimited access to more than 2,500 retailers in 96 countries. Special offers available for our distributor database customers. Note: special pricing for government trade organizations.

How do I access the retailer database?

Visit www.exportsolutions.com and click the retailer database page. You can place a subscription or individual continent (i.e. Europe) into a shopping cart. Register and check out via credit card. The process takes two minutes and we automatically send you an invoice.

About Export Solutions

Export Solutions was founded in 2004 and is based in Atlanta, Georgia in the USA. Export Solutions serves as a leading provider of business intelligence to the food and consumer goods industries. Our distributor database covers 8,600 distributors in 96 countries and has been used by more than 3,000 clients. Our *Export Express* newsletter has a circulation of 8,700 and is viewed as an important source of insights, strategies, and templates for international development. www.exportsolutions.com.

Ten Tips: Measuring Distributor Enthusiasm for Your Brand

All your distributors express enthusiasm and commitment for your brand. True passion for your partnership is measured by what distributors do, not by what they say. Listed below are ten tips to consider when measuring Distributor enthusiasm for your brand.

1. CEO Commitment and Involvement

The CEO steers the distributor ship and sets the tone for your business relationship. Best in Class Distributor CEO's reach out via phone to touch base periodically and spend time with you when you are in town. They keep up to date on your priorities and key issues and ensure that his team is delivering good service and results.

2. Responsiveness to Problems

Urgent situations erupt in every market. Currency devaluations, product recalls, or missed budget numbers require immediate attention. What is the distributor response time? Does the distributor share your sense of urgency? How long does it take to get problems fixed?

3. Customer Introductions

Most distributors maintain good relationships with leading retailers. Enthusiastic distributors are happy to introduce you to the leadership of their customers. These distributors will use their personal relationships and "favors" to benefit your brand.

4. Best People Assigned to Your Brand

The distributor functions as a team. Every team has superstars and developing players. How does the distributor allocate "talent?" Are the stars working on your business?

5. Web Site Prominence

A Distributor's web site offers important clues to distributor professionalism, services, and core brands. How prominently is your brand featured on the distributors web site? Is a case study using your brand results mentioned? Is your brand logo listed at the top of the page or buried at the bottom?



6. Distributor Visits to Your Headquarters

How often does the distributor travel to your headquarters or factory? Does the distributor have a relationship with your CEO, vice president of international, or other leaders? Many distributors are interested in visiting companies based in San Francisco or London, but true enthusiasm accompanies meetings in Chicago or Hamburg during the winter!

7. Creative Ideas

Distributors can be magicians at developing "new ways to solve old problems." Good distributors bring innovative ideas to adapt your plan and funding budget to the local market. How often does your distributor apply their brilliant new idea to your brand?

8. Distributor Awards and References

Successful distributors proudly display their awards in conference rooms and lobbies. Is your award visible? I always ask distributors for references from other brand owners. Does the distributor use your name as a reference or request a testimonial from you on their performance?

9. Love Your Brand

I have written an entire article on getting a Distributor to Love your Brand. There are many ways to feel the love. Does the distributor sales team wear the shirts with your brand logo or use the pens that you handed out at the last sales meeting? Is the distributor able to secure a customer meeting for you on one week lead time? Are they happy to see you arrive or just to see you depart?

10. Exceed Expectations Everyday

The most enthusiastic distributors exceed your expectations everyday. This includes shipment results in excess of overall market growth and total organizational support behind your new product introductions. Enthusiasm is not measured in words and weeks, but in actions carried out over many years by a Best in Class partner.

Need a hand? Visit www.exportsolutions.com.

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Distributor Search Helper for:



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South Korea	South Africa	United States	Peru



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to discuss your business development project.

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Ten Tips: Improving Market Visit Productivity

You can usually spot an export manager in the fast track lane at airport security with the diamond level frequent flyer card and bulging passport. Many of us spend half of our business lives on the road, serving as roving brand ambassadors for the companies that we represent. Our friends envy this glamorous life, little do they know how punishing it is to take red-eye flights and eat mediocre airport food. While this lifestyle appears as normal for most of us, it makes sense to review some fundamental ideas on how to obtain the most productivity from our companies' investment in our business travel.

1. Define Purpose for Each Market Visit

Export Solutions identifies seven management roles for a market visit:

- Doctor: visiting to handle a problem
- Architect: design new plan for achieving objectives
- Coach: trip to teach distributor about your brand
- Babysitter: follow up on key priorities
- Gardener: cultivate new business and relationships
- Fan: cheer good distributor on to great results
- Tourist: we enjoy the country

In reality, a productive visit encompasses parts of all of the above roles.

2. Schedule: Minimum Six Weeks Lead Time

Organize your visit with six to eight weeks lead time. This guarantees that all key people will be available during your visit. It also reminds your distributor that you are coming soon and there is time to fix problems before your arrival.

3. Agenda and Analysis

Send market visit agenda four weeks in advance. Review progress versus key initiatives and annual objectives. Obtain updated "Listing Maps," schematics, pricing, and merchandising plans. Analyze syndicated data (Nielsen), shipment trends, and marketing spending. What has been achieved since your last visit?

4. Serve as Category Expert

Distributors appreciate brand owners that share category expertise. What are the global and regional trends for your category? Any product innovation from your company or competition? Are there success stories from other markets or common retailers that you can share?

5. Store Checks: First Priority

I am a big advocate of checking stores as soon as I get to the market, before formal office meetings. This allows me to capture the rhythm of the

market, category and my own brand performance in advance of philosophical meetings that may ignore "Retail Reality." Request that the retail sales manager accompany you to secure his "pulse" of the market. Visit stores in different parts of town. Always use the retailer's schematic as the "official" record. Beware of stores that look "too good to be true."

6. Build Relationships with Entire Team

Frequently our visit is concentrated on meetings with the brand manager and a 15 minute chat with the distributor CEO. Visit the distributor's warehouse at least once per year. Actual warehouse inventory supplies an accurate snapshot of their entire business. Schedule time with the finance manager. Better to get to know him in advance of the inevitable problem. Treat the administrative team to a casual lunch to say thanks. We know who keeps the ship running! Invite the Distributor owner or MD to dinner. The best business insights are obtained after 9:00 pm.

7. Customer Visits

Schedule an annual business review or participate in a new product launch to serve as a category "expert." Volunteer to try to solve problems, but avoid situations where the buyer tries to extort money from you. Meet with other people at the retailer beyond your buyer. Most retailers have Marketing, Merchandising, Internet Sales, and Supply Chain managers interested in sharing insights with overseas suppliers.

8. Brainstorm New Ideas

Allocate some time to think about new ways to achieve your business results. Too many times we get in the repetitive rut of offering the same programs year after year. What ideas have worked in other markets or for other brands that the distributor represents? Co-promotion ideas? Charity tie in? How can we generate positive social media buzz?

9. Getting a Distributor to Love Your Brand

See page 4 for an article dedicated to this goal. Each market visit is a valuable opportunity to cultivate a powerful relationship. We want the distributor to maintain our priorities as "top of mind" after we are dropped off at the airport to return home.

10. Trip Report – Thanks

The best trip reports are the ones that are written on the plane ride home when all issues are still fresh. Say thanks and send a balanced report of achievements and opportunities. Remember that all accomplishments and problems are a joint responsibility of both the brand owner and distributor. A detailed report with clear and measurable next steps serves as the official benchmark for your next trip!

See you in the airport!



Ten Tips – Increased Distributor Focus on Your Brands

1. Quarterly MBO Meeting with Distributor Senior Management

One of the most effective tools for increased focus is to create a regular process for Distributor senior management engagement in your business. The Management By Objective (MBO) system (or similar approaches) allows you to meet quarterly on a pre-planned schedule to review past quarter performance on key initiatives and firm up plans and commitment for the new quarter. Discussions should focus on key business metrics and account specific results. Meetings can be held via teleconference if you can not visit personally 4 times per year.

2. International Distributor Network Conference

This can include all your global distributors or those from a specific continent/region. Program can be 1-2 days in length and can include Corporate Business Review, New Product Roll-Out, and requirement that each distributor give a presentation on a success story from their home market. Meeting location can tie in with a major trade fair such as SIAL or FMI to reduce expenses. Alternatively, the meeting can also be in a resort location to serve as an incentive. Export Solutions is available as a conference meeting speaker to discuss a variety of distributor optimization strategies and retail trends.

3. Sales Contests

Sales contests bring energy, excitement, and focus to your brands. Sales contests should be about six weeks in duration and offer the opportunity for “everyone” to win. Prizes can range from cash incentives to trips to merchandise for the winners. Sync contest objectives and measures to your key initiatives for your peak season or a new product launch.

4. Key Account Business Reviews

It is appropriate to conduct key account business reviews with each of the distributor’s top 3-5 accounts once per year. Meetings should include senior level management of the retailer. This strategy requires distributor analysis of the accounts business and opportunities for mutual growth. This also provides you with an avenue to develop a personal relationship with local customers.

5. Retail Audit

Retail execution is critical to the success of any brand initiative. An important element in a new product launch or preparation for your peak selling season is the pre-scheduled Retail Audit across a market. The Manufacturer would bring 2 or 3 people from their company and match them with distributor personnel for a day in the field checking retail conditions. In one day, the 2-3 teams can see 30-50 stores in the market to judge the markets “readiness” and progress. Distributor personnel are competitive and will work hard to make the market “look good” for the Retail Audit.

6. Plant Visit

Invite your distributors for a plant visit and/or a trip to your corporate headquarters. Distributor can be introduced to members of your senior management team. Distributors should be encouraged to bring a large customer as well. This type of trip can serve as a “bonding” experience and create a renewed sense of commitment to your business .

7. Bonus Payment

Incentive pay for performance usually works well with sales teams. Sync bonus with your key objectives. Reward performance on achievement of retail distribution, profitability, as well as sales volume objectives. Volume based objectives alone may encourage questionable shipments that could be diverted.

8. Distributor Sales Meeting Participation

Most distributors schedule monthly or quarterly meetings for their entire sales team. This is a primary format for the distributor to communicate direction and priorities. Most distributors allow their manufacturers to make a presentation on a new item or key sales drive. Supplement your meeting presentation with a small gift for all meeting participants such as a pen, key chain, or calculator with your company logo.

9. CEO Market Visit

Distributors appreciate a visit from your CEO or other member of your senior management team (CFO, VP International etc.). This gives them the opportunity to demonstrate their results and share their input on the markets development. It is magical to watch certain market issues get “solved” immediately prior to a senior management visit !

10. Share Best Practices

Create a process for sharing best practices and success stories within your global distributor network. These can be communicated via a monthly newsletter or email. Distributors are proud to share their achievements or innovative new strategies that they are using to build their business. Manufacturers may elect to reward distributors with the “best success story” each month with a “free dinner” or other incentive.



Export **Workshops** & Speeches by Greg Seminara



Export Workshop Overview

- 1 and 1.5 day workshop options available
- 8 Export Development & Distributor Management Modules
- Includes 25 Common Export Problems group work
- 200+ topics available for tailored workshop
- One hour keynote or motivational speech



**Contact Greg Seminara for
more details and references:
gseminara@exportsolutions.com.**

How to Excite Buyers – New Product Checklist

Retail buyers are challenged to maximize profits and sales from every available inch of shelf space. Every new item accepted must improve on the performance of the brand currently occupying that space. Buyers are overwhelmed by new product offerings, all with ambitious promises. Improve your chances of success by incorporating Export Solutions’ 10 point check list on how to excite your category buyer about your new product.

Buyers: New Product Assessment		
	High Interest	Low Interest
Category Opportunity	Large or high growth	Declining or niche
Brand Owner	Multinational or proven local. Category expert	New foreign supplier or start-up
Innovation	Something new, supported by consumer research	“Me too” product
Profit Margin	Enhance current category margin	Equal to or less than current category margin
Sales	Generates incremental sales	Cannibalizes existing sales
Marketing Investment	Sampling, social media, PR	None
Trade Programs	Invests in retailer “push” programs	Periodic discounts/rebates
Brand Track Record	Successful at other local retailers	Unproven in the country
Terms/Conditions	Attractive deal structure	Typical terms/conditions
Representation	Dependable local distributor	Small, niche entrepreneur

Ten Things That Distributors Like

1. Respect For Their Right to Make a Reasonable Profit

Distributors have profit targets just like manufacturers do. Distributors measure total supplier contribution, defined by sales multiplied by gross margin. How much value do you receive from your distributors relative to your contribution to their profits?

2. Investment in Brand Support

Distributors love companies that invest in above the line activities such as television advertising, radio, social media, print, and sampling. Distributor volume is proportional to your investment in brand support activities. More marketing dollars usually translates to greater sales and profits for the distributor.

3. Awards

Most distributors proudly display their Distributor of the Year awards in their office lobby or executive conference room. Recognition can be given for distributor of the year, or achievement of \$1 million in sales, most improved store conditions, or ten years of service.

4. Market Visits (But Not Too Often)

Periodic market visits allow you to share ideas, monitor progress, and discuss issues. These trips serve as motivational, relationship building events, particularly if you can spend time together "out of the office."

5. Endorsement of Local Marketing Events

Best in Class partners maintain the ability to create unique local programs to build your brand. Voting with your marketing dollars stimulates the team to deliver and continue to bring you their best ideas.



6. Trip Contests – Quota Makers Club

Many believe that achieving your annual target is a job standard. This is true, but watch distributors ship cases like crazy when trying to qualify for a trip to a resort location! Plus, the trip generates incredible goodwill and all vow to meet their objective to return "next year."

7. Market Research

Distributors aspire to appear as category experts. Access to syndicated data from Nielsen plus local consumer research allows them to distinguish themselves from other vendors armed with hollow words and broad claims on a PowerPoint presentation.

8. Invitation to Your Corporate Headquarters

A trip to the USA or Europe is a dream come true for distributor brand managers in emerging markets. Treat them like a VIP, and they will be loyal forever.

9. Lunch for the Support Staff

Order processing, customer service, and other administrative people form the hidden backbone of the distributors team. Buy the group lunch and you can be a hero for \$100-\$200. Guess whose orders will be handled first at the end of a quarter?

10. Letter of Thanks

Our industry depends on email too much. How do you communicate sincere thanks when someone receives 200 emails a day? Send a personal letter via the post office recognizing a successful new product launch, creative promotion, or above and beyond effort. Extra points provided for a handwritten note! These letters are treasured forever.

