

Export Express

Insights to Accelerate International Expansion



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

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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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Distributor Management Guide

Export managers spend our lives working with our international distributor networks. Our days are filled with meetings, emails and phone calls discussing shipments, new items, and promotional activity. There is a definitely a "science" to our methods for partnering with distributors.

Export Solutions' *Distributor Management Guide* seeks to capture strategies, techniques, and templates that we use to build international businesses. Much of the material will be familiar, if not forgotten for many export managers. This 96 page *Distributor Management Guide* serves as a reference tool for all export managers and a gentle reminder of good ideas that work.

These insights represent Best Practices from some of the 300 projects I've



completed across Europe, Asia, Middle East, and the Americas. Export Solutions' newsletters and handbooks represent the collective thinking of more than 8,700 export managers and government trade groups that form my network. I try to learn something new from every company that I work with and every distributor that I meet. Like our ideas? Contact us to take your international business to the next level.

Greg's Guidance: Distributor Management

- ✓ "Distributor Respects what the Brand Owner Inspects."
- ✓ "What's Measured is Treasured."
- ✓ Judge distributor success by in-store visibility for your brand, not only containers purchased.
- ✓ Visit stores independently without your distributor to observe realistic market conditions.
- ✓ How much money does a distributor make for servicing your brand?
- ✓ Track the number of countries where you have the #1, #2, or #3 brand, not the total countries you sell to. No one is impressed if you sell to 70 countries, but your volume totals 1-2 small shipments per year in most of them.

Twelve Tips: Generating Game-Changing Results

How can you take your business to the next level? Export is not easy and managers are constantly challenged to create miracles. Game-changing results demonstrated by sales increases of 20 percent, 50 percent or more require aggressive strategies, not just a repetition of last year's promotion program.

Read Export Solutions' 12 tips (20 percent more than 10 tips!) for driving exceptional results.

1. Big Bet – Focus Country

Pick one mid-size country where you have a decent business, but significant potential to grow. Test a "heavy-up" marketing investment program. Invite the distributor to visit your headquarters to meet senior management and secure commitment for delivering the "stretch" plan.

2. Dedicated Brand Manager at Distributor

Fund a dedicated brand manager "in house" at your distributor. This person should maintain a dual reporting relationship to the distributor and you. Your exclusive manager will immediately identify issues (and solutions) and supply laser focus against priorities. Allocating a budget for a "junior" brand manager may pay out.

3. Mergers and Acquisition

Consider buying a local category competitor. This may increase your scale and provide access to resources such as factory or a direct sales team. "If you can't beat them, buy them."

4. E-Commerce Focus

E-commerce represents a different sales channel. We've viewed cases where a brand is a "sales hero" in e-commerce, but not available through conventional supermarkets or pharmacies. E-commerce sales may be highly incremental.

5. Costco Global Deal

Costco ranks as a global retailer, with 2019 sales expected to reach around \$150 billion. Costco operates 770 stores, including 245 high volume outlets outside the USA. Costco loves exclusive, "mega pack" offers and can purchase large quantities centrally for the USA or certain international regions.

6. Celebrity Endorsement

Millennials are glued to their phones, waiting for the latest news to cross their Instagram feed. Hire a local agency to snare celebrity endorsements or mentions from popular bloggers.

7. Drop Your Price

How much incremental volume would you generate with a 20 percent price drop? 30 percent? In some cases, your distributor will share or co-fund a meaningful price reduction. The incremental sales and fatter market share may represent a good return on investment.



8. Co-Promotion

Link with a famous local brand in an adjacent category. Challenge your distributor to offer a group promotion with several of his brands. I have observed promotions where you buy one brand with a higher price point and another brand (could be yours) is given away free and the other manufacturer reimburses you for your wholesale cost.

9. Sales Contest

Everyone loves a sales contest! Feature an expensive prize like a trip to a resort destination or a big screen television and watch your reps sell like crazy.

10. Local Co-Packer

In-country production may translate to more competitive prices by avoiding duties and dealing with local cost inputs. In other cases, consider shipping in bulk and packing finished goods on site.

11. LTO – Limited Time Offer Pack

Create a special pack with vintage labeling or celebrating a local sports event. I thought that the "Share a Coke" campaign with personalized bottles was outstanding.

12. Monthly Market Visit

Most export managers rely on periodic visits to measure distributor progress. This prevents a "deep dive" into the issues and familiarity with your brands performance outside the capital city. Select a country like Saudi Arabia, Peru, Philippines or Malaysia where visit frequency can impact results. "A distributor respects what the brand owner inspects."

Looking for Good Distributors?

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8,600 distributors in 96 countries.

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Export Solutions
Distributor Identification Experts

Distributor Performance: Recognize the Leaders, Push the Laggards

The start of a new year is an appropriate time to review distributor performance. This process starts with the evaluation of the usual metrics such as shipment results, market share, and success delivering new item placement. Normally, distributor performance ranges across the spectrum from outstanding results delivered by top distributors to under-achievers who fail to meet their shipment budget. Each scenario warrants a different approach in terms of managing for the future.

Distributor Segmentation		
	Results	Next Steps
Leaders 20% of total	Shipment increase of 10% or more. Growing Market Share. Innovative Strategies.	Recognition: Public & Financial. Invest in team generated ideas. Share learning with other markets.
Performers 60% of total	Shipments + 5% and in-line with overall market growth. Consistent results over many years.	Support current growth trajectory. Challenge to reach "Leader" status.
Laggards 20% of total	Flat/declining shipments. Poor results for 2+ years. Low energy/innovation.	Probation status for existing partner. Evaluate different representation options. All markets have alternatives!

Distributor Segmentation Analysis

A valuable exercise is to segment your existing distributors into the three groups: Leaders, Performers, and Laggards. Look at the organizational models of your "Leaders" and Laggards." Are there consistent threads between the business specialization of your distributor network? For example, do you find that your "Leaders" are all Large Distributors (versus small), Big Brand Distributors (vs. niche), Category/Ethnic specialists (vs. all types of Food), technologically savvy versus "old school?" A similar analysis should cover your "Laggard" distributors. Are under performers small organizations that fail to meet your requirements? Or alternatively, large distributors where your brand is too small to gain sufficient attention? Your analysis may reveal that one type of model works well for large or adjacent countries while another approach works best for smaller or remote countries. Look for the trends!

Lessons Learned

Completing the distributor segmentation exercise described above should yield some important conclusions on the best partner models to pursue for your brand. For example, an Italian manufacturer of candy may confirm that his best performing distributors are international confectionery experts, versus distributors specializing only in Italian products. On the other hand, an ethnic Asian food producer may find that the best candidates to represent his brand are Asian channel specialists versus distributors that represent all types of fine food categories such as Tea & Olive Oil.

Next Steps

Honor your leaders and drive them to higher levels. Recognition such as Distributor of the Year, visits with your company CEO, or requests to deliver a presentation on their "success story" are inexpensive motivators. "Laggards" impact our own ability to achieve our personal objectives. We often like the people who work at "Laggards", but at times, you must act to protect the long term interests of your company and pursue a change in distributors. It is important to recognize that all companies have distributors that are "Leaders" and "Laggards." Proactive attention to fix the "Laggards" will only improve your results versus suffering through another year with a poor performing partner.

Export Solutions Can Help

Our industry leading database has been used by more than 2,700 brands to locate partners in 96 countries. This includes an average of 79 unique distributors per country. There are always many alternatives to consider in every country when you have access to the Export Solutions database.

Export Solutions serves as a consultant to European and American brands of all sizes. Our work includes analysis of distributor networks and development of strategies for motivating, measuring, and rewarding distributors. Export Solutions has helped companies identify, interview, and sign distributors on every continent. Contact Greg Seminara at gseminara@exportsolutions.com to discuss your project. Our motto is "Spend time Selling to Distributors vs. Searching for Distributors."

Ten Tips: Getting Better Results with Big Distributors

I admit it: I like big distributors. They feature more critical mass which allows them to invest in people and technology. Retailers and large distributors are “co-dependent,” leveling the playing field. Also, big distributors get paid first during financial crisis and usually offer better multi-channel coverage and retail services. However, many small/mid-size brands feel lost at a big distributors, securing mediocre results and failing to access the massive distributor’s resources. Listed below are Export Solutions Ten Tips for “Getting Better Results with Big Distributors.”

1. Develop a Personal Relationship With Your Distributor’s CEO

Call him a few times per year. Invite him to dinner or a high profile sporting event when you are in town. Send him a good business book. Stay top of mind.

2. Focus on 2-3 Priorities

Provide a limited number of specific, measurable objectives that are critical to the delivery of your annual business plan. Many companies bombard their partners with a myriad of priorities, forms, and requests diluting focus. Instead position communication, reporting, and activities in context of the 2-3 tasks that must happen.

3. Invest in Distributor Sponsored Events

Large distributors offer the possibility of co-promotion with their other brands. Frequently, a mid-size brand may be able to gain promotional activity at a reduced cost due to the scale of their distributor partner.

4. Evaluate Your Distributor Brand Manager

Your distributor brand manager is your primary point of contact. If your business is not growing, this could signal a need for a change in brand manager. Two scenarios exist. In some cases, you may have a senior brand manager with too many brands and no time for you. In these cases, it may be better to shift to a junior brand manager with more bandwidth. In other cases, your contact may be too junior, with limited organizational clout to get things done. In this example, you may fare better by changing to a more veteran brand manager.



5. Spend Time With the Field Representatives

I am an advocate of escaping distributor conference rooms for the hustle of the stores. Spend time with the sales representatives visiting their customers and stores. The field team is frequently ignored by export managers, but serves as the engine of the distributor. Take them to lunch, listen to their problems, understand their business, give them a gift with your company logo and they will be your dedicated warriors for life.

6. CEO Market Visit

Invite your CEO or other senior executives to visit the market. Distributor CEO’s love to “rub elbows” and solve the world’s problems together. You’d be surprised at the number of market issues that will disappear in advance of your CEO visit. It’s also a good idea to invite your technical experts in information technology or supply chain to visit. Big distributors love to learn best practices from their overseas suppliers.

7. Create a Distributor Advisory Council

Invite a select group of large distributor CEO’s to advise your company on international development. Meet twice per year a year, with at least one event at a resort location. This allows your large distributors to build relationships with your senior team in an intimate setting. All members of your Distributor Advisory Council will achieve their annual objectives!

8. Sales Contest

Create some excitement with a sales contest for the entire distributor team. Make it fun and structure it to maximize winners. Find a way to include all the “non-sales” people if you can.

9. VIP Visit to Corporate Headquarters

Treat your distributor as a VIP 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 new product development laboratory and organize a meal with your CEO or executive officers. Make him feel like a member of the family.

10. Distributor Awards

Recognize your high performing distributors with an award. This could be Distributor of the Year or for achieving \$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.

In most cases, large distributors have achieved scale through years of hard work and success. Most suppliers maintain a mix of large and smaller distributors. Veteran export managers will confirm that good results are possible with distributor organizations of any size. The key is to align yourself with a committed partner who loves your brand and is delivering shipment growth consistent with overall market trends.



Is the Store a 10?

"The shelf doesn't lie!" Why are you surprised when a distributor misses their sales numbers and you perform a few random retail checks and the stores look awful? Or your "star" distributor proudly brings you to supermarkets where your brand's presence looks better than the sample display you built in your headquarter office?

A classic question is "how do you determine a good store from a bad store?"

Some multinational leaders feature well defined shelf guidelines for positioning and placement and the pursuit of a "perfect store." A more common practice is for an export manager to share a pretty photo of a sample shelf layout, created by the marketing department. A few general objectives are supplied, but no formal training, sales rationale or KPI measures.

"Is the Store a 10?" is a tailored program from Export Solutions that succeeds in providing simple shelf standards and a methodology so that every member of a distributor organization will be crystal clear on store level performance expectations. Basically, each store is graded with points awarded for assortment, shelf space, shelf positioning, pricing, and off-shelf display.

Listed below are key elements of developing a "Is the Store a Ten?" program for your distributor teams.

1. Develop Clear Standards

Award points based upon a "physical count" of authorized items or shelf facings or answers to a "yes or no" question. Example: Is there a secondary display? Create a simple 10 point scale, where a "1" is poor and a "10" is the best.

2. Align With Key Account and Retail Sales Teams

This initiative is best explained to key influencers in the distributor organization in-store. Meet with them at a supermarket and discuss program execution for their customer or market. The program will fail if you only discuss it with a brand manager or distributor CEO at the office.

3. Conduct Training Session

Share the program with the entire retail team. Provide a rationale and sales facts for our objectives. Provide FAQs on common questions or issues. Role play. Launch a "Is the Store a 10?" shelf drive with prizes. Establish clear KPIs.

4. Measure Improvement: Today a "5" ... Tomorrow?

It is likely that early scores may be closer to a 5 than a perfect 10. This is okay in most cases. The goal is to incorporate a cultural shift in evaluating stores and capture improvement

5. Planogram Serves as the Official Record

I love the distributors that flood us with photos of great store layouts. I swear that sometimes the image is the same display taken from several different angles. Validate performance with a copy of the approved planogram or schematic.

A 2020 objective for all is to escape the boredom of hot conference rooms to spend more time witnessing retail reality. Export managers are paid on container sales, but this represents only warehouse inventory. A store shelf is where export dreams are translated to retail revenues. Contact me to discuss implementing "Is the Store a 10?" for your company.

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People Power: Distributor Brand Managers

Brand owners demonstrate significant due diligence in selecting a new distributor. This includes lengthy negotiations with the distributor's owner and development of a marketing plan with their senior management. Typically, you sign a contract and then they introduce you to "John" (example), a 30 year old Brand Manager who will be your first point of contact. In reality, most brands are in daily contact with "John," but do little up front to evaluate, select, or define "John's" role in building your business.

Role Definition

Normally, the title of Brand Manager is assigned to your primary point of contact at the distributor. This person serves as the central switchboard of all elements regarding your brand's business at the distributor. Problem solving, logistics issues, promotion planning, and chasing payments are just a few of the everyday tasks assigned to the Brand Manager.

Can your Brand Manager "Move the Organization?"

A key issue is the seniority of the person assigned to your brand. Are you working with a top manager who has a close relationship with the CEO? Or are you working with a junior person who works hard, but basically maintains the flow of paper? In most cases, I look for a person that commands the respect of the distributor organization. Many distributors have multiple brand managers, all lobbying for share of voice from the team. "Best in Class" Brand Managers possess the tenacity to motivate the sales organization to achieve the results and priorities required for your brand.

Workload

Brand Manager workload is always a key issue. A Brand Manager may be shared by 3-5 brands. This approach may be acceptable if you are a niche brand and you are achieving desired results. On the other hand, it is frequently preferable to secure a dedicated Brand Manager who spends 100% of their time working on your business. Exporters need to recognize that Brand Managers cost money, so your contact's workload is directly proportional to the income generated by your brand.

Marketing Versus Sales Background

Brand Managers typically come equipped with a marketing degree. This background is helpful if your brand requires a "classic marketer," combining creativity with deep focus on the consumer. In other situations, Brand Managers with sales expertise prove to be adept at participating at key account sales calls and understanding the best methods for working with the sales force.



Compatibility

Do you like your Brand Manager? Most companies spend extensive time working with their distributor Brand Manager contact. You must be aligned and develop a healthy working rhythm. This can be difficult, as you share common objectives, but report to separate bosses and perhaps different incentives. In many cases, a brand owner develops a strong personal relationship with their brand manager. This can be unhealthy if they like their contact, but let this relationship continue even if results are poor.

