



Export Express

Insights to Accelerate International Expansion



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

Now Searchable!

Export Solutions' Distributor Databases new platform allows subscribers to use filters to search for distributors by country, category, brand name, or a combination of all three inputs. Recently, we expanded coverage to track distributors handling Italian, USA, German, or UK brands. Export Solutions' database now covers more than 7,100 distributors in 96 countries. Database users can instantly locate an average of 65 distributor candidates per country. For a free sample and ordering info, visit www.exportsolutions.com.

New Frontiers 2017

World population exceeds 7.4 billion, with 2.8 million new consumers born every week. Export managers are faced with the annual challenge of "where to grow next?" There are 196 countries in the world and everyone eats! More than 3 billion people will qualify as "middle class" by local standards and shop regularly at modern supermarkets, logical showcases for our brands. Our top ten New Frontier countries appeal to the experienced exporter, with successful track records in places like the Middle East, South America, or Southeast Asia. These high potential countries are worthwhile places to invest, as they will deliver exceptional growth in the long run. Act now, as history tells us that retailers quickly join the listing fee "pay to play" game.



Ignored, Emerging, or Political?

New Frontier countries were selected due to important populations (typically 50-100 million) and upward economic trajectory. We segment them into three groups. The first cluster represents core countries like Mexico, Philippines, and South Africa that have been ignored or "under managed" by companies chasing sexier BRIC dreams. The second group features large, emerging market, countries like Egypt, Ethiopia, and Vietnam, which are in early stages of their development curve. A third bunch includes Argentina, Cuba, and Myanmar, where positive political moves have increased the attractiveness of these "future stars."

Mexico

Mexico surpassed Japan to be the world's 10th largest country, with a population of 127 million. Mexico's economy ranks 15th in the world, roughly equivalent to Russia!

In This Issue

Page 1
New Frontiers 2017

Page 2
Boots on the Ground

Page 3
Export Lessons Learned Template

Page 4
10 Tips: Mandatory Distributor Warehouse Visit

Page 5
Can We Help You?

Page 6
Currency Exchange – Tough Tactics for Tumultuous Times

Page 8
Searching for New Distributors?

2017 New Frontier Countries

1. Mexico
2. Philippines
3. Argentina
4. South Africa
5. Egypt
6. Cuba
7. Morocco
8. Vietnam
9. Ethiopia
10. Myanmar

continued on page 7

New Frontiers 2017

continued from page 1

Mexico benefits as a supply depot to the booming USA market. Many industrial manufacturers construct enormous factories in Northern Mexico to take advantage of lower costs and high quality labor, less than one day transit time from the USA. Walmart, HE Butt, and Costco maintain an impressive presence, investing for the future. Mexico's peso has declined around 15% since last year, impacting retail price points for imported products.

Philippines

In 2016, I completed two distributor search projects in the Philippines. I continue to be impressed by this country with a young population of 105 million. The economy is a top global performer, with another year of 6% GDP growth. Philippines is attractive for USA exporters. In 2015, it ranked tenth worldwide, with purchases exceeding 2.3 billion dollars. Supermarket shelves are stuffed with popular USA brands, many arriving without the benefit of a local distributor. Significant potential for those willing to make an effort. Export Solutions' database tracks 87 Filipino distributors.

Argentina

Welcome back! For the last 8 years, an environment existed where it was next to impossible for foreign brands to penetrate Argentina due to the shortage of hard currency. The new Macri government facilitates the free flow of the peso, albeit at high exchange rates. Several companies reported that their sales volume has already doubled in 2016. Argentina offers an upscale population of 45 million people who appreciate international brands particularly from Italy and Spain. The Argentina distributor community is rebuilding capabilities after a rough decade.

South Africa

Africa's 1 billion population is "too big to ignore." South Africa is strategically important as a gateway to Africa. Now is the time to begin and South Africa is the logical place to start. The retail environment is improving. Woolworth's, Shop Rite, and Massmart (Walmart) all expanding quickly. Nothing is easy, but the long term rewards are lucrative.

Egypt

2010-2015 were tumultuous for Egypt, derailing economic progress. 2016 signals a more stable, but always fragile, environment for market entry. Egypt's population exceeds 94 million, including 36 million people considered middle class. Nielsen reports that middle class families dedicate 50% of income to food purchases. Crawl, walk, run!

Cuba

The big "gold rush" is on for USA manufacturers, with expected liberalization and benefits by 2020. The TSRA act of 2000 facilitated the sale of Made in USA food products and medicines to Cuba under tight conditions. European companies did not face the same restrictions. The approval of flights from mainland USA to facilitate tourism and commerce should stimulate a hotel boom with trickle down benefits to all Cubans. I just returned from a September 2016 trip to Cuba, so email me for updates.

Morocco

Morocco is a hidden gem in MENA (Middle East/North Africa). Morocco enjoys an advantage due to its proximity to Europe and status as a remarkable tourist destination. Population is 33 million, with historic GDP growth of 3-5%. My July visit revealed good distributors, nice stores including Carrefour outlets, and an expanding assortment of international brands.

Vietnam

Vietnam remains a bright spot in the southeast Asia VIP (Vietnam, Indonesia, Philippines) cluster. Count on another year of 6% growth. Unemployment is around 3%, and inflation is low. However, per capita GDP hovers around \$2,000 for the population of 94 million. There are relatively few large supermarkets. Vietnam remains a strong trading partner with the USA.

Ethiopia

Ethiopia's population surged past 102 million, with an average age of only 19. Ethiopia is one of the world's poorest countries, but GDP growth has exceeded 10% per year, one of the fastest growing non-oil economies in the world. The modern retail sector is still in its infancy, but will ultimately expand to satisfy the new middle class.

Myanmar

Myanmar qualifies for our new frontier list as landmark elections in 2015 have stimulated the pace of economic development. Myanmar has 55 million people and has enjoyed consistent GDP growth of 7%. Myanmar is home to several important tourist destinations including Mandalay and Yangon. I completed a project in Myanmar last year. I was impressed with the growth potential and City Mart chain of 20 stores which featured brands from around the world.

Watch List

Most exporters prefer to enter a new frontier country during a period of economic and political recovery. Others venture bravely when others are avoiding the country to secure first mover advantage. Look at Iran, Turkey, Brazil, Venezuela, and Nigeria as five difficult, but high potential countries for the future.

Export Solutions' Database – 96 Countries

Our leading distributor database covers 96 countries and more than 7,100 distributors and importers of supermarket products. Our database covers seven of ten New Frontier countries. Export Solutions has completed distributor search projects worldwide including recent work in Philippines, Mexico, Morocco, Cuba, and Myanmar. Brands work with us to quickly partner with leading distributors and begin the market entry process in these New Frontier countries. Contact us to learn more about how Export Solutions can leverage our distributor contacts for your benefit in 2017.

Watch List: 5 Countries

1. Iran
2. Turkey
3. Brazil
4. Venezuela
5. Nigeria