Talk to an Expert

- Find Distributors in 96 Countries
- International Strategy Road Map
- Fix Problem Markets
- Next Level Sales Management
- Export Workshops
- Motivational Meeting Speaker



Contact Greg Seminar at (001)-404-255-8387 to discuss your business development project.

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Ten Things Distributors *Don't* Like

1. Unrealistic Expectations

Category growth ranges from 1% to 5% in most Western countries. So how can a manufacturer demand a 10% increase in sales in a mature market? It's possible if the brand plans a major increase in marketing spending. However, normally, business growth parallels overall market conditions.

2. Direct Contact With Their Assigned Retailers

Tricky retailers attempt to bypass a distributor by contacting the brand owner. Normally, the retailer has his hand out for more money or wants to "buy direct." Be polite, but ask the buyer to work with the distributor or schedule a joint meeting for your next visit.

3. Cut Marketing Budgets

Leading distributors depend on joint business plans, often created up to one year in advance. Last minute squeezes, translating to budget cutbacks sometimes need to happen, but still hurt.

The distributor is left with delivering the bad news and also hitting the sales target, even with reduced support.

4. Short Shipments

Everyone loses due to short shipments. Distributors could be assessed penalties by retailers. Store level shelf space may be lost and need to be recaptured. Keep the pipeline filled, particularly during peak seasonality.

5. Price Increases

Rising raw material input costs may require adjustments in list prices. The reality is that price increases are brutal to implement in many countries. Eventually, they are incorporated after months of stand-off's. In many cases, distributors are forced to accept the price increase from the brand, but are forced to swallow the increase until they can negotiate with the retailers.



6. Endless Reporting

Some brands are guilty of a constant stream of reporting requests that take time to complete. Ask: Is the report really necessary? Legitimate requests are forecasts, shipment results, major retailer listing maps, price surveys, and new product launch status updates.

7. Frequent Market Visits

Your partners require time to accomplish their objectives without constant oversight. Distributors appreciate short, productive visits on a quarterly basis. More frequently for a big company and less often for a small brand. Get in, conduct your business and off to the next country. Week long visits to small markets represent a distraction.

8. Margin Reductions

Distributors depend on their margin to cover fixed overheads like logistics and cost of their sales team. Often, their net margin is only 3-5% or lower. Margin reductions or increased costs challenge their ability to operate a financially healthy business.

9. Last Minute Requests

End of the year volume pushes and rush orders are part of the business. However, everything functions better when normal lead times are respected. Separate "must do" demands from "nice to have" requests.

10. Delayed Response to Local Ideas

Manufacturers encourage distributors to create unique local approaches to brand building. Retailer buyers also call their favorite distributors with short term promotional opportunities to participate in a special event. Distributors need quick decisions on your ability to support their idea. Few things are more frustrating for a distributor than a lengthy wait while their proposal is debated by numerous levels of your company management.

Need a hand? Visit www.exportsolutions.com.

Ten Tips – Maximizing Trade Show Productivity

Everyone loves a trade show. Where else can you rent a booth and witness lines of customers and distributors waiting to see you to talk about your brands? Trade shows represent sizable investments and valuable booth time can be wasted with non-productive meetings.

Read our Ten Tips to maximize your trade show productivity.

1. Create Sign:

Distributors/Customers Wanted

List countries where you are searching for a distributor or retailer partner. This serves as an invitation to distributors from those countries to stop by. This strategy also acts as a deterrent to discourage distributors from visiting from countries where you already have a partner or maintain limited interest.

2. Use Export Solutions Database to Pre-Screen Distributors

Over 3,000 companies have used our proprietary database to find qualified distributors. Quickly. A common technique is for distributors to list the countries where they hope to expand one month in advance of a major trade show. They then use the Export Solutions' database to pre-screen candidates and identify the five candidates per country with the highest potential. Then, they email these distributors in advance of the trade fair to request a meeting. This approach works better than sitting at your booth with a "hope and wait" strategy to meet qualified distributors.

3. Create a Template to Recap Capabilities of Potential Distributors

Request that prospective distributors complete the template in advance of a meeting. Think of the template as a distributor CV or resume. How long has the distributor candidate been in business, sales, employees, key brands, length of service for key brands, and most importantly references from other brand owners and in country retailers.

4. Prepare a One Page Recap of your Company Credentials

This should include product "beauty shot," current export countries, and unique product characteristics. List export manager contacts and a photo on the back with a space for notes. Professionally print this on a one glossy page handout. This will serve as an important reminder for the meeting when the retailer or distributor returns home with hundreds of business cards.

5. Participate in Show Sponsored Matchmaking Events

Most trade fairs organize matchmaking events. The formats can vary, but basically they can arrange meetings with interested buyers or distributors. As always there is a mix of good meetings and bad, but the approach is worth consideration.



6. Take Photos of Potential Distributor Candidates

First take a picture of the distributor's business card. Then take a photo of the potential new distributor. After hundreds of short meetings, this will help you remember the candidate once you begin serious due diligence after the trade show.

7. Bring at least 500 Business Cards

I am serious. We have all run out of cards at a trade show. Better yet, bring 1000 business cards.

8. Schedule a Group Event for Current Distributors

This event is an efficient way to launch a new product or announce "Distributor of the Year." You must schedule the event before or after show opening times. Best bet is a breakfast or a dinner, if you schedule it four months in advance to avoid conflicts with other events.

9. Get to the Show Early and Leave Late

As a trade show visitor, it is normally much easier to reach senior decision makers of a supplier before 10:00 am or after 4:00 pm. They are often less distracted and have more time to spend with you. Similarly, Brand Owners are always more accessible on Sunday of a trade show or the last day. Normally, the retail buyers don't attend trade shows on the weekends or "last day" of the trade show.

10. Create a Trade Show Exhibit Planner

Trade Shows post a listing of all exhibitors on their web site in advance of the show. Many also have a routing software that will allow you to add exhibitors of interest to your private list and plot a route based upon your selected exhibitors. Exhibitors that maximize trade shows schedule most of their meetings in advance.

Ten Tips – Winning the Battle for Retail Shelf Space

Retail stores serve as showcases for our products. This is the point of sale where inventory is translated to a consumer purchase. However, many manufacturers spend the bulk of their energy against securing the headquarter listings, chasing shipments, while store conditions flounder at the middle of the priority list.

Increased focus on in-store conditions is critical because it delivers benefits every single day. Listed below are Export Solutions' tips for winning the battle at the retail shelf.

1. Define and Publicize Your Shelf Objectives

The first step is to insure that each member of your sales team is "crystal clear" on your brands in-store objectives. Create a shelf conditions standards book, including photos that can be distributed or shared online. I'll always remember a store visit in Cordoba, Argentina when I was a manager for Clorox. The distributor representative proudly brought me to his "best" store. The store was not bad, but below objective because our brand only owned 50% of shelf space versus our 65% market share. When I mentioned my disappointment, the representative accurately claimed that "no one had ever shared" this shelf objective with him before.

2. Create an Objective Mechanism to Evaluate Every Store

How did your brand look in the last store visited? Was it an "A,B,C, D, E, or an F?" Why? Establishment of a grading system allows you to provide an objective report card for each store. Normally, a system of awarding points for share of shelf space, retail availability, and off-shelf merchandising is simple to execute.

3. Focus on Basics: Distribution, Availability, Shelf Space, Shelf Position, and Off-Shelf Merchandising

All authorized brand sizes should be tagged and in stock. Brand should maintain share of category space equivalent to or greater than market share and placed next to the targeted competitor. Incremental points should be awarded for off-shelf displays or secondary locations. Fair pricing is also important, but normally tightly controlled by central buying.

4. Establish a Baseline for Store Conditions

Introducing new store conditions tracking metrics can be a shock to your retail sales team, as existing conditions are likely far below minimum acceptable standards. The idea is to create a baseline of performance and measure monthly or quarterly progress towards objective.

5. A Market Wide Retail Audit Creates an Accurate Benchmark

This requires the participation of 2-4 people (depending on market size) from your company matched by an equivalent number of people from your distributor/retail sales team. Each two person team is committed to spend a full day at retail and is assigned a certain city or section of town. Teams can usually visit 10-15 stores per day giving you a broad spectrum of results across the market. Each store should be measured by the same criteria. Ideally, the entire group should meet at the end of the day to share observations and next steps. Audits can be tied into a major sales drive such as a new item rollout, peak seasonality etc. A good distributor will work hard to fix problems in advance of a previously scheduled market wide retail audit.



6. Sponsor a Retail Sales Contest

This retail contest can be tied to the launch of new retail sales objectives or a "grading" system. Structure the contest for maximum number of winners. Reward most improved from a pre-contest baseline. Contest should be one-two months in duration to optimize excitement and focus. Get creative with a theme such as "A Room with a View" with first prize being an overnight stay at a 5 star hotel room with a view for the sales representatives stores have the best "view" for your brand.

7. Retailers Schematic/Planogram Serves as the Official Record

Request that each distributor forward the planogram for each of the 2-4 largest retailers for each market. Reward key account sales people for implementing changes in the official planogram.

8. Provide at Least One Shelf Objective for Every Month

A monthly objective for your brand or company forces the retail team to look at your brand on every store visit. The objective can be oriented against moving your brand to an eye level shelf, improved shelf space allocation for a particular size/flavor, or against reduced out of stocks. Track the objective with a question that can be answered by "yes/no" or a numeric response. This will allow you to participate with software on handheld retail reporting devices.

9. Focus Against Accounts With Problems With Retail Execution

My experience tells me that some retailers are better at maintaining attractive category showcases and in stock conditions. Other high volume hypermarkets are plagued by frequent "wiped out" categories. Certain accounts prevent representatives from touching the shelf due to union policy. Persistent out of stocks may reflect insufficient shelf space, low warehouse inventory, or problems with automatic replenishment systems.

10. Visit Stores on Every Trip to the Market

Schedule time to work with the retail sales manager. Your attention to store conditions will linger after your plane departs. "Retail is detail" and the "distributor respects what the brand owner inspects" are well known comments on retail. Send a signal that you are focused on your retail showcase and watch your brand presence improve!

New Country Expansion Prioritization

There are 196 countries in the world. How many is your company selling to? International expansion to new countries is a strategic imperative for most exporters. The challenge is to determine which countries will deliver the greatest financial return for your investment of time and resources. Listed below are some practical considerations for determining where to sell next.

Determine Category Size: Data exists to allow you to capture the size of your category in target countries. Syndicated data suppliers such as A.C. Nielsen and Euromonitor sell category sales information and trends. Government agencies track sales for core categories impacting their local producers. Category size may be estimated by sourcing the information from a friendly retailer and projecting country level sales based upon that retailer's market share.

Population: Just One Factor: A logical conclusion would translate that large countries like China and India would represent the greatest opportunity. Population levels are relevant, but not the only factor. A classic case study is the story of Brazil and Puerto Rico. Most USA based consumer goods manufacturers sell more product to Puerto Rico, a commonwealth of 3.1 million people than to Brazil, a country of 215 million people.

GDP: Follow the Money: Per capita, gross domestic product (GDP) is an important consideration. International exporters are known for marketing premium, value-added brands. The higher the countries purchasing power, the more likely that middle income citizen's can afford our brands. This appears as one reason that European markets such as Germany, France, Italy, & the United Kingdom may create a larger opportunity than countries such as Pakistan, Indonesia, or Bangladesh that have far more people.

Growth Rates: Think to the Future: Export development often represents an investment for the long term. Your country prioritization analysis should look at population and GDP growth rates. I worked in Saudi Arabia in the early 90's when the population was around 14 million, but growing at 8%. Today, Saudi Arabia's population is more than 34 million. Which countries will be the largest in 2025 versus 2020?



Proximity to Manufacturing Plants: Transportation costs contribute one of the largest line items in your pricing calculation. Logically, shipping to a neighboring country is likely to cost less than shipping half way across to the world. Citizens of adjacent countries have probably visited your country and may have seen your brand or a commercial for it. Canada occupies the northern border of the USA and is the single largest export market for USA consumer goods manufacturers (and vice versa).

Extend Current Retailer/Distributor Partnerships: Global retailers such as Carrefour, Metro, Walmart, and Tesco operate in many countries (and continents.) Asian and Europe feature regional distributors. Your brand has established a track record with these leading players. Your company is already proficient at working with their operating models. Leverage these relationships to enter new markets. Warning: this can be a risky strategy when you base your plan on a large global retailer that happens to have a small presence in your target market. Examples: Aldi-USA, Whole-Foods UK, or Walmart-Argentina.

Cost to Enter: There is a cost of doing business in each market. Markets such as Italy and Hong Kong maintain notoriously high cost of entry into the supermarket channel. Latin American/Asian markets require investment, but at more modest levels relative to Europe or the USA.

Market Complexity: How difficult will it be to enter the market? Certain markets are consolidated with a few major retailers and many qualified distributors. Other

markets are complicated, with multiple trade channels, fragmented retail environment, and a disparity in usage profiles for your category. Larger markets are challenging to enter. However, a 5% market share in a large country may deliver greater long term dividends than a 50% market share in a small country.

Competitive Environment – Get Ready for Battle: Evaluation of the competitive landscape in your target market is critical. Does the market represent virgin territory? Or will you face 2-3 major, multinational competitors? In competitive markets, existing market combatants will typically spend heavily to defend their brand position to blunt a competitive introduction. It is likely that you face competition in every market. However, it is important to calibrate the existing competitive environment.

Availability of Enthusiastic Local Partner: Selection of a qualified, local partner is another key factor. Strong distributors and importers exist in every market. Pro-active contact from a leading distributor indicates that this market expert sees potential in your product. This is favorable and may encourage you to prioritize this type of market. However, you must conduct due diligence to insure that this enthusiastic distributor (that you meet at a trade fair) maintains the critical mass and skill set required to succeed in building your brand.

These factors all play an important role in determining the "Size of the Prize" in new markets. Veteran exporters will weigh each factor to establish the right path forward for their export development plan.

Create Your Own Export Library



Export Strategy Guide



Distributor Search Guide



Export Handbook



Selling to USA Handbook



Distributor Management Guide



Finance & Logistics



*300 Tips for
Export Managers*



*Idea Guide:
New World – New Business*



*Export Treasure Chest
My Favorite Templates & Forms*



*People Power
Strong Teams Build Great Brands*



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Ten Tips: Distributors Need to Make Money Too!