People Power: Next Steps

A strong Brand Manager serves as your "Brand Advocate" at the distributor. Export managers need to include assessment of their potential Brand Manager as part of the Distributor selection process. Ask "Who will be my day to day contact? Why? Other choices?" Avoid "paper pushers" that are nice people and can complete forms but offer few new ideas, complain about being overworked and fail to capture the attention of the sales force. Winning Brand Managers bring energy, new ideas, and results to your brand. Recognize Brand Managers who maintain the skill set to take your annual plan, add creative ideas appropriate for their market, and drive the sales organization to deliver the results!

Greg's Guidance: Export Strategy 2025

- ✓ What are your Lessons Learned?
- ✓ What are your Core Competencies?
- ✓ Which countries offer exceptional growth for your category?
- ✓ How much is your company willing to invest? Marketing, People, Promotion
- ✓ What will our organization need to do differently?
- ✓ What are realistic measures and benchmarks?

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.

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to discuss your business development project.

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Next Level Business Management

A client asked me a good question. This Export Manager stated that he always achieved his shipment objectives, sold his brand across all countries, and maintained a pretty good group of strong distributors. What strategies could be implemented to drive his business to the next level? My immediate response was that this company needed to adopt the rigor and discipline employed in hitting their sales quota and apply this approach to metrics around the causal factors that drove in-store purchases. At Export Solutions we call this methodology "Next Level Business Management."

Factory Sales = Warehouse Inventory

We are all focused on surpassing our shipment objectives. In many cases, we meet these expectations by shipping inventory to our distributor or a customer's warehouse. True sales are achieved when a consumer purchases our product and the retailer needs to reorder to replace store inventory.

Supermarket Shelves – Product Showroom

Supermarkets and other retailers serve as the showrooms for our brands.

An attractive showroom, with well displayed products and an invitation to buy, encourages purchases. How do your store showrooms look? How do you measure a good store versus a bad store?

Introducing MAPS Metrics

MAPS is an acronym for Merchandising, Assortment, Pricing and Shelf Management. The basic concept of Next Level Business Management is to establish clear objectives, focus, and tracking methodology around the fundamental drivers of in store performance. The theory is that by improving MAPS performance, you will improve in store sales turnover and force sales replenishment throughout the supply chain.

Assortment – First Priority

In-store presence can not be tracked until an item has been authorized for sale at a retailer. Our first tool and step is normally centered on managing a one page listing map (see page 19 sample). This allows you to track your all items' penetration at leading retailers. You can establish a customer weighting, by size, and a listing percentage reflecting total market coverage. It is important to understand what percent of a retailer's stores where you are authorized. I remember the



famous story of a British brand whose partner claimed distribution at Walmart USA. Further investigation revealed them selling to only 45 of 3,570 Walmart Supercenters.

Shelf Management & Pricing

What does an ideal shelf set look like for your brand? How much space do you have relative to your category market share? Are you on the eye level shelf? Are you placed next to your prime competitor if this is desirable? Is your brand priced at parity versus a similarly priced competitor? Is the price gap versus private label within the targeted range? Has the retailer applied an equal margin across all of your line extensions? These are all tangible measures that may be tracked via a numeric response or "yes" or "no" answer.

Quality Merchandising

Incremental sales are driven by special investments in promotional activity. Next Level Business Management quantifies quality merchandising drivers and assigns measures. Did feature ad meet targeted price point? Was there a display? How many cases were on the display? Was the feature ad a "major ad" or a small line mention? What percent of your allowance or discount did the

retailer reinvest in a lower price? Was there a secondary display or location in the store? These are all critical elements that can be tracked and evaluated.

"What's Measured is Treasured"

"The distributor respects what the brand owner inspects." "What gets measured gets done." These are all famous slogans with the same basic message: track something and a distributor will try to meet expectations. The basic idea is to measure a distributor based upon more than just shipment numbers. In general, begin with metrics around Assortment, and then move to other areas such as Shelf Management, Pricing, and Quality Merchandising where the distributor may have opportunities. Do not inundate the distributor with new metrics around every aspect of their business.

Next Steps

Export Solutions has expertise at deploying Next Level Business Management programs with leading international brands. We have the experience of designing metrics for your brands and sharing techniques for rolling this program out to your sales force and distributor teams. Contact us for help in applying our Next Level system to your export business.

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.

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.

Export Lessons Learned Template **Why are Countries Leading or Lagging?**

(Complete based upon your company performance)

	Leading Countries	Lagging Countries
Country Performance: Measure: sales per capita		
Brand Development: Measure: market share		
Biggest Opportunity Countries: Measure: category size/growth		
Promotion Effectiveness: Tactics creating incremental sales		
Distributor Performance: Measure: sales increase, commitment		

How to be Distributor of the Year

Assessment Criteria	Considerations	Rating: (10 = Best)
Results vs Plan, Market, Category	<ul style="list-style-type: none"> • Reliable, 5 to 10% + growth 	
Retail Store Conditions	<ul style="list-style-type: none"> • Brand presence exceeds market share 	
Brand Manager	<ul style="list-style-type: none"> • “A” player, dedicated resource 	
Cost to Serve	<ul style="list-style-type: none"> • Fair margin, based upon size, complexity 	
Omni Channel	<ul style="list-style-type: none"> • Channel teams, e-commerce focus 	
Fun	<ul style="list-style-type: none"> • Do you enjoy the people, country? 	
Financial	<ul style="list-style-type: none"> • Prompt payments, accurate billbacks 	
Problem Solving – Response Time	<ul style="list-style-type: none"> • Same day service, sense of urgency 	
CEO	<ul style="list-style-type: none"> • Loves your brand, engaged 	
Pioneers New Business	<ul style="list-style-type: none"> • From concept to cases 	
Supply Chain Management & Forecasting	<ul style="list-style-type: none"> • Accurate, efficient 	
Customer Relations	<ul style="list-style-type: none"> • Senior access at top retailers 	
Category Knowledge	<ul style="list-style-type: none"> • Viewed as expert by buyers 	
Profitable Partner	<ul style="list-style-type: none"> • Sells profitable cases 	
Analytical Skills: Shipments, Nielsen	<ul style="list-style-type: none"> • Trends, opportunities, plan 	
Team (Finance, IT, Logistics)	<ul style="list-style-type: none"> • Cross functional expertise 	
Digital Savvy	<ul style="list-style-type: none"> • Social Media team, pioneers new tools 	
Reporting	<ul style="list-style-type: none"> • On time, complete, accurate 	
Best Practices	<ul style="list-style-type: none"> • Creative idea source for other markets 	
Cultural Alignment	<ul style="list-style-type: none"> • Perfect fit with brand owner’s vision 	

Distributor Capability Assessment

Export Solutions established 15 assessment criteria to identify “Best in Class” performers as well as “under achievers.” Many distributor relationships extend 10 years or more. Is your distributor network still a “good fit” for your current business requirements? Template can also be used as New Distributor Reference Check form.

Assessment Criteria	Rating: (10 = Best)
Category Expertise/Critical Mass	
Focus/Time Dedicated to your Business	
Joint Business Plan Development, Execution, Delivery	
Alignment with Brand Owners Vision. Relationship.	
Cost to Serve (fair margin, extra costs)	
Assortment/Shelf Space	
Promotion Creativity, Effectiveness, and Efficiency	
Key Account Relations (Senior level, buyer)	
Leadership/Owner (engaged & committed to us?)	
Brand Manager (seniority, clout,creativity)	
Multi Channel, Multi Regional Coverage	
Financial Stability, Payment Record	
Supply Chain Management & Forecasting	
Problem Solving: rapid response?	
Sales Results versus Budget, Market, Category (CY, PY, 3 Years)	

Does Your Distributor Network Need A Check Up?



Exporters manage distributor networks extending to 20, 50, 70 countries or more!

Every company has a few distributors that under perform.

“Under achievers” prevent us from attaining our personal objectives.

Distributor Network Check Up

- Independent assessment from Export Solutions
- Establish methodology for ranking Best in Class distributors and “Laggards”
- Supply strategies for recognizing top distributors and upgrading the bottom performers
- Benchmark external brands from your category
- Practical and “action oriented” approach

Export Solutions Can Help!

- Distributor Network Assessments
- Motivational Speeches
- International Strategy
- Find Distributors in 96 Countries



Export Solutions
Global Experts, Local Solutions

Contact Greg Seminara at gseminara@exportsolutions.com or (001)-404-255-8387.

www.exportsolutions.com

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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Distributor Search Guide



Export Handbook



Selling to USA Handbook



Distributor Management Guide



Finance & Logistics



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My Favorite Templates & Forms



People Power

Strong Teams Build Great Brands

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

Customer Relationship Assessment

All distributors claim strong relationships with their biggest customers. Below is Export Solutions' template for evaluating distributor key account relationships. Best way to evaluate distributor relationships? Your company's market share and volume growth at the customer versus the balance of the market !

Assessment Criteria	Rating: (10 = Best)
Distributor viewed as an important supplier to the retailer/buyer	
Open to bringing brand owner to customer meetings.	
Ability to schedule buyer/CEO meetings outside the office.	
Can negotiate standard listing fees and other program costs.	
Pricing: access to price coordinator. Ability to make changes.	
Shelf: access to decision maker. Space in excess of market share.	
Merchandising Flier/Catalog: Ability to get prime feature space.	
Relationship/access to retailer owners, senior executives.	
Problem solving: rapid response? Emergency orders etc.	
Payment terms.	
Access to retailer movement data.	
Category captain or "advisor" for my category.	
Vendor awards?	
Knowledge of retailers systems. "How to get things done."	
Sales results versus overall market and retailers internal growth.	

10 C's – Cooperation Model

1. Case

Manufacturer supplies a business case confirming brand “aspirations” for the country: Key items in portfolio, estimated base pricing, volume/market share expectations, and investment model.

2. Category Review

Distributor supplies a local review of category competitors, pricing, and merchandising practices.

3. Capabilities

Distributor shares detailed organizational capability and customer coverage. Could include references from existing suppliers represented. An important step when there are two or more candidates under consideration.

4. Commitment and Costs

What is the Year 1 Plan and Forecast? Targeted listings, marketing activities, launch budget and volume estimate associated with the spending plan.

5. Calculation – Value Chain

Line by line, build up from port to retail store shelf. Include currency assumptions.

6. Compliance

Highlight product registration and label requirements. Typical timelines for compliance?



7. Captain of Team

Who will be our day-to-day brand manager or first point of contact? Which senior executive will serve as our “Brand Champion?”

8. Contract

Options include formal contract, letter of understanding, or handshake deal. Begin this process early!

9. Consumer Marketing

What are planned activities to generate consumer trial and repeat purchases? Trade marketing, consumer marketing, social media, etc.

10. Calendar /Close

Distributor supplies a detailed timeline of all activities. When can we expect first order and delivery to support launch? Frequent checkpoint calls or meetings.

Looking for Good Distributors?

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

www.exportsolutions.com



Export Solutions
Distributor Identification Experts

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”

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.

Year One Scorecard Example

Brand owners and distributors enter new relationships with great expectations. Most partnerships succeed, but some under deliver leaving both parties disappointed. Export Solutions Year One scorecard helps both parties align on KPI's.

Objective	Goal	Results
Shipments to Distributor		
Distributor Sales to Customers		
Top 5 Customers		
Region: Sales Split by Area		
Channel: Sales Split by Channel		
Market Share		
Listings: Top 5 Customers		
Retail Pricing		
Shelf Positioning		
Shelf Space		
Sampling		
Social Media		
Displays		
Manufacturer Investment		
Brand Manager Performance		

“The Right Way” – New Country Launch

Retail buyers and distributors are receptive to brand launches from multinationals. Why? Multinationals succeed, as they introduce new products “The Right Way.” Export Solutions recaps 30 components of launching “The Right Way.” Exporters create magic with limited budgets! Winners check as many boxes as possible on “The Right Way” scorecard.

Product	Retailer
<input type="checkbox"/> Meaningful innovation – not “me too”	<input type="checkbox"/> Boost category sales, margin, and profit
<input type="checkbox"/> Consumer market research insights	<input type="checkbox"/> Syndicated data (Nielsen) – category facts
<input type="checkbox"/> Technical confirmation of product differentiation	<input type="checkbox"/> Invest in retailer “push” programs
<input type="checkbox"/> Reasonable retail price – premium (not sky high)	<input type="checkbox"/> 4-6 high value promotional events per year
<input type="checkbox"/> Test market results – similar country or retailer	<input type="checkbox"/> Retailer VP, distributor CEO at intro call
Marketing	Excitement
<input type="checkbox"/> 360 marketing plan: TV, in-store, social, PR	<input type="checkbox"/> Launch party – memorable location
<input type="checkbox"/> Sampling	<input type="checkbox"/> PR, social media, trade press
<input type="checkbox"/> Social media	<input type="checkbox"/> Celebrity endorsement
<input type="checkbox"/> Displays: end of aisle and shelf blocks	<input type="checkbox"/> Distributor sales contest
<input type="checkbox"/> Special offers – retailer fliers	<input type="checkbox"/> Donation to local charity
Team	Scorecard
<input type="checkbox"/> Distributor – best in class, category expert	<input type="checkbox"/> Year 1: invest; year 2: break even; year 3: profit
<input type="checkbox"/> Local manager – launch oversight	<input type="checkbox"/> Sales volume (retail sell-out)
<input type="checkbox"/> Marketing, social media, PR agencies	<input type="checkbox"/> Market share
<input type="checkbox"/> Brand/technical resource from headquarters	<input type="checkbox"/> Retail availability (weighted distribution)
<input type="checkbox"/> Total distributor engagement: reps. to CEO	<input type="checkbox"/> Year 2 commitment and enthusiasm

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 Scorecard Guide



Export Strategy Guide



New Distributor Cooperation Model Guide



Selling to USA Handbook

"From First Meeting to First Order"



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

What Makes a Great Distributor CEO?

CEO Assessment	Considerations	Rating: (10 = Best)
Achieves Joint Business Targets	<ul style="list-style-type: none"> Committed and dependable. 	
Dedication to Your Business	<ul style="list-style-type: none"> Knows details. Visits your HQ. 	
Willing to Invest	<ul style="list-style-type: none"> People, technology, brand building. 	
Strong Customer Relations	<ul style="list-style-type: none"> Senior contacts at top retailers. 	
Relationship With Brand Owners	<ul style="list-style-type: none"> From export manager to CEO. 	
Response Time	<ul style="list-style-type: none"> Same day to one week? 	
Thinks Like A Marketer	<ul style="list-style-type: none"> Creative, brand building ideas. 	
Frequent Visits: Retail Stores	<ul style="list-style-type: none"> Good grasp of retail conditions. 	
Problem Solving	<ul style="list-style-type: none"> "Hands on," responsive. 	
Compound Annual Growth Rate	<ul style="list-style-type: none"> Flat to 10% or more. 	
Cost to Serve Transparency	<ul style="list-style-type: none"> Detailed understanding of costs. 	
Celebrates Team Success	<ul style="list-style-type: none"> Awards, promotions, raises. 	
CPG/FMCG Background	<ul style="list-style-type: none"> Senior level external experience. 	
Years of Service	<ul style="list-style-type: none"> New to 20 years or more. 	
Local Industry Leader	<ul style="list-style-type: none"> High profile in community. 	
Work Ethic	<ul style="list-style-type: none"> Office time vs. overseas trips? 	
Information Technology (IT)	<ul style="list-style-type: none"> Invests in "best in class" IT. 	
Ethical and Trustworthy	<ul style="list-style-type: none"> Principled, respected partner. 	
Respects Manufacturer's P & L	<ul style="list-style-type: none"> Sells profitable cases. 	
Relationship: Entire Team	<ul style="list-style-type: none"> Finance, logistics, administration. 	

