

Export Express

Insights to Accelerate International Expansion



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

Sell to 96 Countries

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

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Big Distributors vs. Small Distributors: Your Best Bet

Distributor Search Guide from Export Solutions

Locating a strong local partner to sell your brand is never easy. Export Solutions has worked on more than 300 distributor identification projects in 96 countries. We share every brand owner’s frustration on the lack of responsiveness to email and phone inquiries. The reality is that pioneering a new brand today is difficult for the distributor too. As a result, distributors are searching for unique brands, supported by investment in marketing and trade development activities. Your professional first approach to a potential distributor makes a big difference in a creating a positive environment to conduct business.

The objective of this guide is to share practical tips for international distributor identification projects. Export Solutions desires to add more value to your



company than simply providing you the lists of distributors for each country or category. Export Solutions’ goal is to share strategies, ideas, and best practices that have helped other brands succeed in building export sales. Ultimately, the potential of your brand must attract the distributor. Our Distributor Search Guide helps enhance your “Export Readiness” to target the right type of distributor to build your brand.

Greg’s Guidance: Distributor Assessment Criteria

- ✓ History of Success pioneering other international brands
- ✓ Strong retail presence for current brands handled
- ✓ Logical launch plan, category analysis, and cost structure
- ✓ Positive references from existing brands and Dun & Bradstreet
- ✓ Enthusiastic about your brand and the business

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 90 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.

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"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.

www.exportsolutions.com



Export Solutions
Distributor Identification Experts

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

How many emails do you receive a week from “distributors” wishing to represent your brand? How much of your trade show time is wasted on impromptu meetings with enthusiastic “traders” who make bold promises, but never order? Why are we surprised when you search these companies on the internet to discover there is no information or a web site “under construction?” Many companies’ distributor networks contain these small, anonymous distributors who aggressively pursued a famous brand, but rarely deliver. Give them an “A” for effort, but distributor search must include proper due diligence of all potential candidates, not just the small one chasing you.

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

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

Identify a Pool of Preliminary Candidates

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

Establish Partner Selection Criteria

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

Determine Candidates Preliminary Interest Level

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

Schedule a Meeting in the Candidate's Office

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



Prepare Distributor Assessment Grid

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

Independent Evaluation of Candidates Performance for Existing Brands

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

What is the Distributor's Plan?

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

Reference Checks Represent an Important Next Step

Request references of 5 of the distributors top 10 clients. Call at least three references and request insights into performance and capabilities. Acknowledge that these are likely to be positive references, but they always provide significant value. Run a Dun & Bradstreet or other type of credit report on leading candidates. See Distributor Assessment template on page 23.

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.**

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

Distributor Search Best Practices

| Activity | Bad Practice | Best Practice |
|----------------------------|--|--|
| Distributor Profile | No portfolio synergies. | Representing similar size, premium brands from your aisle/country. |
| Candidate Model | Agent or third party not based in destination country. | Distributor of international, third party brands. |
| Web Site | None! Watch out. | Modern/informative site. Lists current companies handled. |
| Candidate Selection | Evaluate one candidate only. | Consider 3-5 candidates, depending on complexity. |
| 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 meeting, warehouse inspection. |
| Store Check | No store check to validate distributor capabilities. | Full day store check to measure results for existing brands. |
| Reference Check | No financial or commercial checks. | Check current principals plus financial institutions (D & B). |
| 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. |

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.

Can We Help You?

Distributor Search Helper for:



Your
Logo
Here



Procter & Gamble



SEEBERGER



Recent Distributor Search Projects

| Asia | Europe | Middle East | Latin America |
|-------------|----------------|---------------|---------------|
| Australia | Germany | Israel | Argentina |
| China | Ireland | Kuwait | Brazil |
| Indonesia | Netherlands | Qatar | Colombia |
| Japan | Nordics | Saudi Arabia | Costa Rica |
| Malaysia | Spain | UAE | Ecuador |
| Philippines | United Kingdom | | Mexico |
| Singapore | | Canada | Panama |
| South Korea | South Africa | United States | Peru |



Export Solutions
Distributor Identification Experts

Call the Export Accelerator!