Export managers rarely think about how much money a distributor is making from representing their company. Big mistake! How often do you think about your own salary? How do you feel when you get a raise? Or no bonus or a reduction of salary? Most distributors are family owned operations, relying on net profit margins in the 3-5 percent range. Distributors make money on scale, always looking to attract companies with existing sales versus pioneering risky new product ventures.

1. Calculate how much revenue your distributor sources from representing your company.

A quick estimate can be generated from net sales multiplied by the distributor margin.

2. What is the work required to build your brand?

How much of the distributor's resources will you need to achieve your mutual objectives? Is your brand a tough sale, or growing a popular item? Dedicated brand manager or shared?

3. How much complexity is involved with your business?

Number of items in your product portfolio? Shelf life? Temperature control logistics? Highly competitive category or "niche?" Every day low price or frequent promotions? Average order size? How much help (pressure!) from manufacturer? Marketing budget? These inputs directly impact distributor profitability.

4. Distributor margin is the first place where they generate income!

Distributor executives receive salaries and "owner-operator" benefits like travel, cars, and jobs for family members. Country level price calculations are usually based upon the most expensive customer. A distributor gains income when other customers do not receive similar discounts and rebates.

5. All distributor margins are not equal!

The key is to examine "what's included." Some margins appear high, but could include periodic trade price promotions. Others margins may be lower on the surface, but then allocate separate line item add-ons for logistics, administrative overhead, or distributor profit margin.

6. Pioneering is extremely difficult!

It may take one year from the time of your first discussion with a distributor to the time he receives trade payment for his first shipment. Normally, a distributor must allocate his team resources for up to a year, with hope for a long term payout. This is a difficult gamble. Manufacturers must remember this fact, and understand when distributors refuse to partner with a company with no existing sales.

7. Marketing investment drives distributor Income.

Funding required consumer and trade marketing investments stimulates sales. Higher sales generally translates to higher distributor profit. No investment leads to marginal sales and lower distributor revenue.



8. Price increases: tough to execute, but pay raise for distributor

Customers are reluctant to accept price increases, because they hate to raise prices to the consumer. However, currency fluctuations and raw material prices force manufacturers to take price increases. Many distributors are very open to a timely, competitive price increase. Higher invoiced case costs deliver greater returns at a consistent margin, except if volume suffers.

9. Consider direct talks on margin and compensation

Most employees enjoy an annual performance and salary review. Many distributors would welcome a review of compensation trends. This would include sales, resource allocation, currency fluctuation, trade payment and competitive activity.

10. Open dialogue on alternate financial models

A company with critical mass may operate on an "open book," cost plus model with a distributor. A large brand may benefit from margin rebates when certain volume thresholds are met. Another approach involves manufacturer funding of a dedicated "team within a team" at a distributor. For a small brand or new entry, consider a monthly retainer fee to cover six month start-up period. Another is an incentive program which rewards the distributor for achieving volume targets.

11. Helpers are heroes!

Many distributors literally write the check for your invoice from their own funds. Frequently it is difficult for small-mid size distributors to dictate payment terms to multinational retailers. This forces distributors to swallow price increases, extra retailer fee demands, currency impact etc. Large brand owners that serve as caring partners that "help" will be rewarded with a healthier distributor and more focus on their priorities from an appreciative distributor.

Need a hand? Visit www.exportsolutions.com.

International Expansion – Shoestring Budget

Stretching thin marketing budgets is a job requirement for most Export Managers.

Listed below are “Ten Tips” for brand building on a “Shoestring Budget.”

1. Tap into Government Export Programs

Many countries sponsor strong trade organizations that can aid your export development program. Exports translate to jobs and most countries have well established programs to facilitate the sale of locally produced products. For example, the USA Foreign Agricultural Service will co-fund marketing investments for small-mid size USA food producers through their MAP programs. German Sweets and GEFA, UBI France, ICE (Italy), ICEX (Spain), Austrade (Australia), and AG Canada serve as valuable resources for local exporters. These organizations often sponsor local “Food Events” at leading supermarkets in international countries. For example, Austrade sponsored G’Day USA to showcase Australian food producers to USA consumers. These events are highly publicized and normally feature a relatively modest participation fee.

2. Leverage Relationships with Global Retailers

Wal*Mart, Carrefour, Tesco & Costco all maintain programs to ease the export process for their current suppliers. This usually involves direct consolidated shipments with other local producers, labeling assistance, and placement in a special section in the international aisle of their stores i.e. USA Foods, France Foods, UK Foods etc. The immediate benefit is the streamlined route to market without payment of upfront local marketing fees. This allows you to “Test the Market” prior to a traditional market entry with a local distributor and heavy marketing support.

3. Joint Venture with Local Manufacturer

Another idea is to locate a local player in your category in a country targeted for expansion. You may be able to offer a potential partner innovation in taste/ flavor or packaging to complement his local expertise. A joint venture or Co-Branding agreement can produce revenues without significant start-up funds.

4. Build Marketing Costs into Distributor Margin

Many manufacturers build an accrual fund into their distributor margin

calculation.

Normally the funding level is around 10% of sales, but can range from 5 -20% depending on the category. This creates a fund for the local distributor to manage. The accrual fund is created on a “pay as you go” basis, with fund levels proportionate to shipments. In this scenario, the manufacturer usually provides a small fixed sum to create a launch budget prior to initial shipments.

5. Free Goods May Fund Trade Marketing

Free goods may be used to offset the cost of trade marketing programs, particularly for established brands. This can be in form of a 1 free with 10 purchase or similar type of promotional events. The benefit is that your budget can be stretched as your cost of goods produced is less than the wholesale cost.

6. Private Label

Retailers source quality products for their private label at the lowest possible price. This eliminates the need for marketing investments. However, private label is difficult if freight expenses are too high.

7. Foodservice Channel

Foodservice/Catering offers a “low investment” route to market versus the supermarket channel. Foodservice usually requires less traditional brand marketing support. Foodservice operators look for tailored solutions with rebates based upon purchase levels. A small budget for SPIF’s (SPIF- special incentive fund) can generate purchases from independent restaurants.

8. Specialty Retailers

Each country has specialty retailers that serve as alternate channels for your brands. This could include diverse customers such as Cost Plus World Market, Trader Joes, Big Lots or Dollar



Tree in the USA. These retailers maintain different approaches not dependent on heavy manufacturer spending. Their strategy is to offer different brands (or sizes) versus traditional supermarkets or mass merchandisers.

9. Co-promotion with other Brands

Retailers generate excitement through Theme events around a group of complimentary items or common cause. This could involve participating in Barbecue event with other Barbecue related products: Charcoal, Meat, Picnic Supplies, Drinks, Pickles etc. Another example is a retailer promotion celebrating their anniversary or support of their favorite Charity (Juvenile Diabetes etc.). In many countries, leading distributors sponsor an annual event for all the brands they represent. Don’t forget the country specific promotions (G’Day USA) mentioned earlier. In each case, manufacturers pay for a portion of the event as costs are spread out among all brand participants.

10. “In & Out” Packs/Gift Baskets

These special packs can generate incremental business without investment in listing fees or shelf space. Examples could include modular displays, trail size shippers, or bonus packs with free product or gift. Gift Baskets are very popular during the Christmas Holidays. This is a good vehicle for “Fine Foods” brands to gain exposure with gourmet consumers.

Ten Tips – Fixing the Problem: Small Shipments to Big Countries

Selling more to Bermuda and Bahamas versus Brazil? More business in Hong Kong than China? Join the club. The long road to BRIC success is filled with dangerous curves and uncertain junctions. “Low hanging fruit” opportunities in these countries have long disappeared replaced by a scrum of category combatants from all corners of the world wrestling for market share in what could be small categories for a long time to come. There are no miracle solutions! Our ten tips apply to large emerging markets such as China and Mexico as well as companies having troubles penetrating Germany, Japan, Italy or the USA.

1. Apply Fundamental Lessons Learned from your Home Market

Think about the factors that drove your success in your home market: Unique product, Consumer Research, Local Production, Competitive Pricing, Marketing Budget, Strong sales team etc. The same fundamentals apply to entering large new markets. I always challenge the senior management of my clients with the following Business Case Study: What would you do if competing Global Brand “A” from another continent tried to enter your home market? The response is filled with aggressive plans to defend the home turf. My next question is “Don’t you think that the local competition will react the same way when you plan to enter their home market?”

2. Stop Treating Large Countries as Export Markets

Shipping small quantities of product thousands of miles and visiting twice a year will not win in a large market like Germany, the USA, Mexico, or China. Large markets need to be treated strategically, with a separate business strategy and resource commitment versus a small export market. In some cases, it is better to exit a large market if you can not commit versus potentially harming the brand image with lackluster shipments through a subpar effort.

3. Conduct Market Research

Extensive category research is required in strategic markets. Is your category developed or evolving? For developed categories, what unique characteristics does your brand deliver and how much do you plan to invest to source share from existing brands? In new categories, what does the consumer say about your brand?

Is the taste profile appreciated, even if it foreign versus the local cuisine. Syndicated data is available which will help you gauge the “size of the prize.”

4. Pursue Local Manufacturing

Export programs to large countries infrequently generate substantial businesses. The incremental overseas freight costs and duty structures normally translate to retail prices far higher than competition produced in country. Building a factory represents a long term commitment. Contract packing could provide a less costly, interim option.

5. Prepare Your Board for a Long Term Investment

Creating a meaningful new business in a large country is not a 1-2 year event. More realistic is a 5-10 year plan depending on existing acceptance of your category. Brands and habits and practices take years to create except in the case of true innovation. A significant investment in marketing is mandatory, even in the case of a true category innovation.

6. Buy a Local Competitor

The quickest way to gain a presence in a large market is to acquire a local competitor. Conduct a category review and see which competitor would be the best “fit” for your company from a product portfolio and cultural standpoint. Price is always a consideration, as you do not want to overpay for future growth in an emerging market or pay too much for market share in a mature market.

7. Don’t Tackle Many Large Countries At Once

Companies multi task. Morning meeting on Mexico and we’ll attack Russia after lunch. A better idea is to pick one major country and plan to focus the teams resources on winning in that country for the next 1-2 years. This includes deployment of human resources as well as investment dollars. Get it right and management will be pleased to fund a broader expansion. Spread yourself too thin and you may fail everywhere.

8. Invest in an Expatriate

Companies need a soldier from your head office on the ground in the country of focus. This facilitates the transfer of best practices



and company culture to the new country. The expatriate knows who to call at the home office to get things done. He can report the true status of initiatives and has a long term dedication to the company. Best bet is to partner the company soldier with an experienced local player who knows the local market, culture, customers etc. Language barriers can present a challenge, but the benefits far outweigh the issues.

9. Scorecard against In Store Fundamentals

Your sales team must be equipped and measured against the fundamentals of securing strong in-store presence at leading retailers. Too many times, a team’s progress is judged solely upon shipment numbers. Another scenario reflects positive reports regarding chain headquarter authorizations, but no follow up execution at store level. Our business succeeds with a team focused with winning the battle store by store.

10. Consider a Local Partner

Plans may be fast tracked through a local partner. Partnerships can take many forms including a joint venture, licensee, services contract, or distributor type relationship. Extensive due diligence is required as unsuccessful partnerships can be difficult to exit. Export Solutions has a thorough nine step process we deploy on our many partner identification projects. Lessons learned including alignment from your partners senior management to the retail merchandiser, as often the partners commitment gets diluted through the supply chain. It’s advisable to have your own representative “in house” at the partner to look out for your company interests. Partner results are directly proportional to your investment as even the best sales teams require the right financial resources to allow them to obtain optimal performance.

Ten Tips – Sourcing New Sales from Old Markets

Exporters love the thrill of creating plans to conquer new markets. The reality is that our annual sales quota is dependent on driving new sales from our existing markets and distributors. This appears as a challenge in a low growth country or mature category, particularly if you are not blessed with baskets of money to invest in brand support activities. Listed below are our ten tips for sourcing new sales from existing markets.

1. Fill in White Spaces on your Listing Map

Most manufacturers focus their energy on the total sales number for a country. The one template I recommend for each market is a Listing Map. This grid lists top 10 customers in the first column and your brand SKU assortment in a horizontal row. Where are the distribution voids? Which new listings will generate the most cases? What resources are needed to fill the white spaces? What is the plan?

2. 10% Challenge

Trade spending may be a wise investment if it drives profitable, incremental sales. This is a good time of year to challenge distributors with the question: “What type of spend levels would be necessary to secure a 10% increase in shipments (consumption) in the next 90 days?.” Of course, in emerging markets you may want to challenge the distributor for a 20-40% increase or higher.

3. Retail Sales Contest

Competitive sales representatives love contests. Everyone enjoys winning a prize or supplementing their income. Brand owners should consider a sales contest that is tied to “Pay for Performance.” Measure incremental pallet displays for volume brands or most creative display for smaller brands. Sync your competition with your peak seasonality or a new product launch. Awards such as iPads or weekend trips are motivational. Structure the contest to maximize winners. Create a theme and “have fun.”

4. Senior Management Visit

Schedule a visit for your company president or other senior executive to visit an underperforming market. Arrange for the visit 2-3 months in advance. You would be surprised at the serious market issues that are resolved prior to your bosses arrival. The executive’s visit is boosted by new ideas and a commitment for future performance.



5. Evaluate Your Pricing Model

Pricing drives volume. Most pricing models were designed at the beginning of a relationship and rarely revisited except for the periodic price increase. Conduct a retail pricing survey. What is your price gap versus your competition? What would happen if you adopted an “every day low price” approach? If you took a price decline of 10%, would the incremental volume compensate for the price reduction?

6. Co-Promotion: Leverage Distributors Portfolio

Many of the most successful distributors run quarterly or annual promotional events featuring all their brands. Normally, there is a charity tie-in or special theme overlay. The beauty is that each of the distributors brands pays only their share of the event. These Co-Promotion events turn out to be a big win for the distributor and each of their brands.

7. Annual Customer Business Review

It’s appropriate for a formal review of your business at each major customer. This could be a data intensive review at a key customer in a developed market or a “two pager” in an emerging market. The process is the key. Focusing each sales representative to analyze their business results and identify their largest opportunities adds visibility to your priorities.