Retailer Benefits: Purchase from Local Distributors

I just returned from Central America where retailers such as Walmart, Auto Mercado (Costa Rica), and Super 99 (Panama) suffer from out of stock conditions due to direct import practices. A retailer's primary objective is to maximize sales, which is tough to achieve if there are gaps on your shelf as you await the next container from the USA. "Service" defines best-in-class manufacturers like Coca Cola and distributors which maintain local inventory and strong commitments to keeping in store product showrooms "looking good." Listed below are Export Solutions' Ten Tips why an international retailer should source your brand from a local distributor versus waiting for a direct shipment from your central factory.

1. Local Inventory: 24-48 Hour Delivery

Local distributors promise 24-48 hour delivery, instantly correcting costly out of stocks. Direct import supply chains may take up to six weeks for inventory replenishment. We have all witnessed situations where a retailer allows 1-2 items to run out of stock for weeks to wait to place a consolidated order or to encourage sales of a size where they are overstocked.

2. Brand Building vs. Availability

Direct import brands look lonely on the shelf, without any activation or promotion. I remember the case of Hidden Valley Ranch, the leading USA salad dressing from Clorox. I was thrilled when it showed up on the shelf of my Walmart in Buenos Aires. However, I was one of a few homesick expats who knew about Hidden Valley. Without support, the brand gathered dust and was discontinued.

3. In-Store Merchandisers: Emerging Markets

In-store merchandisers or distributor appointed "shelf stockers" represent an essential function across Latin America, Asia, and the Middle East. Large distributors maintain armies of merchandisers to fight for shelf space and brand presence for the brands that they represent. Retailers typically offer "prefunctory" stocking for direct import brands, with low level of compliance versus agreed to terms. I recall a situation in Mexico for a leading USA beverage brand. The retailer had complained about slow rotation of the direct import brand. We checked stores and saw that only 2 of 4 sizes were typically cut in on the shelf, with items relegated to the bottom or top shelf, nowhere near "planogram promises."

4. Distributors: Local Category Advisors

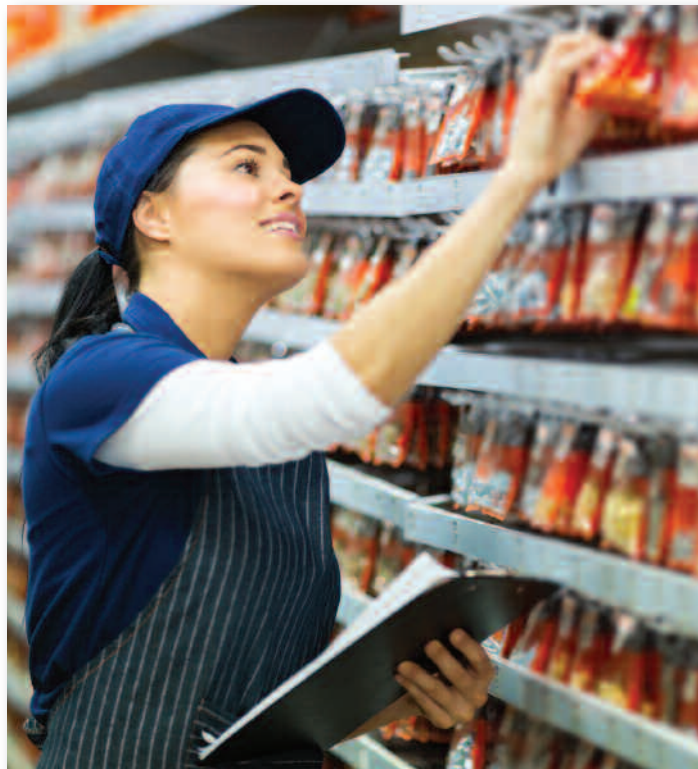
Distributors understand local taste preferences and share trends from other market customers. In emerging countries, normally there is a preference for smaller sizes than the family packs offered in USA or European supermarkets.

5. Problem Solving: Pricing, Shelf Tags and More

Success in the consumer goods industry requires focus on the myriad of details from the factory to the store shelf. Without a distributor, difficult to identify and correct routine problems like incorrect pricing, missing shelf tags, and misshelved goods.

6. Promotions Drive Trial and Tonnage

Local distributors offer periodic promotions to stimulate sales. Typically, this translates to price discounts, but can also include sampling, banded packs, and joint displays. Direct import brands usually sit on the shelf without the benefit of local activation.



7. Point of Sale Material and Stock Rotation

Emerging markets permit point of sale materials which encourage sales. Distributors provide special display pieces or trial size shippers. Merchandisers rotate stock regularly to facilitate "first in, first out" movement.

8. Damaged, Expired Goods or Product Recall

Local distributors provide a valuable service on returned goods. This allows a retailer to remove out of date or damaged products for a credit. With direct imports, the sub-prime product lags unattractively on the shelf, with no one focused on replacement.

9. Payment Terms

Distributors offer retailers 30-60 day payment terms. Smart retailers fund their inventory from the "float," buying and selling goods before the payment is due. On direct imports, retailer needs to tie up his money in inventory, in some cases paying in advance and then storing goods until the unsupported brands sell. Is this the best use of capital?

10. Retailers: Support Your Local Distributor Community

Distributors represent small/mid-size local businesses which provide jobs to members of the community. Distributor employees are shoppers too, likely to shop at customers that are supporting their company.

Success: Create Total Country Customer Strategy

Export Solutions recommends dealing with a local partner (distributor) who is capable of serving all market customers. This allows you to optimize sales and maintain pricing equilibrium. Retailers attempting to buy direct offer the temptation of short term volume, but rarely translate to long term brand building for the supplier.

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.

What is Your Perfect Store?

Retail stores serve as showrooms for our products, the destination where supply chain inventory is translated to a sale. Leading multinationals such as Unilever, Coca Cola, Mondelez, and Kellogg's are placing renewed emphasis on in-store execution through "Perfect Store" initiatives. Basically, perfect store programs seek to optimize supplier and store sales through improved brand visibility and an enhanced consumer shopping experience. The concept of a Perfect Store or improved in-store presence applies to manufacturers of all sizes.

Cultural Shift

Successful execution of Perfect Store programs mandates a cultural shift. Today, most companies exhibit laser focus on volume and headquarter based product listings. This same attitude and determination must be applied to key performance indicators (KPI's) on store presence for your brand. This shift requires an organizational realignment around roles and responsibilities, time allocation, and performance measures and incentives.

Define Your Perfect Store

The first step is to ensure that each member of your sales team is "crystal clear" on your brand's in-store objectives. Create a store conditions resource guide, including photos that can be distributed or shared online. I'll always remember a store visit in Cordoba, Argentina when I was a sales 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 commanded 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 before.

Focused & Fact Based

Perfect store programs should concentrate on your highest volume and profit items, not every product in your range. Establishment of Perfect Store criteria should be logical and demonstrate that successful execution translates to increased sales and profits for the retailer. Normally, manufacturers share test data based upon similar store sizes or formats.

The Right Stuff

Mondelez speaks of four components to retail execution:

Right Assortment

Right Pricing and Promotion

Right Location

Right Displays

What attributes form the "Right Stuff" for your brand?

Secondary Placement

A recent project revealed that my client's category was found in seven distinct store locations. Sales grow exponentially through placement in multiple store sections. Examples include off-shelf displays, secondary shelf placement, or cross merchandising with related products. Capture secondary placement in your Perfect Store vision.

PERFORMANCE

Excellent

Good

Average

Poor

What's Measured is Treasured

In-store KPI's can be measured via mobile devices. Normal tracking creates objectives that can be counted by a numerical response or a yes or no answer. Core measures focus on items available (assortment), retail pricing, share of shelf space, and incremental displays. Distributors and export managers must create systems to evaluate results and track progress just as we do shipment performance.

Incentives & Excitement

Perfect Store programs require the same energy and excitement as other strategic initiatives. Leaders have aligned compensation bonuses to attainment of goals. Others have supported the initiatives with contests and media support. Google "Perfect Store" to see instructional videos from multinationals.

Emerging Market Weapon

Many emerging markets are transitioning from small urban shops to modern retail. These countries offer greater flexibility to make changes at store level than tightly controlled Western markets. These new markets often serve as lead markets for Perfect Store rollouts due to acceptance of point of sale materials and ability to establish a firm foundation for the future.

Future – Amazon and Online Retailers

Amazon's web pages represent a change in dynamics where new brand visibility strategies may revolve around web placement and cross promotions. What is the perfect store for an online environment? The future is today.

Achievement of our sales targets requires a new attitude towards in-store execution. Every member of your distributor network should maintain a clear understanding of whether each store is an A, B, C, or D or a Perfect Store and Why? Export Solutions works with brand owners on a program called Next Level Sales Management which creates specific measures for improving your in store performance.

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 2023? 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

New Channels: Prime Prospects, By Category

Channel	Confectionery	Gourmet Food	Food/Grocery	Beverage	Non Food
E-commerce	X	X	X	X	X
Meal Kits	X	X	X		
Ethnic – “Homesick”	X	X	X	X	
Gift Basket	X	X	X		
Natural Food	X	X		X	
Gourmet, Deli	X	X		X	
Liquor	X			X	
Farmers Markets	X	X			
Gift Channel	X	X			
Toy, Party Stores	X				X
Movie Theaters	X				
Hardware, DIY, Office	X			X	X
Duty Free	X	X		X	
Fundraising	X	X			
Theme Parks, Stadiums	X			X	
Airlines	X				
Butchers, Fishmongers	X	X	X		
Coffee Shops	X			X	
Military	X	X	X	X	X
Department Stores	X	X			
Kitchen Supplies	X	X			X
Dollar, Close Out	X	X	X	X	X
Discount Clothing (Marshalls, TJ/TK Maxx)	X	X			

Preferred Supplier Scorecard

Distributors deliver their best results for their favorite principals. How do you rank?

Supplier Assessment	Considerations	Rating: (10 = Best)
Annual Sales Revenue	<ul style="list-style-type: none"> • Percent of total distributor sales 	
Annual Profit Generated (\$)	<ul style="list-style-type: none"> • Net sales times gross margin 	
Years of Service	<ul style="list-style-type: none"> • New to 20 years or more 	
Compound Annual Growth Rate	<ul style="list-style-type: none"> • Flat to 10% or more 	
Supplier Investment Level	<ul style="list-style-type: none"> • Zero to 25% of sales 	
Celebrates Success	<ul style="list-style-type: none"> • Awards, dinner, thank you notes 	
Shares Best Practices	<ul style="list-style-type: none"> • Serves as category expert 	
Logistics Service Level	<ul style="list-style-type: none"> • Target 98% on time, complete orders 	
Visits Retail Stores	<ul style="list-style-type: none"> • Never to full day every visit 	
Reimbursement of Billbacks	<ul style="list-style-type: none"> • 2 weeks to 3 months 	
Senior Management Relationship	<ul style="list-style-type: none"> • None to long term partners 	
Export Manager Experience	<ul style="list-style-type: none"> • New hire to 10 years or more 	
Response Time	<ul style="list-style-type: none"> • Same day to one month 	
Supports Distributor's Ideas	<ul style="list-style-type: none"> • Invests in local ideas 	
Good on Customer Calls	<ul style="list-style-type: none"> • Avoids calls to customer favorite 	
Admin Requirements	<ul style="list-style-type: none"> • Orders only to multiple reports 	
Supplier Visit Frequency	<ul style="list-style-type: none"> • Never to weekly 	
Relationship: Entire Team	<ul style="list-style-type: none"> • Finance, logistics, administration 	
Respects Fair Profit for Distributor	<ul style="list-style-type: none"> • Healthy distributor is profitable 	
Achieves Joint Business Targets	<ul style="list-style-type: none"> • Creates culture of success 	

Brand Manager Assessment

Your distributor Brand Manager represents your key day to day contact. Successful Brand Managers are good partners and deliver results, not excuses. Is your Brand Manager an experienced veteran or new hire (rookie)?

Assessment Criteria	Rating: (10 = Best)
Years industry/distributor experience	
Years sales/commercial experience	
Reports to owner or senior leadership team	
Workload: dedicated or shared with many brands	
Responsiveness: gets things done quickly!	
Category knowledge: technical, competition	
Analytical skills: shipment trends, Nielsen data	
Problem solving	
Develops creative promotions	
Reports: accurate and on time	
Enthusiasm for your company and the business	
Participation on customer calls, store checks	
Forecast accuracy	
Influence distributor team: focus on your priorities	
Delivers/exceeds shipment objectives	

Analyze: Your Contribution to Distributor Profit

Export Solutions: 20 Factors Driving Distributor Profitability

Assessment Criteria	Considerations	Result	Rating: (10 = Best)
Annual Sales Revenue	• Percent total distributor sales		
Annual Margin Generated (\$)	• Net sales times gross margin		
Distributor Percent Margin	• 10 percent to 50 percent		
Brand Owner Investment Level	• Percent of distributor purchases		
Distributor Margin Re-Investment	• Distributor promotion spending		
Category Adjacency	• Distributor portfolio synergies		
Brand Market Share	• Niche versus market leader		
Payment Terms	• Pre-pay versus 120 day terms		
Safety Stock Requirements	• Two weeks to four months		
Typical Customer Order	• One case to full truck		
Shelf Life	• Two weeks to five years		
Case Cube/Case Cost	• "Low cube, high case cost best"		
# Brands/Items in Range	• "High sales, fewer items valued"		
Logistics/Storage: Temp?	• Ambient versus chilled		
Damage/Expired Goods	• None to 20% of sales		
Category Competition	• Niche to highly competitive		
Labor: Battle for Shelf Space	• None to intense fight		
Brand Manager	• Shared or dedicated		
Admin Requirements	• Orders only to multiple reports		
Manufacturer Visit Frequency	• Never to weekly		

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.

Logistics-Distributor Capability Scorecard

Many retailers supply their distributors with service level scorecards. Our distributor's performance demonstrates their reputation as a reliable supplier to important customers. Benchmark results vary by country, reflecting unique requirements to serve local customers.

Assessment Criteria	Capability – Results
Warehouse: Distributor owned or outsourced to third party?	
Trucks/vans: Distributor owned? How many, by type?	
Warehouses: Locations, size, pallet positions,temp.controlled?	
Special pack services: Stickers, promo packs, repack?	
Average stock on hand: number weeks supply, by SKU	
Annual inventory turns	
Order lead time: capital city, rural regions	
Minimum order size: cases, value, avg. order size	
Perfect order rate, case fill rate, SKU fill rate	
On time delivery rate	
Monthly orders handled? Unique customers?	
Damaged goods: Percent of sales	
Vendor Managed Inventory (VMI) customers	
Can distributor ship less than case quantities?	
Logistic cost: percent of net invoiced cost	

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	0.00720
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.