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

www.exportsolutions.com

Distributor Selection Road Map

Most companies maintain diverse distributor networks: A mix of large and small distributors, category specialists, and those focusing on brands from your home country. Export Solutions recommends performing a distributor model analysis of your current distributors to determine which type of distributor is delivering “Best in Class” results. An important consideration is your brand ambition and investment level for a country when evaluating distributor performance. The results of your distributor model assessment can be used to guide new distributor selection or upgrade your current distributor network. Export Solutions can help!

| Brand Ambition | | | |
|--------------------------------|----------------|-----------------------|--------------------|
| Country Importance | Strategic | Priority | Opportunistic |
| Brand Market Share Objective | Leader | Player | Niche |
| Brand Investment Model | Mass Marketing | 10% of Sales | Dead Net Price |
| Distributor Selection Criteria | | | |
| Preferred Distributor Size | Large | Medium | Small |
| Channel Specialization | Supermarkets | Foodservice | Pharmacy |
| Category Specialization | All Food | Confectionery & Snack | Beverage |
| | Gourmet | Natural Food | Health & Beauty |
| | Ethnic Food | Frozen/Chilled | Household/Non Food |
| Country Specialization | USA | France | Germany |
| | Italy | Spain | United Kingdom |
| | Asia | Latin America | Middle East |
| Benchmark Brands (examples) | Pringles | Barilla | Tabasco |

Export Solutions Performs Distributor Search in 96 Countries

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!

NEW!

Distributor Search Made Simple

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

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 Category

Confectionery & Snack

Gourmet/Ethnic Foods

Beverage (Ambient & Hot)

USA, German, UK, Italian Food

Health & Beauty

Search by Brand Name

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

Combo Search

Example 1: Who are Beverage Distributors in Germany?

Example 2: Who is the Pringles Distributor in Saudi Arabia?

ORDER NOW!

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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 10). 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 76 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 3,000 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.

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. |

Breakthrough – Contacting New Distributors

Strong distributors are inundated with lengthy emails from brands searching for a qualified partner. Distributors check their emails every ten minutes just like the rest of us. Brand owners are frustrated by the lack of response to their generic, mass emails. Export Solutions works on around 35 distributor search projects per year. This requires us to be experts at breaking through the clutter to reach the distributor owner or manager in charge of new business projects.

Breakthrough Techniques

- Call immediately after email. Before 9:00 AM and after 4:00 PM are prime time.
- Receive an introduction from one of distributor's existing suppliers.
- Request your local government trade officer make an introduction.
- Connect with distributor team members through LinkedIn.
- Stimulating subject line: New Business Opportunity – Leading XYZ Brand.
- Try mobile phone, WhatsApp, Skype, or better yet...a FedExed Letter!
- Work through managing director's assistant to facilitate contact.
- Initiate contact through a distributor's junior level team member.
- Hire local to handle contacts: Russia, China, Japan.
- Follow up: use at least 3 of the above tactics.

If no response after 3 days, this signals a clear lack of interest.

Looking for Good Distributors?

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

www.exportsolutions.com



Export Solutions
Distributor Identification Experts

What Distributors Want to Know ?

Strong distributors are overwhelmed by calls from brand owners looking for new partners. Distributors assess each opportunity carefully, as any new brand must add incremental sales and profits and not distract from priorities from existing brands handled.

What is the “size of the prize” for the distributor?

| Assessment Criteria | Facts | Rating (10 = Best) |
|---|-------|--------------------|
| Your company: size/ reputation | | |
| Existing business: sales in distributors country? | | |
| If zero “current sales,” what is realistic expectation? | | |
| Brand’s USP...your point of difference/innovation? | | |
| Size of investment plan: Marketing and Trade? | | |
| Potential distributor revenues? margin? | | |
| How does the product taste? (or perform) | | |
| How attractive/compliant is the packaging? | | |
| Pricing relative to category? | | |
| Brand success story in an adjacent country? | | |
| Competition intensity in category? | | |
| Brand range complexity? Product shelf life? | | |
| Local market research? Syndicated data? | | |
| Will brand invest in marketing and social media? | | |
| Will this be a tough product to launch? | | |
| Can we grow with the brand owner? | | |
| Your brand: core distributor category or adjacency? | | |
| Will the export manager be good to work with? | | |
| Will we be proud/excited to represent this brand? | | |
| What is the “size of the prize?” | | |

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.

Agenda: New Distributor Interview

1. Distributor Capability

History, organizational model, coverage, Companies represented.

2. Category Insights

Distributor observations and analysis of your category? Category sales data? Store check photos? Gaps? Recommendations?

3. Success Story

Request example using a brand of similar size to your brand. Success story could be "Pioneering a New Brand" or "Taking an Existing Brand" to a higher level of sales.