8. Spend Time at Retail

Most market visits program the export manager from hotel to office to customer followed by dinner. Periodically, we’ll squeeze in a store visit or two before a customer call or flight departure. Why not dedicate a day at retail with the retail manager during a market visit? You’ll get a good pulse of market conditions and communicate your brand insights directly with the retail sales manager. Brands that are obsessed with in store performance win incremental retail sales team focus.

9. Offer a Bonus Pack or On-Pack Promotion

Most brands source 90% of their sales from the shelf. Generate some excitement everyday with a bonus pack or other special pack promotion. Many distributors can manually apply small gifts or premiums at their own warehouses.

10. Distributor Change

Organizational change is a last resort. However, if a distributor continues to deliver uninspiring performance, you may be forced to look at market alternatives. How is the distributor sales growth versus overall category and market growth? A new distributor typically brings a boost of energy and a renewed sense of commitment to a brand.

Ten Tips – Changing Distributors: “The Right Way”

Changing distributors is a messy business, filled with hurt feelings, business disruption, and legal implications. The good news is that when you have transitioned to a new distributor, you will benefit from the enthusiasm and commitment of a highly motivated new partner. Recapped below are Export Solutions Ten Tips for managing the process of changing distributors.

1. Secure Agreement on Distributor

Change from your Senior Management

In many cases, a terminated distributor will reach out to your company president or owner to appeal your decision. It makes sense to brief your management on the situation and your rationale for the change. If they are not aligned with your point of view, better to learn in advance of creating a disturbance with a distributor termination notice that could be retracted.

2. Long Term Distributor vs. Short Term Distributor?

Your approach at handling the process will vary based upon the length of time of your partnership. Dissolving Long term relationships(5 years or more) requires careful handling, documentation of situation, and consideration of marketplace repercussions. Ending short term partnerships is usually less complex, as it is normally clear that mutual objectives are not being met.

3. Probation Period

Putting a distributor on probation sends a warning signal that termination is possible. Normally, probation periods last 3-6 months and include specific objectives to achieve during the target period. This approach gives the distributor a “second chance” to meet expected standards. Termination following a probation period reduces the risk of a distributor complaining that “he didn’t know that your company was that unhappy with his performance.”

4. Check Your Contract

Distributor contracts outline termination process and procedures. The contract will guide required steps to make a distributor change. Contract terms are negotiable, particularly when a distributor relationship is ending by mutual consent. In certain cases, there may not be a contract which naturally provides a brand owner greater flexibility. On the other hand, you still must consider local laws and business practices which may be in place, even without a contract.

5. Review Local Laws

Many countries have well defined laws regarding termination of distributors, brokers or “agents.” These laws often dictate a compensation formula for payments due to the distributor. The legal rationale relates to the concept that the distributor invested his own resources to build awareness and “good will” for your brand in his country and must be compensated for this investment. Puerto Rico’s Law 75 applies even when there is no contract signed and only one direct shipment to a local Puerto Rico distributor or agent.

6. Document Inventory in the Supply Chain

This includes current inventory, orders en route, and pending orders. One of the biggest issues in any distributor change revolves around inventory management. Angry terminated distributors may



attempt to “forward buy” or fill the market with discounted goods. Or they may refuse to transfer inventory to the new distributor. I have also seen cases where the old distributor attempts to transfer damaged or outdated inventory to the new distributor.

7. Conduct New Distributor Identification Activities

These should be in process or completed prior to termination of the under-performing distributor. This will allow you to minimize the time between termination notification and transition to a new distributor. It is likely that your current distributor may learn that you are “interviewing the market” to understand alternatives. This is all part of the probation process and may further stimulate the distributor to ramp up his performance levels.

8. Minimize Notification Periods – Contract Buy Out?

Contracts may specify a 3 month to one year notification period for a terminated distributor. A Brand owner should not want a terminated partner representing his business any longer than they have to. The risk to the brand is too high. I prefer 1-2 month transition period, even if a brand owner is required to “buy out” the last few months of a contract. It is better for everyone to move on for a fresh start as quickly as possible.

9. Trade Notification Strategy

It is likely that some customers will be upset with a decision to make a distributor change. The good news is that “they will get over it.” On the other hand, it is important to identify potential sensitive accounts and for the brand owner and the new account handler to have a prepared response for an unhappy customer.

10. Fast Start Program – Six Months

Your new distributor will be highly motivated to get off to a fast start to make a strong initial impression. We need to balance this desire to run fast to “sell” with the critical steps of focusing on the fundamentals: Sufficient inventory throughout the supply chain, update new vendor information in customer’s order management system, education of the sales force on product benefits etc. “Crawl, Walk, Run.” Normally, the process takes six months to successfully complete a transition to a new distributor.

Future

Distributor change used to represent a challenging proposition due to the lack of information on alternate distributor candidates. Export Solutions database tracks over 8,600 distributors in 96 countries. This translates to an average of around 79 different distributors for each market. This has eased the process of identifying alternate candidates when distributor change is being considered or required. Visit www.exportsolutions.com/distributorDirectory.aspx for more information.

10 Step Distributor Search Process

1. Determine Brand Ambition for Country

Will your brand be a category leader, player, or niche participant?

2. Establish distributor selection criteria

Big brand distributor, category specialist, or smaller entrepreneur?

3. Create a Pool of Candidates

Export Solutions' database tracks 8,600 distributors in 96 countries.

4. Determine Candidate's Preliminary Interest Level

Send introductory email, followed by phone call within 48 hours.

5. Obtain Candidate's Corporate Profile Presentation

Key Facts: Sales turnover, # employees, companies handled.

6. Schedule Distributor Interview in Candidate's Office

4-6 weeks lead time. 2 hour meetings. Send advance agenda.

7. Independent Store Checks

Provides category insights and real distributor performance for current brands handled.



8. Interview Preparation: Scorecard, Samples, Your Presentation, Key Questions

Export Solutions' templates: Assessment Scorecard & Ten Questions for Every Interview

9. Distributor Interviews – Target 3 Candidates

Review capabilities, warehouse and interest in your brand.

10. Cooperation Model

What is the plan? Year one plan, pricing calculation, and timeline.

Looking for Good Distributors?

Export Solutions' database covers
8,600 distributors in 96 countries.

www.exportsolutions.com



Export Solutions
Distributor Identification Experts

Ten Tips: Distributor Interview Preparation and Insights

Distributor interviews can be compared to a first date. There is no second date after a bad first date, even if both parties are interested in each other. On the other hand, a good distributor first interview can lead to a lifelong relationship. Listed below are Export Solutions' ten tips on enhancing the productivity of your distributor interview process.

1. Schedule Interview With Four to Six Weeks Lead Time

This allows you to program several candidate interviews on your preferred timeline. Long lead times enhance the chance of distributor senior management availability and provide sufficient time for motivated distributors to research your category.

2. Meeting Agenda

Send a meeting agenda three weeks in advance of meeting. Typical discussion topics include Distributor credentials, organization model, coverage by channel, success stories, category insights, and distributor margin philosophy.

3. Store Visits – Pre-Interview

Export Solutions always conducts independent store visits prior to our distributor interviews. This supplies a snapshot of distributor's performance for other international brands. It also permits us to quickly become familiar with local category dynamics, competitive activity, and pricing.

4. Distributor Assessment Grid/Questions

Prepare an assessment grid template highlighting and weighting core assessment areas prior to your first interview. Create a list of potential questions to be asked during the meetings. Export Solutions provides free sample Distributor Assessment grids and "10 Questions for Every Distributor Interview" on our web site.

5. Distributor Presentation: Template or Tailored?

A key indicator of distributor enthusiasm is whether they created a personal, tailored presentation for your meeting or swapped brand logos and provided their "standard pitch." Best in class presentations allocate equal time for Distributor's CEO, functional heads, and your proposed first point of contact.

6. Your Company Presentation

Be prepared to share a 10-15 page presentation on your company credentials. Stick to the key facts: company metrics, product point of difference, export success stories, and plans for the market. Bring plenty of samples for everyone to try. Note that the distributor will ask for your presentation, so keep it brief as you do not want a lengthy strategic presentation in the hands of a distributor that is not selected.



7. Tour Distributor's Office and Warehouse

Would you buy a house without visiting it? Distributor offices and warehouses offer valuable clues to distributor activity, head count, size, and professionalism. Your quick inspection will validate that the distributor's activities match claims from their presentation.

8. What's Their Plan?

A core question in a positive interview is "What would the distributor's plan be if we awarded them the business starting next Monday?" This provides insights on their plans, timelines, and process for transitioning and building new brands.

9. What Do You Like About Us?

A good way to measure distributor interest is to ask their feedback on your opportunity towards the end of the meeting. Framing the question from a positive point of view allows the distributor to express interest or concerns.

10. Provide Homework Assignment

Conclude each positive meeting with a request for distributor to provide a deeper category assessment and a suggested entry or transition plan. Distributors should supply references for five of their existing clients. An important insight will be the quality and response time for completing the "homework."

Need more information? Visit www.exportsolutions.com.

Why do Export Managers Partner with Export Solutions for Distributor Search Help?

- ✓ **Industries Leading Distributor Rolodex**
 - Excellent relationships across 96 countries
 - Database tracks 79 distributors per country
 - 300+ distributor search projects completed.
- ✓ **10 Step Distributor Search Process**
 - Logical, thorough due diligence process
 - Professional approach yields positive results
 - Publisher: *Distributor Search Guide*
- ✓ **Independent Expert Assessment**
 - Expert partner to export managers
 - Focused on all aspects of distributor search
 - Working for you!
- ✓ **Results**
 - 90%+ success rate
 - Align with “Best in Class” distributors
 - Typical project takes 4 months from project brief to distributor selection
- ✓ **Make Your Life Easier!**
 - Identifies 5-8 qualified candidates per country
 - Organize meetings with top candidates
 - Sounding board during assessment process
 - Export Solutions participation sends positive message to distributors.



Export Solutions Can Help!

- Distributor Search helper in 96 countries

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Ten Tips – Common Export Mistakes

Export represents a dynamic growth opportunity for most companies. However, most companies make mistakes, particularly in the early cycles of their export development. Listed below are some common mistakes:

1. No Category Research

Some companies assume that their category development is consistent everywhere. They fail to conduct basic research on competitive dynamics and pricing. This research can be as simple as a day of store checks in your target market. I remember having an argument with a leading producer of branded Indian Food about export opportunities to Latin America. He refused to believe that the market for Indian food was so small, because he had not conducted research or visited the market. Do your homework!

2. Limited Investment in Marketing & Trade Spending

Few brands are so innovative and exciting that they will sell without investments in consumer awareness activities and trade incentives. Yet, many exporters believe that they can offer a “net price” and a distributor will create a significant business, without support. There is a cost of doing business in every market. Ultimately, your results will be directly proportional to your marketing investment.

3. Another “Me-Too” Product

Innovation sweeps the world at a rapid pace. Manufacturers fail when they do not create a unique selling proposition (USP) for their brand. Why is your product different versus current options? Is the differentiation meaningful? A better price (value) or heavy marketing investment can also differentiate your brand. I recently visited Europe’s largest food trade show. I saw a “lonely” exhibitor from the USA with little interest in his commodity food products. Why would a European retailer or distributor want to import a product that can be sourced locally at a better price?

4. Pricing is Too High

On many export projects, the price to the consumer can be twice the price from your home market, by the time that you add in logistics costs, duties, distributor margins, and taxes. Yet, much of export growth is sourced from emerging

markets, where spending power is low. So, the result is high priced product being marketed to people with limited funds. In many cases, the consumer will pay a premium (10-30%) for a quality, imported product. However, once your product is priced 50% or higher than the local competition, you are just appealing the top 10% of the population in most cases.

5. Product not Labeled in the Local Language

English is a global language, but obviously your brand will obtain a better reception if it is labeled in the local language. Many countries have laws requiring labels or at least nutritional information in the local language. Another similar issue is that some brand names do not translate on a global basis. What does your brand name mean in the local language? Does it sound similar to something else which has no correlation to your brand?

6. Insufficient Due Diligence during the Distributor/Partner Selection Process

I am amazed at the number of relationships based upon only a short meeting at a trade show. I love trade shows and believe they are a great place to meet prospective distributors. However, you must conduct due diligence on your prospective partner in their home country, before beginning your relationship. This includes interviewing the distributor as well as other candidates at their local offices. Visit the stores to see their performance for their current brands. Conduct reference checks and run financial checks with Dun & Bradstreet or similar credit check agencies.

7. Diverting – New Customer Pick Up at your Plant

Export managers are flooded with requests by distributors/buyers wishing to purchase well known brands. Many of these inquiries are legitimate, but a significant percentage are from diverters. I’ve written a separate article on this subject, so I’ll only share a few comments here. If your export price is



less than your standard price, display extreme caution in dealing with new distributors/buyers.

Complete the required “Due Diligence” referred to in point 6, including a visit to the distributors warehouse. Do not allow pick up at your plant or at a local port by a new distributor, if your price is lower than your standard price. Ship to the distributor product labeled in his native language and be cautious about promises to sticker the product at the port.

8. No Focus on the Shelf

Too many exporter/distributor discussions concentrate only on container shipments and orders. A critical element is the need to focus on activities to generate consumption. Some export projects fail, because the exporter does not dig deep to track progress against fundamentals of acceptance at major retailers, assortment, pricing, shelving, and merchandising at store level.

9. Exporter Fails to Visit the Market

The internet has facilitated global communication. However, there is no replacement for a periodic, face to face, market visit to discuss issues and measure progress. “Out of sight...out of mind.”

10. Unrealistic Expectations

Exporters are optimistic by nature. Launch plans project volumes based upon category size and the famous statement “If we secure only a 10% market share...” You know the rest of the story. Reality is that the 10% market share is possible, if you focus on avoiding the mistakes discussed in points 1-9 above. Good luck!

10 Questions for Every Distributor Interview

1. Company History

How long have you been in business? Who are the owners?
How many direct, "payrolled" employees do you have?
Approximate annual sales volume?

2. Company Brand Portfolio

What are your top 10 companies/brands represented?
For which channels do you represent each brand?
How long have you represented each brand?
Can you provide senior level references at each "brand owner?"