Export Problem	Export Solutions
<p>Overseas consumers do not know my category or brand</p>	<ul style="list-style-type: none"> • Start by marketing to homesick expats • Partner with distributors handling adjacent categories or brands from your country • Sample at high end retailers or restaurants featuring your countries cuisine
<p>Limited funding for promotion</p>	<ul style="list-style-type: none"> • Build in promotion allowance into price calculation • Use free goods • Participate in government programs like USA “MAP”
<p>Can’t find a distributor</p>	<ul style="list-style-type: none"> • Export Solutions’ database tracks 79 distributors per country • Visit the country. Schedule meetings with 5-8 candidates • Exhibit at country trade show
<p>My price is too high</p>	<ul style="list-style-type: none"> • New price: production cost plus margin, eliminating HQ overheads • Promise distributor higher sales/investment with lower margin • Heavy consumer promotion to support premium positioning
<p>Big country, small shipments</p>	<ul style="list-style-type: none"> • Stop treating all export countries the same! Big country, Big focus • Break country into smaller parts: Regions, channels, customers • Hire local manager or visit quarterly • Consider local production, formulation, or acquisition • Brand relaunch with new distributor

Field Sales – Coverage Frequency Template

Retailer	#/Stores	Daily	Weekly	Bi-Weekly	Monthly	Never
Sample Chain	200	0	50	100	40	10

Country Listing Map – USA Example*

“Required Template for Every Country”

Retailer	Stores	Sku 1	Sku 2	Sku 3	Sku 4	Sku 5	Comments/Plans
Walmart SC	3,570	x	x	x			Sku 1, 2, 3 stocked at only 2,000 Supercenters
Costco	546					x	Special sku 5 for Costco
Kroger	2,759	x	x	x	x		Category Review March
Albertsons	2,262	x	x	x			New shelf set
Publix	1,260	x	x	x			BOGO Ad November
Ahold-FL	1,971	x	x	x	x		New sku 4 listing
HEB	345	x	x	x			Category Review March
Meijer	247	x	x	x	x		Holiday Display Program

*Instructions: List top 10 customers for every country. List all your key skus (items). “X” indicates item stocked at customer. Blank space represents a distribution void.

Field Sales – Capability Assessment

Number of sales offices (list locations)	
Total field sales representatives (or merchandisers)	
Number of sales reps outside capital area	
Number of field sales supervisors	
# Full time representatives vs. # part time	
Average years of service: representatives	
Average stores per representative	
# stores visited per day	
Average time spent per store, per day	
Do you have multiple reps visiting each store?	
# SKUs handled per sales rep	
# priorities per store visit	
# sales reps with laptop or tablet	
# sales reps with phone with reporting capability	
Compensation: percent fixed vs. variable?	

Who Is My Team?

Big distributors feature large teams with strong capabilities.

Manufacturers want to know who is their functional contact and how much time do they dedicate to my business?

Function	Distributor Contact	Title	Email	Phone (mobile)
Senior Management (Owner/MD)				
Marketing Manager				
Sales Manager				
Brand Manager				
Field Sales Manager				
Finance				
Supply Chain				
Purchasing (order placement)				
Accounts Payable				
Accounts Receivable				
Compliance/Registration				
Customer Service Manager				

Country Experts

Looking for distributors specialized in brands from your country? Search Export Solutions database to find overseas distributors handling food, beverage, and sweets brands from your country.



USA Food & Sweets
1,077 Distributors



German Food & Sweets
610 Distributors



Italian Food & Sweets
1,239 Distributors



UK Food & Sweets
597 Distributors

8,600 distributors – 96 Countries

Subscribe now at www.exportsolutions.com

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

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.



Retailer Annual Business Review

Spring is a good time of year to conduct your annual business review with key customers. 2019 shipment records and market share data are now available. Annual negotiations have been concluded for most and retailers have launched their own plans to grow sales in a challenging 2020. The annual business review represents a unique opportunity to discuss your business at a senior level, reinforce your reputation as a category expert, and sell the 2-3 ideas that can make a “game changing” difference for your business for 2020.

Senior Management Participation Elevates Meeting Importance.

The meeting purpose is to consider strategic issues not normally covered in daily buyer-seller interaction. Participation can include anyone at the retailer who touches your business: buyer, senior buyer, merchandising manager, purchasing director all the way up to the CEO. Suppliers should invite members of their senior management team, depending on the size of the country and retailer. This may translate to a senior level “top to top” at a large retailer or a more informal meeting including the export manager, local distributor, and the head buyer in a smaller country.

Scorecard Discussion: First Step

Discussion of data and trends should reflect key retailer priorities. Frequently, you can source hints from your category buyer simply by asking: What are the key metrics that you are evaluated on? Most suppliers discover that the buyer is more concerned with service level, inventory turns, and incremental promotional spending than your brands sales trends. Some basic scorecard topics are recapped below.

What is the retailer’s share of your business versus their overall market share?

What factors caused them to gain or lose market share with your brands/categories?

What are the gross margin contributions (percent/value) from your company?

Discuss your service level from a logistics standpoint. Critical to remember is that a successful business meeting will focus on forward action versus a rehash of past results.

Category Experts – What’s New?

A major disconnect in the supplier-buyer relationship is that most suppliers focus only on their brands while buyers concentrate on building total category sales and profits. Certain retailers adopt rigorous category management processes with detailed templates for category analysis. Tell the retailer something new! Suppliers add value by sharing new category insights and trends, not just developments on their brands. Retailers may be receptive to learning about category innovation from other markets, consumer research, new product development work, and environmental/sustainability programs.

Sync with Retailers 2020 Plans

The annual business review is a good forum to learn valuable clues on retailer plans for the year. It is likely that retailers have already announced their 2020 programs with catchy names such as “Great Value 2020” or “Absolute Minimum Pricing.” The meeting represents a chance to ask senior retailer executives their insights on program execution, requisites for participation, program measures, early results, and other new initiatives for 2020. Retailers dedicate significant time to designing their marketing strategy and usually love any opportunity to discuss key elements.

Ask for the Order

Come prepared with 2-3 “big ideas” that could change the dynamics of your business with the retailer. This could involve retailer participation in a major blockbuster promotion, acceptance of a new line of products, or redesign of the shelf fixture. The annual business review forum helps create senior retailer awareness of the critical issues driving your business.

Beware of Retailer Agenda

Savvy retailers will also present 1-2 initiatives where they will request your financial support. Be prepared for the retailer to pressure your company for



participation in retailers marketing activities (magazines/fliers) and concessions in price. In some instances, the retailer CEO/Head Buyer will use the meeting as a “training exercise” to show the buyer how to extract concessions from their suppliers. It is ok to say “no,” but be prepared to share your fact based rationale. Best bet is to create a positive environment for the meeting. This could include an “off site” location or a meeting discussion over a private lunch or dinner. Normally, distributors/brokers have excellent local relationships and can create the appropriate setting for productive, non-confrontational, business discussions.

Summary: Next Steps

The annual business review represents a perfect time to address business opportunities with sufficient time in the calendar year to implement the ideas and achieve your shipment objectives. Key to a positive meeting is a short discussion of the causal factors (scorecard) paired with a sharing of “new information” to your retail customer.

Be prepared with questions of a strategic nature for the executive members of the retailer’s team. Senior members of the retailers buying and merchandising departments spend their days with suppliers whose opinions they value. Join the group with unique category insights and a demonstrated passion for your category and the retailers overall business.

NEW!

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Export Solutions
Distributor Identification Experts

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Search By Country, Category, or Keyword. Keyword may include Brand name or Distributor name. Like what you see? [Click here](#) to purchase current distributor lists for 95 countries.

Continent: Europe | Country: Finland | Category: **All Categories**
 Ambient Beverage Juice Water Energy
 Confectionery and Snack
 Food Broker
 Food Distributors
 Gourmet and Specialty Food
 Grocery
 Health and Beauty Care
 Hot Beverage Coffee Tea
 Italian Food and Beverage
 Natural Food and Personal Care

Print This List

- Disable any popup blockers first
- Turn on "Print background colors" in your browser
- Print in landscape mode

80 Listings | Page 1 of 4 | Next >> | Go To Page: 1 2 3 4

Location	Company	Website	Category	Specialties/Brands
Finland	Admico	www.admico.fi	Gourmet and Specialty Food	Gourmet /FineFood:Fiddes Payne/Jamie Oliver
Finland	Aduki	www.aduki.fi	Natural Food and Personal Care	Natural and Organic Food Specialists
Finland	Alfmix	www.alfmix.fi	Grocery, Italian Food and Beverage, Confectionery and Snack	Confectionery:Bertolli, Chuch & Dwight, Dancake, Guylian, Energizer, Fascini, Poco Loco, Toms, Rocky Mountain, Interfood

Search by Country

Coverage: 96 countries and 8,600 distributors

Search by Brand Name

Tracking Distributors for more than 300 of the world's most famous brands.

Search By Category

- Confectionery & Snack
- Gourmet/Ethnic Foods
- Beverage (Ambient & Hot)
- USA, German, UK, Italian Food
- Health & Beauty

Combo Search

- Example 1: Who are Beverage Distributors in Germany?
- Example 2: Who is the Pringles Distributor in Saudi Arabia?

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FAQ's – Distributor Database

Why did you create the distributor database?

Export Managers dedicate a lot of time to networking, always searching for good distributor recommendations. We waste precious time at trade shows speaking to “pretenders” with no hope of adequately representing our brands. I thought that the supermarket industry could benefit from a global distributor database to instantly find the leading distributors in any country.

How did you compile the distributor database?

Export Solutions sources distributor candidates using six specific strategies. This includes having access to the global distributor lists of more than 300 brands and store checks in at least 25 countries per year.

How accurate is the contact data?

Export Solutions distributor database is updated every day! Distributor company names, web sites, and specialization rarely change. This makes the database 98% accurate at the company level. The distributors' key contact for new product inquiries and their email addresses may change as a result of job moves. Email address accuracy ranges from 80-90 percent depending on the country. We employ three separate mechanisms to keep up to date with changes.

What's new?

Our database has expanded to 96 countries and 8,600 distributors. It's now searchable, supplying country and category filter inputs or brand names! (see details on page 24). We also offer 90 day access if you purchase a country or category list. This allows you to work online and enjoy “one click access” to distributors' web sites. Naturally, we prefer that you purchase an annual subscription with unlimited access to the entire database for one year.

What is the difference between Export Solutions distributor database and other “lists?”

1. Created by industry export professionals, not directory aggregators or other online companies with no relevant food/consumer goods industry experience.
2. Each distributor is personally validated by Greg Seminara. Distributors can not self register or pay to be in our database. We know the difference between a “best in class” distributor and a “one man show.”



3. Our distributor database is designed for manufacturers of branded products normally sold through supermarkets, pharmacies, and food service channels. We do not include distributors of commodities or ingredients.

4. Call us! Our specialization is distributor search, with 300+ projects completed. Contact us for a free copy of our 74 page *Distributor Search Guide*.

5. Our database is searchable by country, category specialization, brand name, or combination of all three filters.

Which type of companies use our database?

Database clients range from small start-ups to the largest companies in food and consumer goods. Export Solutions database has had more than 3,300 clients including brand owners from all over the world. Leading government trade organizations from USA, Italy, Germany, and Brasil also develop special agreements to gain access.

What product categories are covered?

Distributors include specialists for branded food products, confectionery & snacks, beverage, natural foods, gourmet products, ethnic food, health and beauty care products, household products, and general merchandise. We offer outstanding coverage of Italian Food distributors. Many distributors can handle any product that is normally sold through Supermarkets, Convenience,

Foodservice/Catering, or Pharmacy trade channels.

What are best practices in getting the most productivity from the database?

Successful companies use the database to screen companies to develop a top 5 list of high potential candidates. They send a short introductory email with a web link to their company site. Then, the export manager follows up with a phone call within 48 hours. The database is an excellent tool to invite potential candidates to an international trade show like Sial, Anuga, ISM or Sweets and Snacks. Note: mass mailing distributors usually generates less than desirable results.

Does Export Solutions provide any additional information on the distributors?

Export Solutions knows many of the distributors in our database. Clients of our Premium Subscription or *Talk to An Export Expert Services* can gain access to our insights via phone on the best distributor candidates in any of the 96 countries we cover.

How do I access the distributor database?

Visit www.exportsolutions.com and click the distributor database page. You can place a subscription or country or category access into a shopping cart. Register and check out via credit card. The process takes two minutes and we automatically send you an invoice.

New Country Launch – How Long It Takes

	Minimum	Typical
Research Distributor Candidates, Schedule Meetings with Lead Time	2 weeks	4-6 weeks
Distributor Meetings	2 days	1 week
Post Meeting Due Diligence	1 week	4 -8 weeks
Distributor Appointment	1 week	4-8 weeks
Labeling Compliance	already compliant	12-26 weeks
Product Registration*	1 week	4 -12 weeks
Business Plan Development*	1 week	4 weeks
Contract/Agreement*	1 week	4-8 weeks
Initial Order Arrives	3 weeks	4- 8 weeks
Key Account Calls	1 week	2- 4 weeks
Key Account Acceptance	1 week	4-8 weeks
Retail Placement	2 weeks	4-8 weeks
Marketing Starts	1 week after retail availability	4 - 8 weeks
Consumer Sales		
Repeat Purchase		
Total	6 Months	One Year

* Some activities may be completed concurrently

Ten 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 Candidates Preliminary Interest Level

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

5. Obtain Candidates Corporate Profile Presentation

Key Facts: Sales turnover, # employees, companies represented, category/channel specialization.

6. Distributor Interview in Candidates 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, cost to serve, and interest in your brand.

10. Cooperation Model

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



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- International Strategy Road Map
- Fix Problem Markets
- Entry Plans
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Price Calculation Worksheet

Item	Amount	Comments
List Price (factory or port)		Compare to your domestic list price? Avoid diverting risk.
Exchange rate		Watch bank rate vs. distributor rate.
Freight (sea, truck or rail)		Target full containers. Consolidation is costly.
Duties		Apply correct Harmonized (HS) code. Confirm Free Trade Agreements.
Customs clearance, insurance		Money and time!
Inland freight: port to distributor		Translate actual costs to case rate. Avoid flat percentage rates.
Landed Cost		
Product Stickers		Select countries.
Listing Fees		Flat fee. One time only. Usually not in calculation.
Marketing fund accrual		Typically, 10-20% of list price. Part of calculation or manufacturers price.
Distributor Margin		Normal range: 15-35%. Depends on size, complexity of brand, services, and "what trade spend is included."
Other Distributor Fees		Should be part of distributor margin. Avoid hidden profit centers.
Price to Retailer		Fair and transparent model. Incentives for large customers, extra performance.
Retailer promotions, incentives, rebates		10 – 20% depending on the country.
Other Retailer Fees		At times for merchandising or central distribution. Should be allocated from distributor margin.
Retailer Margin		Global average: 28% Range: 15% -45% based upon category, brand.
Sales Tax/VAT		Included in price in many countries. USA sales tax is on top of shelf price.
Consumer shelf price		Everyday prices and promotional prices.

We've Got You Covered!