3. Key Account Buyers

Who is the buyer for our category at the largest retailers in your market? What other brands do you sell to our buyer?
How frequently do you visit each major customer?

4. New Product Launch Success Story

Provide a recent example of a new brand launch success story.
Key retailer acceptance? Cost of entry? How long did it take?
Key elements of the success strategy?

5. Creative Selling

Provide an example where you took an assigned marketing/brand support budget and created a successful local program. How do you measure success?

6. Retail Servicing

How many full time employees do you have visiting retail stores? Are they located countrywide or just in the capital city?
How do you measure a "good store" in terms of brand presence versus a "bad store?" Describe your retail reporting system.

7. People

Who would be our point of first contact? Would our contact also "sell" our brands to major accounts? What other brands is our contact responsible for? How do we insure that we get our fair share of attention from your sales force?



8. Business Planning Model

What would your action plan be if we made an agreement to start with your company? First steps? 90 Day Plan? Reporting?

9. Cost to Serve

How do you model your distributor margin? Range of margin for our brands? Are you open to promotional spending split (50/50)?

10. Enthusiasm for our Company

Why is our brand a good match for your company?
Why are you the best partner in the market for our brand?
What commitment are you willing to make?

Talk to an Expert

- International Strategy Road Map
- Fix Problem Markets
- Entry Plans
- Find Distributors in 96 Countries
- Export Workshops
- Motivational Meeting Speaker



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Ten Tips – Distributor Compensation Analysis

Everyone knows their own salary. But have you given much thought to the compensation structure for your distributor partners? Distributor compensation is often a “murky” issue, buried in a calculation created years ago focused on a combination of distributor margin plus other income for services rendered. Brand leaders periodically review their distributor compensation structure and compare it to the requirements to service their business in 2020. Listed below are Export Solutions “Ten Tips” for analyzing your distributor compensation model.

1. Convert Distributor Margin to Gross Dollars Earned

Margin percentages are important, but another critical measure is absolute income derived from representing your brand. This simple calculation of gross margin multiplied by invoiced sales provides a baseline number. If applicable, manufacturers should add bonuses or subtract retailer rebates. This is the first step to understanding your true distributor compensation.

2. Shared Service Model

Typical distributor services may include importation, warehousing, delivery, selling, merchandising, invoicing, and collections. In some cases distributors reinvest a portion of their margin in trade discounts or in store marketing activities. Another major distributor expense is people, including senior management and a brand management team. Income from your brand margin buys your company a share of total distributor resources.

3. Value Equation: Distributor vs. Local Subsidiary

An important exercise is to evaluate the services received from the distributor relative to what they would cost if you needed to create your own independent subsidiary in a country. Your analysis should include subsidiary allocations for buildings, information technology, telecommunications, travel, and entertainment. Normally, the result demonstrates that the distributor model is an efficient outsourcing alternative. The key is to balance your many company objectives versus the requirement to function in a “shared services” environment where you are “buying” only part of the distributors time.

4. Pay For Performance

Most food and consumer goods industry executives operate in a compensation structure which includes a bonus incentive for achieving and exceeding assigned goals. Some brand owners have extended this approach to distributors so that the entire team is aligned on a common plan. All distributor bonus schemes should reward cases moved into consumption versus warehouse inventory.

5. Price Increases mean Distributor Pay Raise

Many suppliers were fortunate enough to execute price increases. In a margin driven structure, this often translates to a pay raise for the distributor, with little incremental effort other than implementing the price increase. On the other hand, a price decline means a reduction in distributor compensation and the distributor needs to execute his own “salary” reduction!

6. Contracts and Margins from the 1990’s

Many distributor contracts and margin calculations date back to the 1990’s or many years earlier. These agreements are rarely revised or reviewed based upon the realities of competing in today’s marketplace. When was the last time that you reviewed your Distributor contract, margin, and service requirements? Does it still make sense?

7. I don’t know my distributor’s margin

This happens more frequently than you might imagine. In many arrangements, the distributor buys your brand at a dead net price and applies their own internal methodology for margin development. Some distributors are protective of this practice with a rationale that manufacturers should not “pry” as long as shipments maintain a positive trajectory.

8. Best in Class Distributor Compensation

Leading Distributors offer an open book approach based upon a cost to serve model. Financially astute distributors provide new suppliers a detailed



template identifying key services and manufacturers requirements to operate the business. Smart manufacturers will benchmark their distributor margin versus similar brands in the market. Key inputs include complexity of your product line, logistics inputs (temperature requirements, case weight) and size of your business.

9. Total Compensation: More than Gross Margin

Examine every line item in your market price calculation to understand total distributor revenue sourced from your brand. Distributors may increase their income through promotional funds, added margin for logistics services, or periodic bill-backs.

10. Distributors have Profit Targets Too!

Distributors are in business to make money too! It is quite reasonable to expect that the distributor should realize a net profit of 3-5 percent. Everyone hopes to grow their salary base and receive bonuses for excellent performance. Winning long term relationships exist when both parties profit from business success.

Ten Tips – Managing a Credit Crisis

There are 196 countries in the world and there is always a financial crisis somewhere. Recently, Western European countries have suffered issues.

Emerging markets display a history of “boom-bust” cycles. A friend from Argentina explained this story. “I do not worry when things are bad and the country is suffering. At least, I can face my problems directly and I know that recovery is ahead of me. I am more afraid in good times, when business has been growing for a few years. In these cases, I know that a new crisis is around the corner and surprises are tougher to deal with.” Recapped below are Export Solutions’ Ten Tips for dealing with countries experiencing financial instability.

1. Assume every market will be affected. Naturally, certain emerging markets carry a higher degree of risk versus others. However, even large countries such as the USA and the United Kingdom have been burned through the bankruptcies of Bruno’s and Woolworth’s. Total risk should be measured by the amount of credit outstanding as well as each country’s risk factor.

2. CFO to CFO discussions make sense. Bring in the financial experts. Let your company CFO or financial manager speak with your Distributors (or Key Retailers) financial manager. These financial experts speak the same language and will allow your financial team to accurately gauge the situation. It also spreads out the responsibility beyond the sales and marketing department for potential problems.

3. Request New Distributor/Retailer Credit Information – Most of this information was submitted years ago in advance of the credit crisis. It is timely to request new information every year. 2019 year end financial reports should be available from every distributor.

4. Watch Distributor/Retailer Inventories – Shipments to retailers may not correlate to consumer demand. Inventory levels measured in terms of weeks supply on hand should be monitored at both distributors and retailers. Higher inventory levels signal slowing consumer demand. Reduced inventory levels may indicate a cash flow/potential credit problem.



5. Connect with Peer Non-Compete Suppliers – Every retailer and distributor trades with a myriad of suppliers. I recommend setting up formal or informal groups of peer, non-competes, suppliers. These valuable contacts facilitate the exchange of benchmarking information on shared retailers and distributors.

6. Track Leading Indicators – Most of us are not economists, but it is still easy to develop a simple tracking form of leading metrics for distributors in key countries. We suggest measuring trends in shipments, accounts receivable, inventory, as well as country level data on GDP, stock market, unemployment, and currency exchange rates.

7. Payment Terms – Some suppliers are implementing additional safeguards to protect themselves. This includes moving towards “brokerage style” arrangements where the manufacturer still maintains ownership of the goods. Other strategies include offering discounts for early payment or requesting cash on delivery.

8. Run a Dun & Bradstreet Report on Partners – On the surface, business may appear normal. A Dun & Bradstreet Report (or similar) creates a rating based upon a thorough examination of financial records, statements and dealings of the business with its customers, clients, investors and shareholders.

9. Beware of Unusual Shipments or Billback’s – Unfortunately, there are too few examples of unusual, “best ever” promotional success stories. Look carefully at order patterns or promotional allowance reimbursement (billback) requests that appear out of sequence or abnormal.

10. Commit to Open Dialogue with Long Term Partners – Many exporters enjoy relationships with their international distributors that extend 20, 30, 40 years or more. Current financial issues likely reflect overall country level financial status versus poor decisions taken by a long term distributor. Distributors need to understand that manufacturers hate “surprises.” Best bet is to create an environment that facilitates open communication supported by data to solve any credit issues.

Europe: Cracking the Code

Europe is not easy, with 50 independent countries, 750 million people, and 24 official languages. Within Europe, you have the European Union of 28 countries, including 18 who use the Euro currency.

The supermarket business includes a few multi-country players such as Carrefour, Tesco, Rewe and Auchan. However, each country tends to have its own dominant retailers with unique operating practices and distributor communities. Europe appears to be bouncing back, with strong GDP growth in Germany, United Kingdom, Nordics and improved conditions elsewhere. Europe appears attractive for USA exporters due to the size of the prize and respect for innovation. American lifestyle and products are appreciated by many. Export Solutions provides Ten Tips on cracking the code to develop new business in Europe.

1. What is Your USP?

Europe shares many eating habits with the USA, creating a difficult environment to compete with higher priced, “me too” products. Success stories typically involve categories such as Peanut Butter, Microwave Popcorn, or Tex Mex that are viewed as “uniquely American.”

2. Labeling & GMO

Most European countries require labels with nutritional information in the native language. A frequent approach is to create a “Euro Pack,” with multiple languages crammed on the back of the package. There are only a few countries that accept the “stickered” approach. Most European retailers do not accept products with GMO ingredients. This is a hotly debated issue that we will not solve here. Bottom line is to offer non GMO versions or don’t waste your effort in the strict countries.

3. Define Your Ambition

Are you looking to become a player in your category, prepared to invest in marketing support and trade activities? Or are you just looking for incremental shipments based upon an “America’s favorite” platform? Either option is acceptable, but you should align expectations and choice of partner with your investment model.

4. First Stop UK, Then Nordics

Made in the USA brands should consider the UK and Ireland as their initial point of entry. Common language, familiarity with USA brands, and organized trade structures enhance your chances of success.

American retailers such as Walmart (Asda), Costco, and Whole Foods may be charmed to add your product to their UK shelves. Nordic countries are worth consideration. Many food brands are imported into the region from other European countries, so the price gap for American brands is not as great. An educated consumer base with strong spending power add to the attractiveness. Cost of entry is modest, at least compared to Germany or France.

5. Distributor Model – Best in Class

The European distributor model provides an integrated solution of key account sales, country level marketing, logistics, and financial services. These exclusive partners service all country retailers and actually serve as your primary “bill to” customer in country. The USA broker model is not common in Europe, as most brands require financial and logistics services, not just “selling.”

2,840 Distributors – 34 European Countries

Export Solutions database covers 2,840 European distributors across 34 European countries. This provides an average of 84 distributors per country of various specialties: Gourmet Food, Confectionery, Beverage, Natural Food, HBC, and other supermarket categories. We also cover 259 “Americana” distributors handling “Made in the USA” products.

7. Investigate ESMA

ESMA is the European Sales and Marketing Association. This is an organization of 70 of the top distributors across Europe. These best in class distributors are serious companies, with a history of brand building for companies with unique products and a willingness to invest. ESMA features an annual conference (Prague in June), that provides a venue for manufacturer members to network with leading distributors across Europe. For more information, visit www.esma.org, and tell David O’Neill, ESMA CEO, that Greg sent you!

8. Trade Shows: SIAL, ISM, and CIBUS

Participation in European industry trade shows is a must. These shows attract from 50,000 to 150,000 visitors including most European buyers and distributors. In 2020, SIAL in Paris will be the best show for most brands. ISM is Europe’s version of the USA’s Sweets and Snacks show. Biofach is important for natural foods and PLMA for private label. Each country also features an



exhibition such as CIBUS in Italy, IFE for the UK, and Alimentaria for Spain. The USA features a pavilion at each of these shows. Rent a booth and test reaction and interest for your product line.

9. Americana Strategy

Each European country has retailers and distributors that specialize in America’s favorites. Dedicated stores like Taste of America in Spain or Gray’s in Sweden offer a broad assortment of USA brands to fans of American lifestyle and homesick expatriates. Other leading supermarket chains offer dedicated sections of American products. This approach is about availability and visibility not pricing and slotting allowances. An Americana strategy may appear as a low cost way to test market acceptance of your product.

10. Cracking the Code – Look in the Mirror

USA exporters considering Europe should think about what it takes to get on the shelf at Kroger or Stop and Shop: innovative product, slotting fees, promotion plan, competitive pricing, and a strong broker. The fundamentals for entering Europe are not that much different, other than you are the “new guy,” with the added expense of freight from the USA. Start slowly, with realistic expectations of starting in a handful of European countries versus selling across Europe. American products are well received, but Europe is not the destination for those just looking to sell a few extra cases.

Ten Tips for Foreign Brands: USA Growth Strategies

The USA represents the world's largest market. A small market share in the USA can represent a bigger business than owning a 50% market share in a smaller country. Many international brands fail to reach their potential in the USA as they treat it as just another export market. Listed below are Export Solutions' ten tips for improving your results in the USA, a consumer market of 330 million people.

1. Develop a Channel Strategy

The USA Food business is segmented into 13 channels, with supermarkets claiming an average of 52% of the business. Other important channels include Supercenters, Mass, Foodservice, Value, Club, Convenience, Natural, Gourmet, Internet, Military, Gift, and Ethnic. One strategy is to concentrate efforts on winning in one channel to gain traction, versus spreading efforts in too many areas.

2. Optimize Results at Top 10 USA Retailers

Think Walmart, Kroger, Publix, and Food Lion that all operate more than 1,000 stores. Many companies claim that they "sell to Walmart." The key question is to identify a chain's store count and measure how many of those stores your brand is available in. Last year, an important European beverage brand told me that they were "selling to Walmart." Turns out that his follow up investigation revealed that he was selling to only 46 of Walmart's 3,570 supercenters.

3. Think Beyond New York

None of the top 5 grocery retailers maintain a presence in metro New York. The USA has experienced a population shift to the South and West, with the Northeast actually representing the smallest of the four regions. Visit Atlanta, Houston, Los Angeles, or Miami to get a more accurate gauge of industry dynamics.

4. Use a Broker

In the USA, the brokers play a unique role, touching virtually every brand in the supermarket aisles. Even importers use brokers to supplement their own efforts. Export Solutions' database tracks 524 USA brokers, including the "Big 3."

5. Retail Services are Required

Great news! You just received a listing at Kroger or Albertsons. Your work has just begun. Planogram integrity is an enormous issue in the USA. Compliance levels of new items at store level may reach only 60% without a broker at store level to "cut in" your product and monitor its availability.

6. Data Driven Decisions

The USA market is blessed with the most sophisticated analytic tools that are used on a daily basis. This includes availability of point of sale data at the chain (and sometimes store) level to measure everything that scans. Business building and selling incorporates use of post promotion analytic tools, market basket studies, and brand sales by demographic cluster.

7. Try a Coupon

USA Sunday newspapers are jammed with coupons offering consumers small discounts (.25 - \$1.00) to purchase a product. Many supermarkets up the ante, by doubling the value of the coupons. This is a proven strategy to drive listings, generate trial, and repeat purchase. A coupon can force a retailer to carry your product, as he does not want to disappoint a customer with a coupon.

8. Hire a Sales Manager

An international company should place at least one person in the USA to manage their interests. Hire a veteran sales person and locate him in a home office in a city with a great airport like Atlanta or Chicago. This role will allow him to manage your distributor and broker network. You can also hire a contract sales management group like Ram to perform this function. Hiring an employee based in the USA signals that you are serious about building your business in the USA.

9. TPR

This stands for Temporary Price Reduction. USA supermarket aisles are filled with hundreds of these tags. The consumer recognizes these tags to signal a special discount and "time to buy." TPR's are normally 10% of everyday price and can be an efficient spend particularly on a "scan down" program.

10. Ethnic Channel: First Stop

Your product will be well received in channels specializing in your country's products. There are well established retailers specializing in Hispanic, Asian, British and Italian Foods. Whole Foods and Cost Plus World Markets offer good assortments of international brands.

Export Solutions has published a *Selling to the USA* guide. This free 54 page guide is packed with insights, templates, and retailer information. This popular guide even includes a Dictionary of USA industry terms. For your copy, email gseminara@exportsolutions.com.

Good USA Chains for International Brands

Retailer	Stores
HEB	345
Ahold-Delhaize	1,971
Meijer	247
Wakefern/Shop Rite	352
Whole Foods	480
Harris Teeter	260
Giant Eagle	216
Wegmans	100
Price Chopper	133
Raleys	129
Sprouts	340
Fresh Market	159
World Market	276
Gelsons	27
Kings	25

New Year's Resolution — Preparing for a Distributor Change

Every company includes distributors that appear as chronic under-performers. Year after year, management listens to excuses and we patiently “give them a little bit more time.” 2019 results are in and it’s easy to spot the problems: big country, small shipments. The new year is the right time to implement a process of upgrading your distributor network to a partner more aligned with your business goals. Listed below are key action steps.



- ✓ Secure agreement from management to change distributors
- ✓ Review your original distributor contract
- ✓ Send official letter to distributor recapping disappointing results
- ✓ Obtain current distributor price calculation
- ✓ Document and monitor inventory in the system, by SKU
- ✓ Watch account receivables and bill-backs
- ✓ Confirm in writing 2020 spending and promotion plan
- ✓ Interview and pre-select an alternate distributor
- ✓ Establish realistic transition timeline with new distributor
- ✓ Advise old distributor of change in person

A Gentle Approach

Changing distributors is never easy, because we usually like the people involved. Best approach is to accept part of the blame for the failed relationship. Provide the old distributor a believable sound byte that he can repeat to maintain dignity in the marketplace: i.e. brand owner was looking for a distributor with more foodservice or small shop coverage. In the case of a long term partner (5 years or more), it may be appropriate to offer a lump sum goodwill payment, payable 90 days after transition in return for their cooperation. The good news is that a new distributor will emerge as motivated partner, anxious to take a “fresh look at old challenges” and deliver on their commitment to you.

Distributors: Fifteen Tips for Winning the Big Brand Interview

Export Solutions conducts over 100 distributor interviews/meetings per year. Many distributors ask... What are these big brands looking for? How do we prepare a standout presentation? What will it take to win the business? See our fifteen tips below.

1. Professional Communications: Frequent email communication in advance. Send re-confirmations. Offer to help with hotel reservation or pickup. Share mobile contact for emergencies.
2. Creative Welcome: Raise flag from visitor's country or a banner with brand name on it. Serve food paired with their brand. Create immediate "wow!" Skip, if confidential interview.
3. Purchase Product Samples: Potential new brand and competitors. Supply price for each item.
4. Participants: Owner/MD, sales, marketing, and potential brand manager. All should have speaking roles.
5. Presentation – Page 1 Company facts: Founding date, sales revenue, # employees, # field sales, warehouse size, key categories and principals.
6. Category Sales Data: Try to obtain category sales data from Nielsen or a leading retailer. Prepare basic analysis.
7. Category Photos and Pricing: Provide recent photos and pricing from target retailers.
8. Retailer Margins: Share estimated retailer category margins, cost of entry, and listing fee expectations.
9. New Principal Management: CEO involved in update calls, retail tracking, and total team approach.
10. Retail Reporting: Demonstrate retail technology and reporting if you have it. Share sample reports.
11. Warehouse Visit: Short inspection, if located on premise.
12. Social Media and E-Commerce: Share local updates. Reinforce your capabilities with recent examples.
13. Case Study: Brand owner's category or aisle. Results and costs. Show photos of shelf and displays.
14. References: Testimonials are impressive. Executive contact information from top five current principals represented.
15. Action Steps: Immediate CEO/MD follow up via email. Deliver presentation stick with your company logo.



5 Questions for Every Interview

1. Where do you see your company's business in 3 years?
2. Tell me about best practices from a country where your brand has a high market share. What strategies work well?
3. What characteristics do you see in your best performing distributors?
4. Are you open to distributor visit (plus customer?) to your manufacturing facility and corporate headquarters?
5. How do you maintain category leadership?

5 Interview "Bad Practices"

1. Do not send Rolls Royce to pick up brand owner at hotel. Do not laugh, it happened twice last year!
2. Skip company videos: sends old-school message.
3. Avoid speaking badly about other distributors. Be positive!
4. CEO should not handle entire presentation. Let the "workers" who handle the day-to-day business speak.
5. No dinner invitation on first date: brand owners will prefer to meet alone to discuss meetings. Many risks if meal does not go well. Plenty of time for dinners if you win the interview!

Create Your Own Export Library



Distributor Search Guide



Export Strategy Guide



Selling to USA Handbook



Export Scorecard Guide



New Distributor Cooperation Model Guide

"From First Meeting to First Order"



All guides available free at www.exportsolutions.com in the *Export Tips* section.

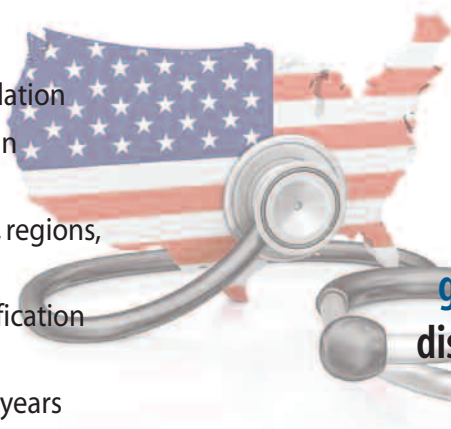
USA Sales – Next Level Strategies: 10 Tips

Most European brands remain frustrated by their lack of progress in the USA market. Many companies completed a first step, with listings at World Market, Fairway (15 stores), Eataly (6 stores), but failed to gain traction at big chains with 200+ stores. June Fancy Food optimism fades by October. Your boss is committed to the USA, but demands better results before bigger investments. What do you do? Call Export Solutions!

Assessment Area	Considerations	Insights
Consumer Target	Who is your target consumer?	Millennials, foodies, homesick expats
Channel Strategy	Unique strategy required: upscale supermarket, e-commerce, specialty, and mass retailers	Priority: Upscale supermarkets, gourmet stores, ethnic stores, e-commerce
Route to Market	Channel, regional, and customer experts required	Determine ideal broker profile. Focus first on good brokers, then buyers.
USA Manager	Mandatory oversight of your USA development	Results proportionate to salary. Locate close to distributor or Atlanta, Chicago
Trade Promotion	Customer specific plan required	Invest in strong programs at 10 key retailers. 15% TPR promotions will not excite anyone.
Export Solutions	USA market development helper for European brands	Point of difference: Retail reality focus. Targeted, logical road maps. Sales oriented.
Cost to Serve	Implement strategies to reduce price gaps versus “Made in the USA” products	Evaluate options to create more efficient cost structure: factory gate to store shelf.
Digital Savvy	What is your social media plan? How much are you selling through Amazon?	Digital is targeted and cost effective. Amazon grocery: growing 30% + in USA.
Lessons Learned	What is working? Why has business not scaled? Barriers to progress?	Independent validation and solutions provided by USA market expert.
Benchmark Brands	Which overseas brands are winning in USA?	Study best practices: Barilla, Bonne Maman, Colavita, Filippo Berio, Lee Kum Kee, Rana, San Pellegrino, Walkers Shortbread
Retail Safari	How do I accelerate sales in the USA?	Export Solutions retail safari program yields tailored insights and best practices for succeeding in the mainstream USA market.

Hire a USA Expert

- USA strategy recommendation
- Category analysis and plan development
- Identify priority channels, regions, and retailers
- Broker/Distributor identification Specialist
- Have a USA pro with 20+ years experience on your team



Contact Greg Seminara at
gseminara@exportsolutions.com to
 discuss your USA development project.
www.exportsolutions.com

Ten Tips – Translating Export Inquiries into Incremental Sales

Export managers are overwhelmed with phone calls and emails from companies desiring to sell their brands. Some proposals are worth evaluating, as we all seek incremental sales in new countries.

Other requests originate from diverters or “time wasters” who do not have sufficient capabilities or financing to commercialize your brand. Export Solutions has completed several projects with brands looking to streamline the process of filtering international representation requests. Listed below are our ten tips for efficiently identifying serious inquiries from potential partners.



1. List Current Distributors on your Web Site

This practice provides potential customers and consumers a local contact for your brand. It also discourages non productive calls from other distributors from that country from contacting you. Distributor representation information is in the public domain, so web publication does not breach any confidentiality issues.

2. Export Partner Philosophy Statement

Create a standard letter explaining your criteria for selecting new partners. Suggested text should include comments like “Brand X is available in 12 countries and is a leader in the Y segment. We are looking for established local distributors in certain countries to participate in the next chapter of our growth. Candidates should maintain a successful track record pioneering other international brands and offer a complete portfolio of importation, supply chain, key account sales, and in store coverage services.”

3. Distributor Candidate Data Sheet

A one page template captures core information from the candidate. This template can also be web based and appear on the “contact” section of your web site. Key inputs include years in business, company size, web site, number of employees, and current brands represented. Reference contacts are critical. A sample Export Distributor Data Sheet can be located at the bottom of the Export Tips section of the Export Solutions web site.

4. First Response: Send Philosophy Statement & Distributor Data Sheet

Send your philosophy statement and distributor data sheet as an initial response to all unsolicited phone and email inquiries. Instruct the candidate to review the philosophy statement and complete the data sheet if they feel that there is a match with their capabilities and your company’s export strategy. Inform them that someone from your export department will contact them once the data sheet has been 100% completed. A key learning is that unqualified or “suspicious” candidates will not complete a data sheet.

5. Post “Distributor Wanted” List

The export page on your web site should list countries where you are searching for a partner. This listing will encourage inquiries from target countries and help you “fill in the white space” in your export coverage map.

6. Reference Check Promising Candidates

My first step is to visit a distributors web site. The second step is to review references supplied from other brands on his data sheet. References listing contacts of export managers for other leading brands is always a positive indication. A credit check makes sense, particularly in emerging markets.

7. Watchout #1- Candidate Has No Web Site

This indicates that the distributor or entrepreneur is small or is possibly making claims that are erroneous or misleading. Candidates who refuse to provide references from other brands represented also should be avoided.

8. Watchout #2- All About Low Prices

Warning bells go off from inquiries from companies urgently focused on obtaining your export price list. I get suspicious of international distributors volunteering to pick up product at your factory or those who prefer English language labeled product even when their native language is different.

9. Due Diligence Questions

What would the distributor launch plan look like if you agreed to sell to him?

What are the local category dynamics?

What does the price calculation look like?

Can the candidate share a success story for another brand from your country?

10. Invite Serious Candidates to Your Headquarters

The preferred option is to visit a distributor in his home market to see his operation. This is not always possible, particularly for small or remote countries. A visit by a pre-screened candidate signals interest and initiative on their part.

Export Solutions database covers 8,600 distributors in 96 countries. This serves as a quick reference tool to check the validity and credentials of a potential distributor candidate.

Web 2.0 – Your New Export Sales Partner

Savvy exporters deploy modern web based tactics to identify new distributors and connect with global consumers. Most companies maintain a basic web site featuring an “international section,” but few sites are designed to promote export sales. Listed below are Export Solutions “Ten Tips” to unleash the power of Web 2.0 to drive new business in 2020.

1. Language Translation Software increases your Reach

Popular software from Babel Fish or Google can be installed on your site to translate your International page to multiple languages. These tools provide instant translations without formal redesign of the web page.

2. Code Your Site For Tracking Analytics

Available reports measure visitors by city/country, time spent per page, and key search phrases driving web traffic. Search Engine Optimization (SEO) raises your ranking with Google and Yahoo.

3. List Current Distributor Contacts

This makes it easier for potential customers and consumers to locate your brand in their home country. The distributor listing on your web page also reduces distributor inquiries from countries where you already have a partner.

4. Distributor Wanted Postings

Define countries where you are searching for a partner. Your “Distributor Wanted” section should sync with your Companies Distributor Selection Criteria. A sample statement could outline basic requirements such as “Beverage Company A seeks partners with significant beverage category expertise and demonstrated success marketing other international beverage brands. Distributor candidates must be highly motivated with countrywide coverage across all trade channels.”

5. Automate Process to Capture Distributor Candidate Credentials

Create an online template to summarize a new distributor candidate’s basic information: Company size, current brands represented, references, web site etc. Alternatively, you can develop a process to automatically email a similar template to interested candidates. Create an email box called newdistributors@yourcompanyname.com.

6. Establish an Intranet Portal for Existing Distributors

This password protected gateway serves as an entry point to a data warehouse of information. The Intranet could include product catalog, brand images, syndicated data, presentations, and a chat function to share ideas.