Distributor Database Coverage

Confectionery & Snack:
2,521 Distributors

Ambient Beverage:
1,526 Distributors

Gourmet & Ethnic Foods
2,762 Distributors



Middle East
862 Distributors
12 Countries

Asia
1,945 Distributors
17 Countries

USA Importer/Distributor:
549 Distributors

Latin America
1,537 Distributors

Europe
2,840 Distributors

8,600 distributors – 96 Countries

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

“Best in Class” Distributor Standards

Is your distributor (or importer) network “Best in Class?” Alignment with a strong partner will deliver superior results for your brand. Export Solutions evaluates and analyzes hundreds of distributors per year. Frequently, our point of view is requested to establish criteria for selecting the best distributor candidate for a brand owner. Recapped below are points for consideration for evaluation of your existing distributors or potential new partners.

Size Counts!

Critical mass translates to the ability to offer broader services and deeper sales coverage at a competitive rate. Retailers are dependent on large distributors, creating a “two way” street on tough negotiations. Larger distributors leverage their scale to obtain benefits for the niche brands in their portfolio. In times of financial turbulence, larger distributors get paid first. Bigger is not always better, particularly if you are a small brand. An important metric is distributor rank in terms of sales revenue to key retail customers within your category.

Countrywide Coverage

All distributors normally feature good presence and contacts with major retailers and stores within the capital city. Best in class distributors offer superior coverage countrywide. Look for distributors that maintain sales offices and warehouses outside the capital city. Request a map pinpointing where the distributor’s field sales people are based. Typically, the major cities represent only 50 % of a country’s volume. An opportunity exists for best in class teams to obtain higher brand development outside the major cities where second tier brands do not have coverage.

Information Technology – Reporting

The sophistication of a distributor’s information technology platform creates a statement regarding the distributor’s commitment to future growth. Best in Class distributors offer online portals where their suppliers can log in to view sales trends, inventory levels, invoice status, and results versus key sales

initiatives in “real time.” Leading distributors supply their field sales teams with handheld computers to transmit time sensitive information on orders, pricing, in store conditions, and competitive activity. Other key areas for evaluation include a distributor’s supply chain management software, ability to handle multiple EDI transaction sets, as well as data security and back-up plans.

People – Multinational Expertise

Many distributors trace their origins to family run operations. The most successful entrepreneurs recognize the necessity to bring in professionally trained talent to bring their organization to the next level. Best in class distributors hire executives with experience with strong companies such as Procter & Gamble, Nestle, & Unilever to manage key departments. Progressive distributors incent these senior executives with a route to gain ownership shares in return for their services.



Sell to 96 Countries

8,600 Consumer Products

Distributors

Free Sample Country List

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“Best in Class” Distributor Standards

continued from page 50

Multi-Channel Focus

Global brands source sales from multiple trade channels: convenience, food-service, discount, pharmacy, cash and carry, natural, gourmet, and wholesale in addition to traditional supermarkets and hypermarkets. Best in Class sales teams offer coverage of all trade channels and deploy dedicated specialists with channel specific expertise. Similarly, small shops still represent 50% or more of food sales volume in Latin America, Asia, and the Middle East. Leading teams feature focused programs for reaching “down the trade” retail outlets.

Marketing Department – Creative Ideas

Is the Distributors owner the “marketing” department as well? Your primary point of contact at the distributor has the greatest ability to impact brand results and influence the distributor’s organization to achieve your priorities.

Strong distributors establish full- fledged marketing departments with experienced university graduates filling key roles. Successful marketing managers bring new ideas to your business and adapt your brands marketing message to the local market. Look for an energetic marketing team that adds value and creativity and avoids the mistake of simply passing through your standard presentation and plan.

Brand Presence at Point of Sale

The retail store is a showcase for our brands. Best in class field sales teams “own the store” and can obtain more than “fair share” of shelf space for the brands they represent.

Are your brands at eye level, with share of space in excess of their market share? Or are your brands buried on the bottom shelf, with only one facing per item? Strong distributors maintain excellent store level coverage to insure fundamental focus on correcting out of stocks, price tag placement, correct pricing, off shelf display, point of sale placement etc. Speed to shelf timing on new products is another key metric to evaluate distributors. Always request the retailer’s official schematic (layout) to measure the authorized shelf space and positioning for your brand.

Financial: Cost to Serve

The last 12 months reinforced the priority to be aligned with a financially solid partner. Savvy manufacturers are requesting new credit information and running Dun & Bradstreet reports on all distributors in all markets to preempt the difficult situations that transpired in other countries. Best in Class Distributors offer competitive margins and provide ideas to generate cost savings in your mutual business. The best distributors pay on time, promptly submit promotional reimbursement requests, maintain good financial tracking systems, and secure reasonable payment terms from retailers.



Logistics: Service Level 98% +

Logistics represents a core component of a distributors service offering. Advanced distributors promise 24 – 48 hour delivery countrywide and maintain sophisticated inventory replenishment systems. In large countries, look for distributor warehouses outside the capital city. In some instances, distributors may outsource logistics operations to another third party special-izing in logistics only. This strategy normally works well as long as the logistics company delivers excellent service without incremental costs. Remember, most distributors were founded as sales and marketing special-ists that provide logistics services to satisfy the needs of their brand owners. My opinion is that the distributor dedi-cates more focus to brand building if the distributor can find another company to effectively manage logistics. The key metric is 98% + service level and minimum out of stocks at store level.

Results

Best in Class distributors (large or small) deliver results in excess of total market and category growth year after year. The best way to measure topline distributor performance is to compare total retailer growth and total category growth (excluding your brand) with your brands performance in a country or at a retailer. Are you getting your fair share of growth? Best in Class suppliers recognize that there are substantial costs in investing and developing a best in class team. Suppliers must recognize that distributors are also in the business to make a reasonable profit. The “Best in Class” relationship allows both parties to grow and prosper from a sales and profitability standpoint.

Ten Tips: Connect with Distributor's CEO

How well do you know your distributor's CEO or MD? Many exporters spend 80% of their interaction with their "brand manager" at a distributor. Contacts with the CEO or managing director may be limited to a 30 minute meeting during a market visit or a phone call when something goes wrong. Brand managers represent the day to day master of details for your business. However, the CEO controls the purse strings, strategic direction and resource allocation for the distributor's stretched sales team. Creating a good personal relationship with the distributor's leadership is critical to sourcing attention for your brand's priorities. Export Solutions shares our Ten Tips to develop a good relationship with the distributor's CEO or senior decision maker.

1. Quarterly Phone Meeting

Check in at least every three months to establish regular dialogue, not just when a problem erupts. Phone topics can be strategic as well as tactical. CEOs love to share perspective on their outlook on the retail business in their country, successful programs being executed by other brands, and planned capital investments in distributor's infrastructure and organization. Your agenda is to leave the CEO with a clear message on the overall state of your business and 1-2 top priorities to meet budget expectations.

2. Form CEO Advisory Council

Create a small, elite, advisory board of several of your distributor CEOs. Meet two times per year, once in a resort location and another time at your corporate headquarters. Meetings could include outside speakers and access to senior industry leaders. Establish a two year term, with rotating membership. Other distributors should view this as an honor to be invited to be on your CEO advisory council.

3. LinkedIn

Are you LinkedIn with your distributor's CEO? LinkedIn counts almost 600 million participants worldwide. A LinkedIn relationship keeps your name "active" in the CEO's bandwidth. LinkedIn connections see your updates, activities, and news. A well managed LinkedIn profile allows you to share articles and insights to your network. Over time, this will allow you to learn more about the distributor CEO and vice versa. Reminder: distributors get nervous when they see their competition listed as a new LinkedIn contact for you! Any distributor or CEO not on LinkedIn may be "old school" or failing to network very hard which in itself is an important insight.

4. Meet your CEO

Distributors love to conduct "top to top" meetings with your CEO or leadership team. Invite your CEO to visit a market and request the distributor owner's full participation. It will be amazing to see the market issues that get solved prior to the arrival of your CEO.

5. Speaking Invitation

Distributor executives can share broad perspectives on industry observations sourced from a variety of suppliers. Most would be flattered by an invitation to speak at your company's annual sales meeting or local industry conference. Suggested topics are the distributor's own success story, trends and innovation or another area where the distributor has demonstrated a unique capability. Organizing and hosting the speaker normally requires significant interaction on speaking topics and logistics supplying further personalized contact opportunities.



6. World Cup, Wimbledon, or World Series

Every country has a "hot ticket" for a big sporting event. Many brands have sponsorship relationships for local teams. Find out the distributor's favorite sport or pursuit and find a way to connect. Some distributor CEOs may appreciate an invitation to the opera or a rock concert more than a Formula One race. Make sure that it is a VIP experience, as a poor seat can breed disappointment.

7. Ask for Advice

Distributor CEOs love to provide feedback. Share with them prototypes for a new product or advertising campaign. Seek to benchmark with the distributor's other non-compete brands. Ask for examples of other companies that they represent who serve as "best in class" in supply chain, information technology, or other functional areas.

8. Factory Tour

A well executed visit to your production facility represents a perfect opportunity to demonstrate your category leadership and commitment to quality. Couple the factory tour with a meeting with your research and development team to impress the distributor with your plans for the future. Finish the day with a dinner with your company president or other senior executive from your team. This will provide an excellent opportunity for you to serve as a "host" and create lasting impressions of your brand beyond numbers on a price list.

9. Annual Tradition

Create an annual event where the distributor's CEO always participates. This could be an invitation to your company's annual meeting or an activity linked to your brand's big promotion or peak seasonality. It is a normal request to have the CEO's full attention for at least one day per year.

10. Dinner & Golf

Golf still represents a great five hour bonding experience. Invite the distributor to play at a famous course in your country. Dinner at a first class restaurant with the CEO and their spouse may be a treat.

A personal relationship with the distributor's CEO is good for both parties. This eases business problem solving and sends a message to the distributor's organization that you have open channels to top management. In times of career turbulence, distributor's CEOs can be great references for your job search.

Country Shelf/Pricing Tracker – USA Sample*

*Complete for all countries/retailers

Retailer	Your Brand Share	Share of Shelf	Eye Level (yes or no)	Next to Brand B	Key Item \$2.99	Price Gap vs. Private Label	Comments/Plans
Walmart SC	35%	42%	Yes	No	2.69	+ .50	Shelf review September
Kroger	35%	28%	No	Yes	2.99	+ .30	Increase shelf share to minimum 35%
Albertsons	35%	25%	No	No	3.19	+ .20	Increase shelf share to minimum 35%
Publix	35%	45%	Yes	Yes	2.99	+ .20	Maintain space in new schematic

Country Listing Map – USA Sample*

*Complete for all countries/retailers

Retailer	Stores	SKU 1	SKU 2	SKU 3	SKU 4	SKU 5	Comments/Plans
Walmart SC	3,570	x	x	x			SKU 3 stocked at 2,000 Supercenters
Kroger	2,759	x	x	x	x		Category review November
Albertsons	2,262	x	x	x	x		New shelf set
Publix	1,260	x	x	x			Present SKU 4: July

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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 – 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!

Distributor Market Review

Criteria	Rating	Evaluation Factors
Shipment Results		Overall growth for our industry in your market? Distributor company wide sales performance (all brands)? Distributor sales results for my brand? Change vs. benchmarks?
Brand Performance		Key brand performance versus overall category. Shipment growth, market share, weighted distribution. New item success.
Key Account Results		Results at top 3-5 accounts (or channels). Improvements: new items, shelf presence, merchandising. Are we getting "fair share" of retailers growth?
What Worked?		Strategies or performance that achieved results. Ideas that delivered incremental sales.
Key Issues?		Problems or barriers to achieving results. Pricing, investment, competition.
People		Performance by key people touching our business. Organizational changes? Who made a difference?
Financial		Distributor's financial health. Planned investments. Efficiency opportunities in Partnership.
2020 Requirements		Resources required to achieve 2020 shipment expectations. Critical activities, timelines, changes to structure/plan.

Greg's Guidance: New World – New Business

- ✓ 6 Billion people live outside Europe and North America! Everyone eats!
- ✓ Follow Global Retailers: Walmart, Carrefour, Costco, Metro
- ✓ USA Opportunity is "Bigger than BRIC" for most international brands
- ✓ How do you win in your home market?
Apply the same principles to large foreign markets: Research, international factories, local teams, plus investment in Marketing and Trade support
- ✓ Best way to predict distributor success is to evaluate in store visibility for his current brands
- ✓ Big difference between having "any distributor" and a "Best in Class" partner

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 our page 8 article dedicated to "Distributor Love." 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!



Beyond Shipment Results – Measuring Export Success



Every job performance review measures results versus shipment objectives. In the export world, shipments are the key indicator of success, but can be manipulated by inventory sitting idly in a distributors or customers warehouse. In reality, the way to improve shipment results is to attack and focus on causal factors that drive the business as well as other metrics of success. Export Solutions has worked with several of our consulting clients on developing scorecard metrics to calibrate progress in the marketplace. Listed to the right are metrics for measuring Export Success.

1. Market Share and Market Share growth
2. Per Capita Consumption of your product
3. Value/Volume Sales Trends (dollar/euro sales, units sold/kilos sold etc.)
4. Product Availability Grid Score – This measures authorized items listed versus potential listings at most important retailers in a market or territory. This score should be weighted based upon a retailers share of market.
5. Promotional/Marketing Spending as a percent of Sales Volume. Case rate spending levels
6. In Store Presence Grade/Trends – This is for brand owners that employ a system of grading each individual store
7. Sales growth in excess of overall market growth. i.e. Market is growing 5% and your brand grows 10% , so your brand is growing at +5 points versus overall market growth
8. Share of Category assortment versus market share
Share of Category shelf space versus market share
Share of Category Displays versus market share
Share of Category Promotion Activity versus market share
9. Weighted Distribution, Trends – “# doors of availability, by item”
10. Out of Stock levels and trends
11. Market Profitability – Margin, Total Value, Trends
12. New Product Launch Results– sales, weighted distribution, market share
13. Days Outstanding/Trends, Bad Debt as a percent of sales.

Greg's Guidance: Export Strategy 2025

- ✓ What are your Lessons Learned?
- ✓ What are your Core Competencies?
- ✓ Which countries offer exceptional growth for your category?
- ✓ How much is your company willing to invest? Marketing, People, Promotion
- ✓ What will our organization need to do differently?
- ✓ What are realistic measures and benchmarks?

Distributor of the Year

Every supplier should organize a contest to recognize their Distributor or Sales Team of the Year. This strategy has proven to be one of the most efficient and effective business building ideas.

Sales People Love to Compete

Let's face it. Sales people are competitive and if they are not...you may be aligned with the wrong sales team. Winning "Distributor of the Year" validates that they are a "winner" and truly are the best at what they do. Conversely, under performance signals to the participant that they need to act quickly to avoid finishing at the dreaded bottom of the heap. Distributors, Importers, Brokers and sales teams everywhere burst with pride when they show off their Distributor of the Year award, even if it is for one of their smaller brands.

What works?

This depends on the size and scope of your business. Global brands can recognize winners for each continent: Asia, Europe, Africa, and Americas with an overall international winner. Brands with a narrower presence can base their awards upon a region of their business: For example, you could have an overall winner for Latin America based upon regional winners for South America, Central America, and Caribbean or in Total Europe with Western, Central, Southern & Northern Europe competing.

Contest Rules and Structure

Announce the contest in January. Normally, I like contests that are 50% dependent on shipment performance versus quota, 25% on achieving new product launch acceptance (or other major initiatives), and 25% for intangible activities: Breakthrough performance,



success despite adversity etc. The key is to strike a balance between shipments (what counts) and other factors as in many cases shipments don't tell the entire story. Publish periodic updates and rankings. This pushes leaders to remain focused and laggards to increase intensity.