7. List Local Retailers Stocking Your Product

Basic approaches include a simple drop down menu stating now available at with names and/or logos of leading customers. Advanced applications include ability for consumers to search for retail stockists by postal code.

8. Product Request Form

An online product request form captures names and contacts of consumers interested in your brand. This information can be used to prioritize export expansion areas measured by level of inquiries. Upon entry into a new country, the product request data facilitates targeted marketing or to demonstrate to a retailer a level of existing consumer interest.

9. Publish an International Newsletter

This newsletter may share new product information, success stories, recipes, contests, or any other method to create engagement with distributors, retailers, and consumers. Tools such as Constant Contact make creation and delivery of online newsletters simple and cost effective.

10. Photos Add a Personal Touch

Pictures of the Export department team members add life to the international web page, particularly for small-mid size exporters. Other web pages include photos of the “Distributor of the Year” or senior manager visits to international markets.

Twelve Tips to Derail Export Diverting

1. Extensive Due Diligence on all New Distributors

Visit each new distributor's office and warehouse to calibrate the size of his business with other principals. This includes reference checks from existing manufacturer clients as well as from leading retailers in his home country. Run a Dun & Bradstreet or Equifax financial report.

2. Design a Distributor Fact Sheet

Require each potential distributor candidate to complete a one page template recapping their capabilities. Pay particular attention to sales turnover, number of employees, and references from existing brands handled.

3. Ship Directly to Distributor in his Home Country

Do not allow for distributor sponsored consolidation at a USA port such as Jersey City, Miami, or Los Angeles during the initial launch phase. Allow distributor pick-up at your factory only after your relationship and brand have been established for a year or more.

4. Label your Product in the Local Language

Stickers are acceptable only if it is done in the destination country or at your own in-house contractor.

5. Sell Only to Distributors Based in your Target Country

Avoid shipping product to foreign distributors with offices and warehouses in your own country. The goods have little incentive to leave local ports. Export Solutions Distributor Directory contains more than 8,300 local distributors in 96 countries.

6. Create an "International Package"

This could be multilingual label or a different size. One tactic is to label packs "Export Only." This reduces the risk of it being diverted back to the domestic market.



7. Establish an International Price Structure

A model could consist of export base price plus freight charges. This prevents one country from enjoying a price advantage.

8. Don't Believe Stories About Cruise Ships and Mining Camps

Sophisticated diverters come up with elaborate stories to convince you that your product will be sold to legitimate outlets. Is it really worth the risk?

9. Analyze Orders Versus Size of Country

Leverage technology to alert you to unusual order patterns outside of historical trends. Believe me, it is not possible that Greece or Bermuda are selling that much product! Analyze Nielsen consumption data versus shipments to the market, if possible.

10. Unannounced International Market Visits

Check retail outlets independently, without a distributor "tour guide" to confirm a problem. Visit distributor warehouses with short lead time to check inventory. Recently, I visited a distributor claiming to represent famous brands and found that many were missing from his warehouse or had less than 30 cases of stock.

11. Avoid Risky Countries with Low GDP

I am naturally suspicious about distributor orders from poor African nations, Jordan, Haiti, or Belize. Realistically, how many consumers in these countries can afford premium European or USA brands?

12. Watch Out: No Web Site

Perform a Google search on a new distributor. Virtually all serious companies have web sites or some internet references. A distributor without a web site in 2020 is either hiding something or too unsophisticated to grow your business. Also, beware of generic web sites that do not show basic information like brands represented. There are exceptions, but lack of a web site sets off alarm bells.

Export diverting is a serious issue at many companies causing distrust and lack of support for export programs. I admire producers that regularly follow the practices described above to "weed out" questionable distributors. When in doubt, offer the distributor your standard list price from your home country. Good luck!

Need a hand? Visit www.exportsolutions.com.

Ten Tips: Best Practices for Using Consolidators

Most companies partner with consolidators to source incremental business from tough to reach geographies. Consolidators are local companies that group different products from one country into one container. The consolidator then sells to a list of customers that may include distributors and retailers. Consolidator business is typically easier to handle, as you ship existing packages to a warehouse in your home country and receive payment in local currency. This practice generally functions well, but you must balance additional shipments with “loss of control” and “diverting risk.” Below are Export Solutions’ “Ten Tips” for building your business through consolidators.

1. Use Consolidators!

Consolidators represent an efficient route to market for new exporters, niche brands, or for hard to access regions such as the Middle East.

2. Fee Structure

Consolidators need to make money too! Normally, their fee is built into a cost calculation to the retailer or offshore distributor. 10% is an average consolidator margin, but there are many variables. Note that the consolidator margin plus an extra logistics stop will ultimately drive your price 15% higher to the consumer than a “direct to distributor” model.

3. Avoid Region Wide Appointments

Consolidators serve as options for islands in the Caribbean or small countries in the Middle East. However, you should rarely give them responsibility for bigger markets like Saudi Arabia or Puerto Rico. Better to deal directly with distributors in strategic countries. Use the cost differential to invest in brand building or lower retail prices.

4. Pricing

Typical pricing to consolidators is around 90% of standard list price. This will provide a discount to compensate for promotion pricing activity, but not a wide enough gap to risk diverting. Good consolidator partners will share a transparent price calculation model from factory gate to overseas store shelves.

5. Which Distributors Form the Consolidators Customer Network?

Part of your assessment process will be to analyze representative distributors used by a consolidator. You need to decide if the consolidator’s typical partners are a good fit with your brand representation requirements. Note: some consolidators “guard” their distributor lists. However, understanding their customers is a critical step in assessing their capabilities.

6. Reference Check New Consolidators

It is a standard practice to reference check consolidators. Many will accurately claim representation of famous brands. However, the scope of partnership may actually be quite limited. Ask references about years of partnership, results, and countries/brands in the consolidator coverage agreement.

7. Mark Packages “For Export Only”

Diverting discussions are significant distractions for most export managers. Consolidators may be tempted to divert, as they typically purchase standard packages and receive delivery in the



home country. Labeling packages “For Export Only” or even “Export” diminish the likelihood that your brand will be diverted and reduce complaints and accusations from your national sales team.

8. Beware of Local Laws

Consolidators are an integrated solution, which eliminates measurable paperwork and stress from an export program. However, this does not release the brand owner from obligations to comply with local laws on labeling and distributor contracts. Naturally, you should also maintain a contract with your consolidator to guide terms and conditions of your relationship.

9. Request Listing Maps

A frequent complaint is that manufacturer’s lose control of their export business when dealing with a consolidator. Brands receive market level shipment reports at best, with limited or no data on listings by retailer, pricing, or merchandising activity. Request that your consolidator provide a “Listing Map,” by country at least twice per year.

10. Periodic Visits to Consolidator Territory

Export managers should conduct market visits to leading countries managed by their consolidator. Check stores, meet with distributors, understand growth opportunities. These programmed visits are likely to be positive, but send a signal to the consolidator that you are an active partner.

Ten Tips: Making a Global Brand Local

International brands find a natural audience overseas with homesick expatriates missing their favorite Oreo cookies, PG Tips tea or Kuchenmeister cakes. “Ethnic” favorites must move beyond their base business as a niche American, Italian, or German product into the mainstream to achieve ambitious growth targets. Adoption as a local brand rewards the manufacturer with dramatically higher sales. My Irish wife swore that American icons such as Heinz and Kellogg’s were British brands because their labels stated “by appointment to Her Majesty the Queen.” It was probably the one time in our marriage when I was actually right. Listed below are my Ten Tips for Making a Global Brand a local “hero.”

1. Manufacture in Country

Pride is generated when a brand is produced locally. The factory employs people from the neighborhood and spends money in the community. It may be costly to open a dedicated plant, but co-packing is usually an option. This approach may also generate cost savings through the elimination of duties and overseas freight.

2. Label in Local Language

Frequently a manufacturer cuts corners by placing a sticker on a package or other minor fine tuning to comply with labeling laws. Producing your brand with local labeling sends a powerful message to the trade and consumer about your interest in their business. Warning! Display care with translations to avoid embarrassing mistakes. Google “Nova Spanish” if you need an example.

3. Promote Recipes Using Your Brand

A food scientist or market research company could study local food preferences

and your product portfolio. Are there options to incorporate your brand into traditional recipes? Nutella is finally gaining important traction in the USA as a breakfast spread, after years of niche status.

4. Create an Anniversary Event

Many brands have been available in foreign markets for 10, 20, 30 years or more. Why not design an anniversary event commemorating “25 years in the _____ Market.” Elements could include special packages, consumer contest, public relations, charitable donations, and a celebratory dinner for your retail customers.

5. Sponsor a Sports Team

Fans everywhere love their teams. Alignment and support of a local sports team yields dividends. A starting place may be sponsorship of youth leagues versus budget busting football deals.

6. Core Brand – Market Specific Line Extension

Consider adapting your core product line to meet local flavor preferences. Pringles built exceptional sales and excitement by launching innovative new flavors such as Jalapeno, Curry, Grilled Shrimp, Ketchup, and Pizza.

7. Sponsor a Charity Event

There are many worthy organizations looking for financial support for their programs. Normally, there are chances to gain visibility for your brand with sponsorship of an event. Pick a group that contains a meaningful link to your product or target consumer. Many supermarket chains have a favorite charity providing a route to collaborate with a trading partner for a worthwhile cause.



8. Co-Promotion or Co-Branding with Local Leader

Partner with a traditional local brand that has a long history in the market. For example, an international cereal brand could align with a local milk producer. Similarly, an international jam or marmalade brand might consider a joint event with a leading bread company. Co-branding is also a possibility, but reflects a long term commitment. For example, Post cereals markets a version of their famous Raisin Bran cereal which includes authentic Sun-Maid raisins.

9. Billboards and Radio Viewed as Local Media

Advertising or public relations agencies are experts at creating campaigns to build brand equity. Billboards and radio offer local execution and adaptation possibilities.

10. Brainstorm with your Distributor

Distributors are local marketing experts with a rich understanding of market and consumer dynamics in their country. Schedule an “off site” meeting in a peaceful location to brainstorm ideas for raising your brands profile with local consumers. This approach secures distributor participation and ownership of the program.

The evolution of an international brand from niche curiosity to local favorite requires time, energy, and investment. However, each activity will bring a step change in terms of local brand acceptance and sales. What can you do differently in 2020 to increase your brands local profile in export markets?

*Recipe: Best in Class Partnerships**

Ingredient	Brand Owner	Distributor
Results	Realistic expectations based upon investment/market conditions.	Achieve sales increase in excess of overall market growth.
Category Expertise	Share knowledge, trends, and category analysis.	Serve as local category expert. Educate the buyer.
Innovation	Constantly deliver important new product ideas to market.	Successfully launch new products into the market.
Investment	Appropriate Investment levels: marketing/trade promotion.	Optimize return on investment.
Store Presence	Create clear, realistic guidelines for in-store presence.	Share of shelf exceeds market share. Maximize visibility.
Ideas	Support market driven ideas to build the business.	Relentless pursuit of new and better ways to grow sales.
Reporting	Concentrate on Basics: Listing Map, Pricing, Merchandising Plan.	Complete reports accurately and on time.
Focus	Periodic market visits and “rapid response” to issues.	Appropriate level based upon brand size and opportunity.
Cost to Serve	Remember that distributors need to make money too!	Fair margin based upon brand size and complexity.
Recognition	#1 Fan. Frequent recognition of good results by all team members.	Strong commitment to exceed expectations everyday.

**Mix Well for Best Results*

Select Your Distributors, Do Not Let Your Distributors Select You!

How many emails do you receive a week from “distributors” wishing to represent your brand? How much of your trade show time is wasted on impromptu meetings with enthusiastic “traders” who make bold promises, but never order?

Why are we surprised when you search these companies on the internet to discover there is no information or a web site “under construction?” Many companies’ distributor networks contain these small, anonymous distributors who aggressively pursued a famous brand, but rarely deliver. Give them an “A” for effort, but distributor search must include proper due diligence of all potential candidates, not just the small one chasing you.

Do you believe that the best distributors are waiting in line at trade shows or speed dialing export managers? The most powerful distributors are busy building brands for their existing partners. However, all distributors are open to representation of new companies. In fact, many of the more strategic distributors assign a brand manager to new business development. This senior person is dedicated to evaluating new company representation inquiries like yours.

Hiring the right local partner is the third most important step in optimizing your sales. This follows creating a differentiated product and willingness to invest in marketing support. Listed below are some practical tips on selecting the right company to optimize your business in a new country.

Identify a Pool of Preliminary Candidates

Create a large group of potential candidates. This could include distributors or local producers of related products. Include qualified candidates that have emailed or visited at a trade fair. Highlight companies that are specialists in the market sector that you are aiming at. Export Solutions streamlines this process with our industry leading distributor database containing an average of 79 distributors (large and small) per country.

Establish Partner Selection Criteria

What are the key attributes of your most successful distributors? Category specialization? Multi channel coverage? Synergy with related brands? Choosing a large “Best in Class” partner versus a “Small, Hungry” company willing to pioneer a new brand is an important preference.

Determine Candidates Preliminary Interest Level

Send a brief summary of your product proposition and company credentials to the 5-10 most promising candidates. An immediate follow-up phone call to your top candidates is an appropriate personal connection. Distributors expressing an interest should complete a brief company overview recapping their corporate capabilities: Sales, Coverage, Key Principals, etc.

Schedule a Meeting in the Candidate’s Office

Interview at least three candidates depending on the size and scope of a project. Schedule the meeting 4-6 weeks in advance. Provide a specific agenda at least 3 weeks in advance, including pre-work such as category market analysis. Meet the distributor’s team that would work on your business, as well as senior management. A distributor’s office provides clues on company culture, scale, and capabilities.



Prepare Distributor Assessment Grid

Create a list of key questions to ask each candidate. Topics could include local category dynamics, cost of entry, and distributor success stories. Create a standard grid to evaluate and compare all candidates on a common platform. Contact us for our free Distributor Search Guide with assessment grids, agendas, sample questions and templates for every aspect of the distributor search process.

Independent Evaluation of Candidates Performance for Existing Brands

Visit supermarkets and other retailers to observe category conditions. At the same time, evaluate each candidate’s performance for his existing clients. Do his current brands maintain a strong presence in the market? Or are his brands hard to find on the shelf? Complete these visits to leading retailers independently, as an accompanied trip may lead you to check stores which may not be representative of marketplace reality.

What is the Distributor’s Plan?

If selected, what is the distributor’s Year One plan? Customer targets, price calculation, marketing plan, volume expectations? Timeline and benchmarks? Key issues? Resources required? Does their plan align with your vision and the size of the market opportunity?

Reference Checks Represent an Important Next Step

Request references of 5 of the distributor’s top 10 clients. Call at least three references and request insights into performance and capabilities. Acknowledge that these are likely to be positive references, but they always provide significant value. Run a Dun & Bradstreet or other type of credit report on leading candidates. See Distributor Assessment template on page 5.

Future

Companies conduct rigorous assessments before hiring new employees. A higher level of intensity must be displayed during the distributor search process. When you choose a distributor, you are selecting a whole team to represent your company in a country, not just one individual.

Export Solutions’ Motto: **Select your distributors, do not let your distributors select you.**

10 Tips: Mandatory Distributor Warehouse Visit

How often do you visit your distributor's warehouse? Brand owners should inspect their distributor's warehouse at least once per year and always before the start of a new business partnership. Warehouses serve as the nurseries/creches for where our precious new products are stored while the commercial team generates sales. Warehouse managers are custodians of our sales inventory and companies need to insure that their brands are in good hands while awaiting sales.

Listed below are 10 Tips on productive distributor warehouse visits.

1. Confirm Accurate Stock Levels for Your Brands

Does warehouse inventory reconcile with distributor stock reports? How many cases are there versus agreed to weeks supply targets? Six to eight weeks of stock is typical for overseas brands. Walk down every aisle and check every one of your SKU's.

2. Identify Problems

A warehouse visit may reveal overstock or understock conditions. Similarly, you may spot a case of poor sales rotation or goods approaching expiration date. A common problem is the discovery that a warehouse may not adhere to a "first in, first out" method of stock rotation. Examine cases to look for damaged goods.

3. Warehouse = Window Into Distributor's Real Business

Warehouse inventory levels paint an accurate picture of the distributor's real business profile, not what the pretty PowerPoint presentation tells you. What brands are stocked? What are they selling? I remember one distributor interview included bold claims about representation of famous companies. The warehouse revealed one pallet of one small SKU from the famous manufacturer. Another interview for a distributor claimed representation of fifty world famous brands. The warehouse check showed that 50% of business was on a local commodity item and most of the foreign brands had only 20-30 cases of stock.

4. Outsourced Logistics Providers

In certain countries, distributors outsource logistics to another third-party provider. This is a mixed message for a manufacturer. From one standpoint, this frees up distributor management time to focus on brand building. Also, there are excellent logistics providers that specialize in "best in class" practices. On the other hand, the distributor has sold his logistics contract, sourcing a fat fee for his business. Also the external logistics provider needs to make a profit, so you wind up with another margin line item in your calculation. Request a warehouse inspection, even if it is managed by a third party.

5. Get to Know the Warehouse Manager

Every business runs into supply chain problems at some point in time and its positive to know the person in charge. Bring him a shirt or other gift with your company logo and he will be your friend for life (or at least until the next problem!).



6. What are Distributor's Service Levels?

Most buyer's first concern is sales rotation. Their second metric is service levels such as stock levels, fill rate, and inventory turns. Your distributor's adherence to retailer's supply chain scorecard objectives reflects on your brand, sales performance, and distributor's reliability as a provider. What are the distributor's KPI's? Are they tracked automatically or manually? How are they doing?

7. Appearances Count!

Is the warehouse clean or dirty? Does it appear to be logically organized? Is it busy or "asleep?" These clues send an important message on the overall status and culture of your distributor partner.

8. Understand Distributor Value Added Services

Many distributors provide value added services in their warehouse. This may include creation of promotion packs, stickering or special pack displays. You may discover distributor capabilities that you were not aware of.

9. The Heat Is On?

Products require different storage conditions. Obviously frozen and chilled items require temperature control. Confectionery products require different climate standards. Health and personal care items may ship in units versus cases. In other situations products like insecticides cannot be stored (or shipped) with food products. What is the compliance level versus the storage standards for your products?

10. Alignment With Expectations

Ultimately, a successful warehouse visit should match your business and expectations. If business is good, the visit demonstrates your interest in the distributor's total company and team. Request a visit just to say "thanks." If your business is declining, the warehouse is a perfect place to dig into what the real situation is at the distributor. Sales to the customer begin the moment your brand leaves the distributor warehouse floor. A periodic inspection will insure that your brand looks its best in transit to the store shelf.

Currency Exchange – Tough Tactics for Tumultuous Times

Dramatic currency gyrations wreak havoc with retail pricing around the globe. Strong USA dollar, weaker Euro, devalued China RMB, and cratering pound. These lightning fast moves on currency exchange may require six months or more to wind their way through the supply chain. Some distributors devote more time to serving as f/x traders versus brand builders. Unfortunately, most export managers are distanced from the problem until receiving an urgent call from a distributor who faces passing on a 10-20 percent price increase to his customers. Listed below are Export Solutions' "tough tactics for tumultuous times."

Higher Prices Mean Lower Volume

Emerging market currencies usually move in a weaker direction. This translates to higher shelf prices. Citizens in these economies rarely experience wage increases in parallel with inflation. Most consumers tend to reduce purchases of overseas products as they become luxury items. Exporters need to calibrate "how much pain" they are willing to endure in terms of lower volume.

Prices Only Go Up, Never Down

Permanent price declines or rollbacks are extraordinarily difficult to execute. If your currency weakens, retailers and distributors don't pass on lower net cost. It is common practice for them to try to maintain retail shelf prices and capture extra margin. Savvy brand owners skip the price rollback and invest in heavier promotion levels or enjoy higher profits.

Conduct Monthly Price Surveys

In countries of extreme price fluctuation, best to schedule monthly price surveys of your brand and the competition. Request that distributors use the same store base every month to avoid regional differences. Online grocers allow us to monitor country pricing from our desktops, miles away from overseas markets.

Retailers: Once Per Year Price Increases

Many retailers accept price increases only one time per year. This may occur in conjunction with annual negotiations. Other retailers demand ninety days advance notice. Sometimes "borderline" brands encounter customers who simply refuse to accept price increases. Ultimately, this puts tremendous pressure on distributors who may be facing price increases from multiple suppliers

Country	Unit	Rate 1	Rate 2
JAPAN	1	0.00700	0.07200
CANADA	1	5.36340	6.02430
INDONESIA	1000	0.48450	0.70620
NEW ZEALAND	1	4.83290	5.53370
VIET NAM	1000	0.29640	0.43330
SWITZERLAND	1	7.20540	
UNITED ARAB EMIRATES	1		

What's Fair? – Peg Rate

I advocate a model where currency is pegged to an exchange rate at the beginning of the year. Distributor and brand owner agree to "swallow" price swings of the five percent in either direction of the peg. If the currency breaches five percent threshold, then both parties review the formula and assess options.

Bank Rate Versus Distributor Rate

A key metric to investigate is the distributor exchange rate in his calculation versus the actual bank rate. Many distributors seek to insulate themselves by building in a five to ten percent protective cushion. Guess what? If the currency doesn't move, the distributor just made an extra five to ten percent on your brand, starting from the landed cost line!

Sell in Local Currency

This forces large manufacturers to accept the risk or benefit. This insulates smaller distributors who may not enjoy similar capital reserves as their larger principals. This approach works especially well with European brands selling to the USA or vice versa.

Competitive Activity

Frequently, all category players experience similar input cost increases such as raw materials. Competitors may use the window to hold prices low to gain market share. Others may eliminate promotional spending. Ultimately brands elect a certain price positioning in a country and should strive to stay within the desired range.

Document Price Change Rationale

Retailers provide strict challenges to those requesting price increases. Supply them with hard facts on costs of raw material, currency exchange, transportation and other factors. Retailers with substantial private label programs face similar pressures on their own private label, so they are not blind to the situation.

Watch Credit/Receivables

Distributors pay their suppliers in advance of receiving payment from local customers. Distributors invoice in local currency and wait for repayment. During periods of currency fluctuation, the typical sixty day float could result in a five percent reduction in receivables. Across a broad portfolio of brands, this could spell trouble for a distributor. Run credit reports and monitor days outstanding trends.

"Helpers" are Heroes

A trusted distributor who has delivered consistent results is worthy of your help! In the past, I have witnessed the USA dollar appreciate more than fifteen percent versus the Mexican peso and Canadian dollar. Best approach is for both partners to "roll up their sleeves" and engage in an open discussion around transparent examination of the facts. Distributors are entitled to a reasonable profit. A manufacturer who helps absorb the pain during a "currency crisis" will be remembered as a true partner when the situation stabilizes.

Ten Tips: How to Minimize Listing Fee Payments

Slotting allowances, listing fees or as the Irish say “Hello” money are all real estate rental fees charged in advance by retailers for access to their limited shelf space. Many retailers assign their buyers “budgets” for this type of incremental fee income. Store owners seek to obtain maximum productivity from each shelf facing and fixed entry fees are a tactic to gain immediate income from new products without an established sales history. At the end of the day, it’s a cost of doing business. Our objective is to allocate as little money as possible to listing fees to redirect our investments to consumer awareness and trial generating activities. Recapped below are Export Solutions’ Ten Tips on minimizing listing fee payments.

1. Exclusivity

Some large retailers will waive listing fees in order to achieve first in the market status with an exclusivity arrangement. Normally, this extends for three to six months. Beware, you may upset other customers who become “locked out” during the exclusivity period.

2. Pay Fees Over One Year

This approach reduces your initial outlay and also increases the likelihood that the retailer will keep your product on the shelf for at least one year. This may also allow you to structure the payment as a percent of case cost versus a “lump sum” payment.

3. Free Goods

Our net cost of “Free Goods” may range from 30-50% of a product’s retail price to the consumer. The retailer recoups his listing fee when the product is sold. Some retailers are hesitant to accept this option, as a slow moving brand may force him to wait to receive his money.

4. Approach “Non-Slotting” Fee Retailers First

Every country includes retailers and channels that do not demand slotting fees. Create a success story with these customers first. Your track record may validate the larger investment in paying the fees at a bigger account or success may help you negotiate more favorable terms.

5. Create “All Inclusive” Annual Plan

Ultimately, the retailer has many “profit centers” to reach their internal financial targets. Customers respect a solid, year one plan, with investments in their other programs like advertising, sampling, shelf rental and display. You may secure your product listings as part of your annual agreement.

6. Negotiate Reductions – Multiple Items

My experience is that many retailers have published standard prices for listing fees. However, net payment often depends on your distributor’s clout. Big distributors, representing multinational’s and a wide variety of brands know the difference between what is requested and what is really paid on high profile brand launches where the retailer needs the new brand to be competitive. The most frequent “discount” is receiving a reduced fee for multiple items: example, paying a full listing fee on first two items and receiving authorization for two extra items as part of a group listing.

7. Retailer Entertainment

Most countries still permit buyers to socialize with suppliers. The cost of a few tickets to a high profile sporting event is far less than most listing fees. A VIP plane trip to view your factory or your category in a “resort” country is another way to gain access to the shelves without writing a big check.

8. Higher Everyday Margin

Total category margin is a key assessment metric for most buyers. Some may consider a lower listing fee, if your brand delivers a margin higher than the category average.

9. Distributor Contribution

Some “hungry” distributors may cover or co-fund listing fees. There are options to “case rate” fixed fees into the distributor margin calculation. Ultimately, distributors benefit from increased sales and margin contribution from a new product listing. However, many are reluctant due to short term contracts. Most maintain policies related to brand owners retaining 100 percent responsibility for listing fees and consumer marketing activities.

10. Beg! Claim Poverty

Buyers are human and realists too. They may “bend” in their demands if they like your brand and know that you represent a small company. Long term distributors can request the occasional “favor” from a friendly buyer. Most retailers have programs to provide “low cost” chances to entrepreneurial new or local suppliers.

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Six Questions Regarding your Distributor Pricing Calculation

Pricing is a critical element of our marketing strategy. The "calculation" defines all pricing inputs from a designated port to the retail store shelves. Brand owners and distributors invest significant energy developing a pricing model during initial negotiations. My experience reveals that the calculation tends to drift over time, fluctuating from the original guidelines. This is natural, given changes in cost to serve inputs. However, the calculation represents a fundamental ingredient to brand success. Brand owners should review current models to ensure an understanding of pricing for each country.

1. Do you possess your current pricing calculation from each market?

Many brand owners do not have current price calculations. In some cases, distributors are reluctant to share them. The price calculation, with suggested retail price, should be matched with a retail price survey. This will allow you to compare (not control!) the official model with "retail reality."

2. What inputs are included in the price calculation? Any extra costs?

There are no standard price calculation models, even within the same country. All distributors employ unique methodologies. The key is to understand what is included and what inputs are not included. You will also need to request definitions for some line items. For example, financing in one model could be based upon a Bill of Lading date in one scenario and delivery date in another.

3. What services are included in the Distributor Margin?

A financially healthy distributor is a good partner. Distributors are entitled to fair compensation for their work on your brand. It's critical to understand what services are included in a distributor margin. For example, in some scenarios, a distributor offers a flat, "all inclusive" margin. In others, they may offer a lower margin, but add an "admin" fee or profit allocation in addition to the distributor margin. Are distributor margins the same for all products in your portfolio? Does the distributor margin change if you double or triple your sales?

4. Who pays for Trade Discounts and Promotions?

In many cases, the manufacturer covers 100% of these brand specific investments. In other models, the costs are covered by



the distributor or split. The key is to understand who is responsible and what is the planned investment. There is a big difference in a distributor funding 1-2 small promotions per year and funding monthly, high value, deep discount promotions.

5. How are price increases managed?

Price increases are a common activity in our business. Manufacturers need to adjust prices to reflect fluctuations in raw material costs, promotional support, and competitive activity. Manufacturers should understand that some distributors act as "single vendors" to a retailer. In some cases, distributors can only implement pricing actions once per year. In other cases, distributors may apply price increases (or decreases) against all the brands in their portfolio.

6. How do you handle Currency Fluctuation?

This represents a critical point in certain countries and at times emerges as an issue with worldwide implications. For example, the euro/dollar exchange rate has fluctuated from .83 to 1.60, settling around 1.12 as of today.

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