Other Awards

Some suppliers extend the contest to include "Retail Field Sales Team of the Year", New Distributor of the Year, Most Improved, and even award retailers for

supportive performance. Others institute a program that rewards "runners up" or honorable mention. In general, structure the contest to maximize the number of winners.

Prizes and Recognition

The prestige of winning Distributor of the Year is the biggest incentive. I've witnessed sales organizations delivering incredible results to win a plaque valued at \$50. The award winner should always be recognized with a plaque or trophy that can be permanently viewed in their board room or waiting room. The award should be accompanied by a press release that the distributor can share locally with their trade magazines. Larger manufacturers may want to host a local dinner or party for the entire team of the winning organization. Smaller suppliers may reward their Distributor of the Year with a trip to the supplier's home country with a dinner with the CEO or company owner. Announcing the award at an annual meeting, distributor conference, or at a major trade show maximizes impact. The key is for all competing distributors to commit that "next year they will win Distributor of the Year."

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Distributors

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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.

Take Your Export Business to the Next Level

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

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Export Solutions
Distributor Identification Experts

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

Identifying strong distributors is a critical step in developing your export business. There is a “science” to partner selection. In some cases, manufacturers choose the easy way out, electing to work with small, undercapitalized companies that approach them randomly at a trade show or via email. Many company’s distributor networks contain these small, enthusiastic distributors who aggressively pursued your popular 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 suppliers. 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.

Export Solutions’ ten step distributor search process is a proven method for identifying and selecting distributors that are the right fit for your brand’s marketplace ambitions. Listed below are some practical tips on selecting the right company to optimize your business in a new country.

Establish Partner Selection Criteria

What are the key attributes of your most successful distributors? Category specialization? Multichannel 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.

Evaluate Multiple 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 leading distributor database containing an average of 74 distributors per country.

What is Your Story?

Manufacturers need to supply a compelling story on why the distributor needs to invest his money and team resources into your brand. Distributors search for companies with innovative products back by marketing support. How much money can the distributor make representing your brand?

Determine Candidates’ Preliminary Interest Level

Send a brief summary of your product proposition and company credentials to the 5-10 most promising candidates. A follow-up phone call to your top candidates is an essential personal connection. Distributors expressing an interest should complete a brief company overview recapping their corporate capabilities: annual sales, organizational model, coverage, key principals, etc.

Interview 3-5 Candidates

Normally, we recommend interviewing at least three candidates depending on the size and complexity of a country. Schedule the meeting 4-6 weeks in advance. Provide a specific agenda at least three 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. Always meet at the distributor’s office for clues on company culture, scale, and capabilities.

Independent Assessment of 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.

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.

What is the Distributor’s Plan?

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

See Export Solutions’ *10 C Cooperation Model* on page 18.

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.

Distributor Search Best Practices

Activity	Bad Practice	Best Practice
Distributor Profile	No portfolio synergies.	Representing similar size, premium brands from your aisle/country.
First Contact	Random solicitation by unknown company.	Trade show or formal phone meeting with respected distributor.
Market Visit	Start partnership without market visit.	Local assessment: office, store checks, warehouse inspection.
Year I Plan	No plan. "Buy and ReSell."	Logical plan with targets, activities, timelines, costs.
Price Calculation	Sell at dead net price. Arbitrary mark-up.	Transparent price calculation from factory to store shelf.

Talk to an Expert

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



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

www.exportsolutions.com

Distributor Search 2020



Export Solutions
Distributor Identification Experts



2020 marks the thirteen year anniversary of the launch of Export Solutions' distributor database. Many of my friends from export will recall the story behind the birth. I was faced with the challenge of identifying distributor candidates in Italy for a large multinational. I attacked the project the "old way": sorting through business cards, checking the Embassy, calling colleagues, searching the internet, and after one month finding five acceptable distributor candidates. Frustrated by the process, I took six months off and pioneered the first industry database created from the standpoint of an export manager. Today, brand owners locate names, web sites, brands represented, and contact information for 80 distributors in Italy and 8,600 distributors across 96 countries in about 10 seconds on my web site.

Below are some important "lessons learned" about finding distributors.

Strategic Services

Contact Us for Export Solutions

1. Identify Best in Class Distributors: 96 Countries
2. Best Practices Export Strategy
3. Distributor Management Workshops
4. Export 101: Let's Get Started
5. New Market Prioritization & Launch Plan
6. Personal Distributor Introductions: 96 Countries
7. Walmart International
8. Distributor Contracts, Margins, & Fees
9. Meeting Speaker
10. International Strategy Expert

1. 79 Distributors Per Country

Each country offers more distributor options than you think. Every government trade officer and export manager knows the names of 3-5 distributors per country. Often, we stick with an underperforming distributor because of the misconception that "there are no other choices" in a market. Our country lists track an average of 79 distributors of all sizes and specialties per country. The revelation is that you can instantly find several qualified distributor options in every country by using our database.

2. Consider Small/Mid Size Distributors

Mega distributors representing 20 or more brands are not usually interested in pioneering new brands with zero sales. These large distributors are excellent, but are busy enough with their current portfolio. Many new brands focus their energies on these "name brand" distributors, but are frustrated with the lack of response. Better approach is to pursue small to mid size distributors that are hungrier and more entrepreneurial to launch a new brand. Big distributors are a good choice when you are outsourcing sales of a brand with measurable existing business.

3. Email Plus Telephone Call

No one speaks these days. We email 100 messages a day and wonder about the lack of response. Email is a great tool to communicate news. However, when you need action, pick up the phone and call. Executives still return phone calls, but will frequently ignore or delete email messages just to clear the inbox.

4. Rethink Your Trade Show Strategy

Trade shows like Sial, Anuga, Cibus, and ISM are outstanding places to gain visibility for your brand and contacts with potential new distributors. However, too many brands use the "Hope and Wait" approach at their booth. Unfortunately, many of the spontaneous visitors at a trade show are from "time wasters", incapable of building your brand. Some of our best success stories come from companies who leverage Export Solutions database to create productive meetings at trade shows. Basically, they pre-screen candidates from the database in advance of a trade show and invite the most promising ones to scheduled meetings at the show.

5. Avoid Disappointment – Visit Each Market At Least Once

There are too many disappointments in the world of export. Frequently, I'll witness a distributor meeting a brand owner for the first time at a trade show. Within five minutes they are discussing pricing, followed by exaggerated projections of market potential. Our business is fairly straight forward to figure out. Visit each market at least one time. Meet your distributor candidates at their office. Visit a few stores. Then create your plan. Export is tough, but you increase your chances for success when you complete fundamental in market due diligence.

Greg Seminara
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404-255-8387

"Spend Time Selling to Distributors versus Searching for Distributors"

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.

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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.

Looking for Top Distributors?



Finding the right distributor is tough work! Why waste time? More than 2,700 companies depend on our database to quickly find reliable distributors. Export Managers call us everyday to obtain our personal insights, advice, and comments on the 8,600 distributors in our database.

Export Solutions launched a new “**Top 5**” help desk service. **Top 5** service customers receive recommendations on the best distributor candidates for your brand in 96 countries. Contact us and we’ll tell you the **Top 5** distributors per country that are a “fit” for your brand and **Top 5** distributors to avoid. We’ve completed more than 300 distributor search projects in Asia, Middle East, Europe, and throughout the Americas (Brazil/Mexico). Distributor Identification is our core business.

Top 5 Program Details

Export Managers submit list of countries where they require a distributor. Greg Seminara researches request. Phone meeting in 72 hours to discuss **Top 5** candidate results. Purchase Premium subscription to Export Solutions database for \$2575. Includes one year unlimited access to entire database plus 12 **Top 5** phone meetings. Other distributor search packages begin at \$150 through our *Talk to an Expert* program.

Contact Greg Seminara for Top 5 service.

(001)-404-255-8387

gseminara@exportsolutions.com.



Export Solutions
Distributor Identification Experts

Contacting New Distributor Candidates – Best Practices

Every export manager has performed the time consuming function of reaching out to potential distributor candidates in a new country. The process is usually successful, but requires patience and perseverance. Top distributors are overwhelmed with new representation inquiries. These requests must compete for attention with the hundreds of emails in the distributors inbox from his existing brands. Export Solutions has worked on more than 300 distributor search projects across 96 countries. Below are our Best Practices for contacting new distributors.

Email Plus Phone Call

Email candidates a short, fact based, note. You may receive an immediate response from a few hungry and motivated candidates. More likely scenario is the need for an immediate phone follow-up. Work with the contact's assistant to schedule a phone meeting or ask to speak with the person in charge of "important new business" projects. Periodically, I will also contact a distributor through LinkedIn, as that often routes through a different email address. Lack of response after several attempts means that the distributor is not interested. On the other hand, you must persevere as frequently the boss may be busy or not glued to email like the rest of us.

Avoid Mass Mailing

Distributors recognize an email blast from miles away, guaranteeing a low response rate. Better to send a personal email, mentioning the contact's name, how you found him and your rationale for contact. i.e. "we are looking for a partner with a strong track record building other USA brands." Target distributors which may be a good fit based upon your investment level and brand ambitions. For example, large power distributors prefer brands with strong marketing plans, while smaller distributors appear more open to pioneering promising new products without giant spending budgets.

Company Credentials Information

Do not bombard a candidate with attachments and PDFs of lovely brochures prepared by an ad agency. First, many people automatically delete emails with attachments from people they don't know. Send PowerPoints and project details only after you have established contact.

What Distributors Want to Know

Distributors want to know who you are: what is the size of your company, brand USP (why are you different?) international success, and plans (investment strategy) for their market. Distributors' mindset is to quickly calculate how much money they can make representing your brand and how tough will it be to sell to their customers!

Market Visit

Distributor response will be improved if you request an introductory meeting at their office. This demonstrates that you are serious about the project and interested in brand building, not just selling a few containers. Try to visit at

least three distributors on your trip, more if it is a large country or you anticipate a "tough sell." Schedule your visit at least 6-8 weeks in advance to guarantee distributor availability.

Distributor Search Guide – Export Solutions

Export Solutions' web site contains a free 76 page *Distributor Search Guide*. This guide is jammed with strategies, ideas, and templates to guide each step of the distributor search process. Export Solutions completes distributor search projects for leading brands worldwide.

Sample Introductory Email

Subject: New Business Opportunity – CerealCo* – USA

Dear Alexander:

CerealCo is a popular cereal brand from the USA. Founded in 1960, 2020 sales will exceed \$300 million dollars. Our point of difference is that CerealCo offers high quality gluten-free and organic cereals popular with many modern consumers. CerealCo exports to 25 countries, including several in Asia.

We are now beginning the process of considering partners for Indonesia. I understand that you have a successful track record building other well known USA grocery brands. Can we arrange an introductory phone meeting for Wednesday at 900 am? I am based in Atlanta, Georgia, -12 hours versus Jakarta.

For more information, visit our web site at www.cerealco.com

Kind regards,

Greg Seminara

Export Manager

gseminara@exportsolutions.com

(001)-404-255-8387

**Note: CerealCo is a fictitious company. Any resemblance to an actual cereal company is coincidental.*

Company Fact Sheet (add your logo) CerealCo* Summary – Indonesia Example

Annual Sales:

\$300 million US dollars in 2019

History:

CerealCo founded in 1960...59 years old

Core Product Portfolio:

Breakfast Cereals – “Leader in Organic/Gluten-Free Cereals”

Web Site:

www.cerealco.com

International Overview:

Direct sales to 25+ countries. Indirect sales to 50+ countries.

2019 International sales + 25%!

Southeast Asia Status:

CerealCo products available across Asia through a hybrid model of partnerships, distributors and indirect sales through USA consolidators. Current net sales of roughly \$2 million dollars in Asia Pacific.

CerealCo Objective:

Align with a distributor with strong brand building capabilities.

Develop a collaborative plan to grow business to comparable levels to of our successful business in other Asia Pacific countries.

August Market Visit

CerealCo will visit Jakarta the week of August 1.

We will visit stores and meet potential partners to discuss CerealCo plans.

**Note: CerealCo is a fictitious company. Any resemblance to an actual cereal company is coincidental.*

Best Practices – Contacting New Distributors

	Do	Don't
Email Content	Short introductory email. Company facts plus web link.	Lengthy email with generic claims on “why your brand is the best”
Email Delivery	Send on Monday. Distributor has week to review	Send on Friday. Email lost over the weekend.
Email Timing	Should arrive to distributor at 2:00 pm his time. After the “morning rush.”	8:00 am/9:00 am emails are reviewed quickly and deleted
Phone Contact	Start calling 24 hours after initial email.	Wait a week to call.
Attachments	No attachments on first email. Web link only.	Send PowerPoints or pricing on first email
Follow-Up	Constantly, if you believe it's a good candidate.	Wait for distributor to contact you
In Country Meeting	Best opportunity to review your brand proposition.	Create relationship without market visit.

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.

Export Solutions' New Distributor Checklist

- ___ Contract/Agreement
- ___ Price Calculation Model
- ___ Business Plan: objectives, marketing, spending, key dates
- ___ Category Review: Pricing, Shelf, Assortment, Merchandising
- ___ Label Compliance
- ___ Shelf Life
- ___ Order Lead Time
- ___ Minimum Order
- ___ Pick up Point
- ___ Payment Terms
- ___ Payment Currency
- ___ Damage Policy
- ___ Product Registration
- ___ Forecast: Year 1
- ___ Pipeline Order & Inventory
- ___ Brand Facts
- ___ Product Samples
- ___ Appointment Letter
- ___ Brand Specifications in System: Distributor & Customers
- ___ Training: Key Account Managers, Retail, Administrative Staff, Warehouse
- ___ In Store Standards: Pricing, Shelf Management, Merchandising
- ___ FAQ's/Handling Common Objections
- ___ Key Account Presentation
- ___ Customer Appointment Dates
- ___ Category/Business Review: Tailored to Each Key Account
- ___ Retail Sales Contest
- ___ Checkpoint Calls
- ___ Market Audit Date
- ___ Reporting: Track Distribution, Pricing, Shelf Positioning, Merchandising, etc.



Talk to an Expert

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



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

www.exportsolutions.com



1/3, 1/3, 1/3

Does your distributor network require a tune up? I have lost count of the times I've heard a vice president of international claim that their company has the best group of distributors in the world. Or trade show meetings when a global export manager states that his company sells to 60 countries and is not looking for any new distributors. These are the same executives that struggle every December to achieve their annual sales budget.



Every year, I am asked to analyze the global distributor network of at least ten manufacturers for independent feedback. The good news is that my conclusions are generally positive. Most companies maintain a solid network of international distributors, committed and capable of serving as good partners. However, the 1/3, 1/3, 1/3 rule always applies. Every company maintains a mix of distributors.

1/3 Leaders Best in class brand builders, delivering outstanding results

1/3 Performers Reliable and capable, normally meet expectations

1/3 Laggards Small, unsophisticated, players...sometimes diverters

The first step to transformational success is to admit that not all your distributors are a good fit. Management recognizes that you've created a strong overall team and will support your efforts to upgrade underperforming distributors. Some companies cling to laggards due to history or personal relationships. This loyalty is nice, but ultimately underachievers deprive you of your ability to reach your own personal business goals.

Each cluster of distributors requires a different level of engagement and support.

Leaders: Love them, reward them and recognize them. What characteristics of your leaders allow them to deliver superior results? Are your leaders all big or mid-sized? Category specialists or channel experts? Share best practices from your leaders with other markets. The best advice with leaders is to support them and deliver outstanding customer service so that your company is viewed as a preferred supplier.

Performers: Strong contributors to growth. Challenge them to become leaders. With some companies, a majority of their distributors are viewed as performers which is a positive indication.

Laggards: These distributors exist with every company and remain easy to identify. Clue: small shipments to a big country. Or in the case of diverters, big shipments to a small country. Shipment trends are one clear metric. Other scorecards include authorized distribution and shelf presence at major accounts, merchandising ideas, and new item launch success.

A strategic requirement for 2020 is to upgrade the bottom 1/3 (laggards) of your distributor network. A core responsibility is to secure top talent in every country. Export Solutions' distributor database tracks an average of 79 distributors per country, so plenty of options exist for strong brands. Who are your leaders? Who are your laggards? What will you do differently in 2020?

1/3, 1/3, 1/3

Greg Seminara
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Strategic Services

Contact Us for Export Solutions

1. Identify Best in Class Distributors: 96 Countries
2. Best Practices Export Strategy
3. Distributor Management Workshops
4. Export 101: Let's Get Started
5. New Market Prioritization & Launch Plan
6. Personal Distributor Introductions: 96 Countries
7. Walmart International
8. Distributor Contracts, Margins, & Fees
9. Meeting Speaker
10. International Strategy Expert

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”*

www.exportsolutions.com



*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*

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.

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.

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

Contact Greg Seminara at
gseminara@exportsolutions.com
or (001)-404-255-8387
www.exportsolutions.com



Is Your Distributor Best In Class?

	Best in Class Distributor	Average Distributor
Size	Top 10 Supplier to Retailers.	Top 100 Supplier to Retailers.
Coverage	Countrywide. Offices outside Capital.	Major retailers only.
Technology	EDI, Web Portal, Handhelds for sales reps.	Basic desktop capabilities.
Talent	Management: Multi-national expertise.	“Home grown” talent.
Channel	Covers all channels and small shops.	Major retailers only.
Marketing	Full Brand Management services.	Trade promotion only.
Retail Presence	Dominant presence at retail for distributors brands.	Mixed presence at point of sale.
Cost to Serve	Competitive, transparent model.	Average cost to serve.
Logistics	Multiple warehouses. 24 hour delivery.	1 warehouse, 48 hour delivery.
Results	Results exceed market growth.	Results = market growth.

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?

5 Critical Questions to Thrive in 2025

1. Are we willing to pursue international acquisitions?
2. Would your company consider overseas contract packing (versus export)?
3. Can we test a high spend investment plan ("The Right Way") in a strategic country?
4. Would your company invest aggressively in offshore head count in advance of sales?
5. Europeans: can we develop the USA market implementing the USA playbook? USA factory, broker network, competitive pricing, USA team, channel strategy, 30-50% trade promotions?

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.

Where Do You Want to Grow?

Asia/Africa/Middle East

	Australia – 262 Distributors
	China – 165 Distributors
	Hong Kong – 166 Distributors
	India – 98 Distributors
	Indonesia – 68 Distributors
	Japan – 174 Distributors
	Korea – 134 Distributors
	Malaysia – 122 Distributors
	Philippines – 99 Distributors
	Singapore – 169 Distributors
	Thailand – 90 Distributors
	Vietnam – 50 Distributors
	Egypt – 56 Distributors
	Saudi Arabia – 107 Distributors
	U.A.E. – 172 Distributors
	South Africa – 106 Distributors

Plus 14 more countries

Europe

	Austria – 65 Distributors
	Belgium – 77 Distributors
	Croatia – 69 Distributors
	France – 117 Distributors
	Germany – 170 Distributors
	Greece – 79 Distributors
	Hungary – 62 Distributors
	Italy – 90 Distributors
	Netherlands – 143 Distributors
	Poland – 75 Distributors
	Russia – 108 Distributors
	Spain – 144 Distributors
	Sweden – 96 Distributors
	Switzerland – 90 Distributors
	Turkey – 80 Distributors
	U.K. – 249 Distributors

Plus 19 more countries

Americas

	Argentina – 58 Distributors
	Bolivia – 51 Distributors
	Brazil – 130 Distributors
	Canada – 193 Distributors
	Chile – 81 Distributors
	Colombia – 91 Distributors
	Costa Rica – 67 Distributors
	Ecuador – 56 Distributors
	Guatemala – 52 Distributors
	Mexico – 190 Distributors
	Panama – 60 Distributors
	Paraguay – 58 Distributors
	Peru – 84 Distributors
	Uruguay – 57 Distributors
	USA – 549 Distributors
	Venezuela – 59 Distributors

Plus 14 more countries

*Use Export Solutions Database
to fill in the Gaps in your
Export Coverage Map*



Distributor Types: Different Experts for Different Situations

All distributors are not created equally! Most exporters recognize obvious differences based upon the size of distributor and breadth of service offering. Export Solutions has identified six common types of distributor business models. Global brands maintain a mix of distributor relationships. Some partnerships are new while others have evolved for thirty years or more. With time, requirements for servicing our industry have changed. While some distributors have remained generalists, handling many brands and channels. Others elected to focus against a specific market segment. Which model delivers the best result for your brand?

Distributor Types: Different Experts for Different Situations		
Distributor Type	Model	Application
Big Brand Distributor	Large Distributors. Handles # 1 or # 2 brands. Multiple categories/channels.	Outsourcing solution. Option for Latin America, Middle East, Asia, Europe (excluding large countries)
Category Expert	Dedicated to one category	Specialists for Confectionery, Frozen, OTC, Beverages, Natural Foods, Dairy, Beauty
Channel Expert	Dedicated to one channel	Specialists for Foodservice, "small shops", or Pharmacy channels
Country Expert	Represents brands exclusively from one country/region	Specialist for Brands from USA, UK, Germany, Asia, Italy, or Spain
Fine Food Importer	Represents leading international gourmet/niche brands.	Handles brands like Tabasco, Maille, Bonne Maman, Twinings, Bahlsen, Ryvita
Niche Entrepreneur	Small distributor. Willing to pioneer new brands with limited marketing support	Option for small brands or countries where brand does not want to invest.

Big Brand Distributors

Large distributors supply an economical alternative for leading brand manufacturers versus operating their own subsidiary. Normally, they handle multiple categories and offer critical mass. A potential issue is the struggle for attention among brands all vying for focus from one sales team.

Category Expert

Buyers value partners that serve as category experts who can share insights and innovation for the sector. Distributors dedicated to one sector provide logistics efficiencies and capability to share best practices from complimentary products. Managing product conflicts is a frequent problem with distributors concentrated on only one category.

Channel Expert

Many distributors built their business platform centered on servicing the supermarket channel. Incremental growth today is dependent on penetrating underserved channels such as foodservice, small shops, or pharmacy. In larger countries, it's possible to maintain one organizational approach for supermarkets

and then appoint a specialist for a different channel. Alternate channels normally feature smaller store footprints which can provide a barrier to entry for all but the leading brands.

Country Expert

Some distributors have created viable businesses as the source for brands from one country. These distributors supply brands to consumers "homesick" for their favorite brands at a premium price. A benefit with this option is the distributor who can consolidate shipments from one country and is connected with the retailers and consumers for this "expat" segment. This approach works well for niche products or brands focused on availability without marketing investment.

Fine Food Importer

Food enthusiasts everywhere are passionate about the gourmet experience. Fine dining restaurants are dependent on unique products and ingredients from around the world. The classic fine food importer fulfills this role. Fine Food importers seek brands of the highest quality, with unique attributes and

reputation. Not an option for commodities or "me-too" type products.

Niche Entrepreneur

Pioneering a brand with no existing sales is tough in any country. While many brands would prefer partnering with a prestigious specialist, the reality is that a smaller distributor may be your best option to start. Niche entrepreneurs are hungry and flexible to work without significant resources supplied by the brand. It is important to calibrate your expectations when working with a niche entrepreneur and conduct due diligence on their financial situation.

Evaluate Your Current Distributor Mix

A valuable exercise is to evaluate your current roster of distributors "by type." Which models are delivering superior results? Which models are lagging behind? Are there any universal conclusions which may apply when you expand to new markets or considering a distributor change? One type does not fit all scenarios. However, it is important to segment your partners and understand the inherent strengths and issues with different types of distributor partners.

Export Distributor Data Sheet: _____ (Distributor Name)

Key Contact:		Telephone:	
Web Site:		Email:	
Annual Sales:		Total Employees:	
Employees, by Function:			
Key Account Sales	Logistics	Marketing	Merchandising
Company Owned Warehouse:		Yes	No
If Yes	Warehouse Size:	Location:	
Channel Coverage (percent sales by channel):			
Supermarket	Convenience	Foodservice	Other
Top Five Manufacturer Clients:			
Company Name	Brands Represented		Years Service
1			
2			
3			
4			
5			
Manufacturer references:			
Company Name	Contact Name	Contact Telephone	Contact Email
1			
2			
3			
Why are you interested in distributing our brand?			
Why is your company the best candidate to represent our brand in the market?			
Feel free to attach your company credentials presentation.			

Export Solutions recommends creating your own one page Export Distributor fact sheet template. Insist that all candidates complete the template 100 percent prior to a phone interview or trade show meeting. Pay particular attention to the annual sales number, brands represented and manufacturer references. Qualified candidates will enthusiastically complete these sections. "Pretenders" or time wasters will leave these sections blank or disappear saving you time and money!

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.

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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 routes 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.



Test Something...Please!

This is the time of year when suppliers are engaged in 2020 planning. A common approach is to dust off 2019 plans, assess results to date and update the numbers to reflect a three to five percent sales increase. In today's crowded global marketplace, it appears tougher every year to exceed management expectations. More companies join the battle for coveted shelf space in emerging markets. Repetitive plans without creativity are likely to fall in the category where you are required to "spend more to sell less."



Breakthrough results are possible by testing something new. Skipping conventional promotional strategies may allow us to explore "new ways to sell old brands." The basic concept is to establish an innovative market test, measure results, and strive for a winning idea to reapply. The success may emerge in the form of new insights or closer distributor relationship versus case payout alone. This method involves some element of risk. It is okay for a test to fail, as long you as you "fail fast" (and inexpensively).

Listed below are Export Solutions' five ideas for stimulating your 2020 test.

1. Brainstorm Out of Office

Dedicate time where the sole objective is to generate new ideas. Escape from the distractions of the office or a hot conference room. Commit to a specific time on your calendar. Work alone or as part of a team. Encourage group ownership by circulating test concepts and seeking feedback. This exercise may apply to your headquarter export unit or an individual distributor.

2. Blockbuster Event to Digital Marketing

A myriad of options exist for your test. Consider one enormous 360 Marketing event versus several small promotions. Another alternative is to place heavy emphasis on digital marketing to reach consumers in an original way. Companies may pursue a high spend test or a low spend test. Another possibility relates to frequency and depth of your market visits.

3. One Focus Country

Every export manager can identify a country with strong potential with capability for exponential growth. Select a mid-size country. Vow to visit more frequently. Travel to secondary cities and participate in distributor sponsored sales training events. Champion a retail sales contest and support your partners market level ideas.

4. Product

Many companies feature a broad portfolio of products marketed in their home country. Usually, a narrower range is targeted for export. Why not look at trying a new product or size or pack in a different country? Is it possible to manage a market test of something new from your research lab that is not available in your core market?

5. Measures

A sales manager's reaction is to "just do it." I admire that spirit and determination to translate "boardroom promises into retail reality." However, a test is not a test without a grade. Establish clear parameters and a timeline for evaluating performance.

What if? Successful companies maintain a passion for leading not copying. Each year, I attend five or six trade shows and check hundreds of stores. So many brands, so little shelf space. Most exporters could quickly list of ten or more snack, pasta, or condiment brands. I am always impressed with new promotional events and innovative ideas from iconic brands like Pringles, Barilla, and Tabasco (happy 150th birthday!). These brands are marketed to more than 100 countries and still tackle each year with a fresh approach and hot ideas to reach picky consumers.

What will you do differently in 2020?

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Money Matters 2020

Today's export managers devote more time to finance issues than their historical role as international brand builders. Global managers are turning grey from problems in Russia, Ukraine, and Venezuela. It's virtually guaranteed that this month a new crisis will evolve somewhere.

Few money issues should come as a complete surprise. Watch for clues in distributors' operations and organization. Study country benchmarks published by *The Economist* or other financial tracking services. Listed below are a few tangible steps to consider to minimize risk and optimize your financial results in 2020.

Update Credit History

2019 financial reporting should be completed by all distributors. Now is a good time to request an updated credit history for all partners. Recommend that your group finance manager handle the request to create joint ownership of the issue and to avoid sensitivity. Run a Dun & Bradstreet report for all distributors. Track days outstanding trends for the last 24 months.

Review Pricing Calculation

Brand owners and distributors dedicate significant time to wrestling over the pricing calculation prior to establishing a relationship. As the years go by, the calculation may "drift," although input costs usually shift significantly. Why not take a fresh look at your pricing model?

Time for a Price Increase?

Raw material prices and transportation costs have surged in recent months. Many brand owners have taken cost justified price increases. Retailers may complain, but they understand the reality of changes based upon their own private label and transportation costs. In many cases, the retailer may benefit from a price increase if consumption remains stable and competition follows the price hike.

Inventory Levels: Important Benchmark

Measurement of inventory through the supply chain is an important indicator. The key metrics should always be in terms of number of weeks supply on hand at the distributor and retailer's warehouses. Evaluation should be based upon trailing 12 week sales velocity or seasonal trends. Low inventory levels could indicate cash flow problems. High inventory levels could suggest sell through issues. Look at trends versus historical levels and contractual agreements.

Retail Pricing Survey

When was the last time that you requested a market wide audit of retail prices? Your competition may have adjusted their pricing higher or lower without your notification. A price survey is also valuable in advance of a price increase to measure "pre" and "post" prices for your brand and category.

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.

Distributors Need to Make Money Too

Distributors are squeezed, dealing with increased transportation costs and demanding retailers. Calculate the gross dollars earned by the distributor to represent your product. Consider the financial implications of your requested activity to build your brand. A healthy relationship is when both the brand owner and distributor are making money.



Evaluating Distributors?
We can help!
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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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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.

Distributor Margin/Broker Commissions: What's Fair?

Short Answer – Prevailing Rates*

12-15 % Distributor/Importer Margin	Leading Companies/ Brands with Major Marketing Support
20 % Distributor /Importer Margin	"Average size" Brands with Some Marketing Support
25-50 % Distributor/Importer Margin	Niche brand with little or No marketing support
2 % USA Broker Commission	Leading Companies/Brands- Full Service (HQ sales + Retail)
3-5 % USA Broker Commission	Average Size Brands- Full Service (HQ sales + Retail)
5- 10 % USA Broker Commission	Niche Brands or "start-ups" requiring Full Service

Canada Broker Commissions are normally 1 % higher versus USA.

* Distributor/Importer Margins and Broker Commissions can vary based upon local factors such as retail requirements, logistics costs, financing fees, and complexity of servicing a manufacturers business. Contact Export Solutions to discuss typical margins/commissions for a specific country or brand.

Cost to Serve: 5 Factors to Consider

Manufacturers must perform self analysis to understand the costs required to service their business:

1. *How complex is your product line?* One category with 3-5 items is relatively simple to manage. Or is your company in many categories with 50- 100 items to sell, inventory, deliver, and merchandise in-store?

2. *Logistics: Single largest cost for a distributor.* Freight and warehouse handling complexity can vary widely by manufacturer. Are your brands of normal weight, cube, and sales turnover? Or are your brands light with high cube/high turnover (paper) or low cube, low turnover (HBC items).

3. *Retail Intensiveness.* Certain brands compete in large categories (confectionery/ drinks) with fierce competition for shelf space. This demands constant attention by the distributors/brokers sales force on every store visit. Other brands require little ongoing retail attention. In these cases, distributor personnel must simply verify that authorized brand sizes are available at each store.

4. *Seasonal Brand versus Year Round Sales?* Naturally, it is easier for a distributor to service a brand that has a narrow selling season (Christmas Holiday) than a brand requiring year round focus.

5. *Manufacturer Involvement and Visibility.* Does the brand require a dedicated brand manager in the distributor to handle day to day activities? How involved is the Brand Owner? Do you speak to him daily or several times per year? What is the frequency of Brand Owners request for information/reports and market visits?

Marketing Investment: How Much and Who Pays?

Brands with a strong financial commitment to marketing should generate higher sales for the distributor. Marketing investments include spending for Consumer Awareness activities such as advertising and sampling as well as Trade development events such as listing fees, special displays, and in store campaigns.

Brands with strong marketing budgets typically enjoy lower margin structures. In some cases, the distributors agree to share the marketing costs as part of their margin calculation. This practice may apply to large brands or new products. Distributor sharing of marketing expense may result in a slightly higher margin, but increased accountability, efficiency and a unique sense of partnership.

A Brand with Existing Business is Attractive

Distributors and Brokers place a high value on securing brands with existing

local business. Distributors can accurately gauge what revenues these brands will bring. Usually, there are minimal "start-up" costs and these brands can deliver immediate sales and revenues. Most distributors' costs are fixed: sales force, warehouse, management, administration etc. Brands with current sales deliver incremental profits for the distributor by leveraging the distributors existing infrastructure. The distributor must offer a competitive margin to attract these brands to deliver a cost savings versus the brands current organizational strategy. Manufacturers with significant existing business are in a strong negotiating position.

Pioneering New Brands is Expensive

Start-ups normally pay a premium for distributor services during the first two years of launch. This surcharge is driven by the fact it may take up to a year from start until the distributor derives a meaningful sales level and is paid for his shipments of your new product. Market Entry Planning can take 3 months, followed by another 3-4 months to sell in to retail availability. Marketing activities begin and may take 2-3 months to generate meaningful sales levels followed by retailer payment 30-90 days later. Thus, a distributor may be investing his organizations resources for one year before he gets paid! New brands also require a disproportionate share of the time of a distributor/broker organization. In some cases, a manufacturer will offer the distributor a small, monthly fixed fee to compensate him for resources invested during the launch window.

Bonus Incentives versus Scale Discounts

Supplemental compensation schemes may be used to incent distributors/brokers or to obtain cost savings once certain volume thresholds are reached. One approach is to pay a bonus based upon reaching critical annual sales targets. In other situations, manufacturers may structure margin calculations to receive rebates/margin reductions once business reaches a certain sales level. For example, reduction of margin from 25% to 23% once 3 million in sales are reached, 20% once 5 million in sales are reached. Other plans call for a reduced margin only on levels exceeding the thresholds. For example 25% margin on first 1 million in sales, 22% margin on sales above one million.

Distributor Contracts: Review and Refresh

Suppliers review their Distributor contracts for two reasons: At the start of a new distributor relationship or when the current distributor has resigned or failed. Most exporters simply revise their standard distributor contract with a new name and make a few minor adjustments when entering a new partnership. Export Solutions frequently reviews distributor contracts as part of our distributor identification process. We do not pretend to be lawyers but our broad conclusion is that most current distributor contracts were written to reflect business practices of the 1990's versus the business reality of 2020. Listed below are points for consideration as you seek to refresh or renew your distributor contracts.

Contract vs. Letter of Understanding

A basic question: Do you really need a contract with all distributors in all countries? Formal contracts make sense when the manufacturer plans a strategic launch, supported by investments in trade and consumer activities. A contract is mandatory in transferring an established business from a direct organization to a third party or from one distributor to another. A Letter of Understanding may suffice in cases dealing with an opportunistic sale or testing a new product concept. The Letter of Understanding simply outlines the roles and responsibilities of each partner, expected outcome and plan of action, and ability for each party to exit the relationship without much complexity. In some situations, a "Handshake Deal" is acceptable, particularly if the volumes are low and the orders are pre-paid. This may function in some countries, but in certain markets such as Puerto Rico (Law 75) a relationship with responsibilities is created with or without a formal written agreement.

Termination Clauses

Most distributor contracts are rarely revisited until the possibility (or probability) of termination becomes likely. Long term contracts lasting 5 years, with one year notification periods do not make business sense for the distributor or supplier. More realistic is a three year contract, with escape clauses for either the manufacturer or distributor to resign if minimum sales levels are not attained. Termination notification periods of 6 months to one year can be harmful for a brand. A better option is a 3 month

notification period, with succession plans formalized at point of notification.

Global Retailer Impact

Retailers such as Walmart, Carrefour, Costco, and Metro maintain a presence in many adjacent countries. Their cross border sourcing activities create challenges for distributors, as retailers buying practices may interfere with protected territories. New contracts should address the role of Global Retailers and responsibilities for each partner to maintain the integrity of the territory.

Distributor Price Increases

Pricing is a sensitive topic, as some countries maintain strict laws to discourage price manipulation. On the other hand, contracts should include clauses that prevent distributors from taking "unauthorized" price increases without agreement from the brand owner. I have witnessed brands being damaged by a distributor price increase that was independent of any pricing action by the manufacturer.

Key Issue: Distributor Loss of a Major Principal

There have been several high profile distributor bankruptcies. These occur quickly and result in the loss of receivables by the manufacturer. It's wise to insert a clause stating that Distributor should notify you in writing within 7 days of notification of any loss of principal that represents 10 percent of their business or more. Another clause, is the right for you to terminate the contract within 30 days upon distributor loss of principal of 20 percent of their business or more.

Promotion Payment Handling

Trade discounts and promotional incentives are a standard component of our marketing plans. However, it is surprising that many distributor agreements do not mention promotion payment handling. We suggest adding clauses mentioning documentation required, budgeting, over spends, and right to audit paperwork.

Information Technology Requirements

Most industry participants would be utterly and completely lost without our



computers. Yet most contracts do not specify any Information Technology requirements for our distributors. New contracts often specify that a distributor must handle designated EDI transaction sets, Electronic Funds Transfer, and online portal to share shipment and financial information. Data security and back-up requirements also warrant inclusion.

Warehouse Audit

Warehouse inventory is central to many of our business practices: Achieving sales objectives, minimum stock levels, product returns, new products, sales promotions etc. Manufacturers should maintain the right to inspect distributor warehouses with 72 hour notice. This is particularly important during distributor change or suspected diverting.

Minimum Volumes

It is difficult to forecast volume for a new brand launch due to many variables. However, it is fair to establish minimum volume thresholds, particularly for year two. If the business is not succeeding, there must be "escapes" for both manufacturer and distributor to exit gracefully.

Next Steps

Respectfully, most suppliers and distributors desire to avoid frequent contact with their lawyers. The new business realities of 2020 reveal that many distributors and manufacturers are not adequately protected. A review of existing contract templates to measure relevance for today's business practices is warranted. Export Solutions advocates a balanced approach favoring commercial sensibilities.

Build Relationships to Build Business

Many of the most successful business deals are clinched long after 9:00 pm. Barriers come down once your buyer or distributor escapes the handcuffs of an office environment. High impact schedules filled with meetings, emails, and deadlines leave us too little time to cultivate relationships. Technology, travel, and industry globalization have created seismic shifts in our business practices. One fundamental that hasn't changed is that relationships count and customers prefer to do business with people they like. Export Solutions shares a few ideas to build relationships to build your business with key buyers and distributors.

Factory Tour

A well executed visit to your production facility represents a perfect opportunity to demonstrate your category leadership and commitment to quality. Couple the factory tour with a meeting with your Research and Development team to impress the buyer (or distributor) with your plans for the future. Finish the day with a dinner with your company president or other senior executive.

This will provide an excellent opportunity for you to serve as a "host" and create lasting impressions of your brand beyond numbers on a price list.

Share a Business Book

An inexpensive way to enhance your connectivity is to mail your buyers and distributors a recent business book. Include a short personal note saying "I recently read this book and thought that you might enjoy it." Another idea is to provide a gift of a "coffee table style" book of photos from your city. Inscribe the book with a personal note and even an invitation such as, "I hope you can visit our city and company headquarters one day." You would be surprised about how many of these books wind up displayed in the company's waiting room.

Speaking Invitation

Distributor executives and senior level buyers can share broad perspectives on industry observations sourced from a variety of suppliers. Most would be flattered by an invitation to speak at your company's annual sales meeting or local industry conference. Suggested topics are the retailer's own success story, trends and innovation or another area where the



distributor or retailer has demonstrated a unique capability. Organizing and hosting the speaker normally requires significant interaction on speaking topic and logistics, supplying further personalized contact opportunities.

Online Networking

LinkedIn counts almost 600 million participants and Facebook has more than 2.5 billion users. These tools facilitate connectivity. I have been thrilled with invitations to connect via LinkedIn with peers from my early career days. Now I can keep up with their progress and rekindle important relationships.

Road Trip

Admit it. When you go on vacation, you always check the local supermarkets. We are all students of the industry and enjoy visiting international retailers to view new formats and category trends. Why not invite a buyer to visit an international market with you? You could bring the buyer or prospective new distributor to visit a country where your brand looks impressive at retail. The same approach applies to an invitation to visit an international trade show to see innovation in a different country.

Handwritten Notes

Email, texts, and twitter have replaced the art of a handwritten note. One of my mentors is now the CEO of a mid-sized company. He ordered casual note cards to send out quick personal notes. Every

week, he invests the time to send out multiple notes to the many people he meets. This ranges from a buyer at a regional retailer to a sales representative who sold a nice display. These notes come from the heart and often mean a great deal to the recipient. No surprise that this mentor is one of the best liked and most respected people in the industry.

Recognition Plaques

Everyone likes to receive an award. Distributors proudly display these plaques in their office lobbies as a statement to their achievements. Buyers can be presented plaques for reaching 100,000 dollars of purchases or 100 million units of purchases...you can always find a reason to celebrate! The plaques normally cost \$100 or less but can deliver significant intangible benefits.

Old Reliables

Golf still represents a great five hour bonding experience unless you are a lousy hacker like me. Dinner at a first class restaurant with your distributor and their spouse may be a treat. Birthday cards may be old fashioned but send an important message. Buy lunch for the retailers or distributors administrative staff. You'll get the reputation as a person who appreciates the team behind the scenes.

You will be pleasantly surprised to discover that your buyers and distributors like to have fun as much as you do!

Ten Tips: Professional Approach to Store Checks

Many brands source 80 percent of sales or more from the shelf. However, most export manager market visits include only a quick trip to a store by the airport or distributors office. Formal retail checks may be highly orchestrated, with some sales teams pre-selecting and beautifying stores in advance. This creates a favorable, but unrealistic view of actual store conditions. I will always remember the true story of the CEO of Clorox visiting a supermarket in Chicago. He entered the store and walked to the primary location of Clorox products. The CEO discovered a letter taped to the shelf fixture. My memory fades but the letters basic message was: "Dear CEO of Clorox. Thank you for coming to our store. Can you remind your representative to change the shelf back to the way it normally is following your visit?"

Listed below are Export Solutions Ten Tips for generating increased sales everyday through a strategic approach to store checks.

1. 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 an identical scorecard. Ideally, the entire group should meet at the end of the day to share observations and next steps.

2. Sync Store Audit Dates to Major Events

Schedule retail field audit dates to align with the major events on your annual promotional calendar. High priority events could include new product retail availability, peak seasonality, marketing campaign launch, or a retailer driven merchandising program. Unannounced, independent checks of stores chosen at random allows an unbiased view of your brands presence.

3. Define and Publicize Realistic In-Store Guidelines

The first step is to ensure 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 and shared online. Ensure that each sales representative owns a written copy of your guidelines. Objectives should be realistic based upon current brand turnover not "dreams" based upon higher sales levels from your home market.

4. Store Objectives Should Be Specific and Measurable

Objectives should be direct, without much wriggle room for interpretation. Assign specific goals that can be measured by a "Yes/No" question or a numeric response. It is easy to count brand share of category space, items per store, facings per store, out of stocks, and pricing. For example, a major brand could track performance versus a goal of shelf space equal to market share. A niche product could measure average number of items per store. "Yes/No" objectives could be location on the eye level shelf or positioning next to your prime competitor. Design a model that acknowledges the difference in store sizes from hypermarket to neighborhood shop.

5. Create a Standard Scorecard 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.



6. Coordinate Your Shelf Metrics with Distributors Retail Reporting System

Best in class distributor sales representatives use handheld retail reporting systems. More advanced technology extends far beyond order management to capture store conditions for key brands. Organize a meeting with your distributor's sales technology guru. How can you fit your objectives into their information technology platform? How can your brand's objectives be elevated in terms of priority handling from the sales force?

7. Identify Shelf Conditions "Influencers"

Normally, an export manager's communication loop includes the distributor owner, brand manager, and the retailer's category buyer. Feedback on store conditions will reach your normal contacts, but they may only serve as "filters" to the real gatekeepers of the retailer's shelves. Understand who allocates shelf space and product positioning at each retailer. Which of your sales team is assigned to call on the shelf decision maker? You may learn that the shelf management team is a unique set of contacts, requiring sales efforts and perseverance, just like your buyer.

8. The Retailers Schematic/Planogram Serves as the Official Record

Request the official planogram for your category from each of the 4-6 largest retailers for each market. Compare the planogram to observations from store checks. Your biggest short term opportunity may simply involve securing compliance to the agreed upon layout. Reward key account sales people for implementing improvements to the official planogram.

9. Written Feedback Documents Trends

Everyone is guilty of providing vague feedback that store check results "looked good" or "need improvement." A formal letter analyzing store conditions versus expectations and objectives is appropriate following a retail audit. Invest time to supply detailed comments, including store location and specific success or problem observed. Positive notes recognizing progress are always appreciated. Avoid "harping" on minor shelf imperfections that may be distracting and costly to fix.

10. Dedicate Time to Store Checks

Escape the handcuffs of conference room planning sessions to see stores. Retail outlets serve as showcases for our brands and the location where inventory is translated to a consumer purchase. Your attention to store conditions will linger with the sales team long after your plane departs. Send a strong signal that you are focused on your retail showcase and watch your brand presence improve!

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.

Don't Tell Your Boss!



Looking to expand to new countries? Finding new distributors can be tough! Export Solutions makes life a little easier with our time saving distributor lists covering 96 countries and 8,600 distributors of supermarket/foodservice products. Over 3,300 brand owners and government trade organizations use our online database to quickly identify qualified distributor candidates in 96 countries.

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