4. Distributor Cost to Serve

General model of financial cost to serve the market. Retailer costs for listing fees, trade promotion plus everyday category margin. Distributor margin estimate and services included in margin.

5. Warehouse Visit

Check companies represented and inventory, by brand, for accurate view.

6. Year 1 Action Plan

If distributor hired, what would be their Year 1 action plan?
Note: More relevant for existing brand looking to grow.



7. Brand Owners:

Company Credentials Presentation

Company History, product portfolio, point of difference.
Share product samples.

8. Brand Owners:

Status/Plans for Country

Brand Ambition for the country.
Current distribution levels and pricing.
Planned investment level.

9. Next Steps

Determine mutual interest level.
Establish timeline, point person for distributor and brand owner.
Prepare category review, year 1 plan, and price calculation model.

Looking for Good Distributors?

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10 Questions for Every Distributor Interview

1. Company History

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

2. Company Brand Portfolio

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

3. Key Account Buyers

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

4. New Product Launch Success Story

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

5. Creative Selling

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

6. Retail Servicing

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

7. People

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



8. Business Planning Model

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

9. Cost to Serve

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

10. Enthusiasm for our Company

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

Talk to an Expert

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



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

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Distributor Search Made Simple – 96 Countries



Recent Distributor Search Projects for Export Solutions

- Global distributor search across 26 countries supporting sale of 1 billion dollar food brand
- USA entry strategies and importer/broker search for 70 million dollar European ethnic food brand
- Indonesia, Malaysia, Philippines & Singapore distributor search for global snack brand
- Global strategic assessment: Europe, Asia, Middle East and Latin America for leading USA food company
- Brazil: “next level” business development for famous global food brand
- Europe and Latin America distributor search supporting spinoff of leading non-food brand
- Peru & Ecuador distributor search for 6 billion dollar food company.
- Mexico distributor search for global biscuit brand

Export Solutions served as a phone consultant on more than 50 distributor search projects in 2018

Why use Export Solutions as a distributor identification consultant?

Export Solutions has the unique ability to leverage our proprietary database of 8,600 distributors in 96 countries. Distributors everywhere respect Export Solutions as a valuable source of new business leads. Our nine step distributor selection process is a proven system to identify and hire the best candidate to build your brand. You provide us the brief and we facilitate the rest within 60 days!

**Contact Greg Seminara at (001)-404-255-8387
to discuss your distributor search project.**

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

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Brand Owners: What Every Distributor Wants to Know

Strong consumer goods distributors are deluged with representation inquiries from around the world. The emails are usually supplemented by a product catalog and promise to mail a price list! In a best case scenario, this type of approach may lead to a request for more information from a good distributor. More likely, the distributor will skip your inquiry and move on to the next opportunity in his mailbox. Listed below are Export Solutions tips for “breaking through the clutter” and providing the right information to generate excitement and interest from the distributor community.

1. What is your Brand USP (Unique Selling Proposition)?

USP defines your competitive edge versus all other brands battling for the same shelf space. The USP can revolve around quality, value, assortment, or packaging. However, you need to validate your claims. For example, a statement such as “tastes better than competitors A & B” should be supported by market research of consumers or blind tests of a sufficient panel group that backs your quality claim. Similarly, a retail price review can demonstrate a “better value” position. Your USP must also pass the litmus test: Is your USP relevant to the purchaser and consumer? For example, you might offer the only coffee with orange and lemon flavors, but is anyone really looking for this product?

2. Have you done your homework on my market?

The food/consumer goods industry is relatively transparent. Typically, brand owners simply need to visit the leading supermarket chains to obtain a “snapshot” of local category assortment, pricing and merchandising practices. The assortment and shelf space allocation will provide clues regarding consumer preferences from a taste/usage standpoint and potential gaps in the market. Syndicated data providers such as Nielsen and Euromonitor supply reams of data tracking category sales and trends. New brand representation offers to distributors that demonstrate a degree of understanding of local category market conditions will always receive an appreciative response.



3. What will the brand owner invest?

The most important consideration after the USP definition! A distributor believes that he needs the right financial spend levels to aid him in achieving the results that he is capable of. The correct spend level usually reflects an appropriate mix of trade development funds (listing fees/shelf space/flier participation) and consumer awareness activities (sampling/pr etc.) The brand owner must acknowledge that there are fixed fees to enter virtually every market. Some distributors are willing to split these fees. It's usually not enough to case rate spending unless you have a very strong proposition. Bottom line: If you are unwilling to invest in your brand...why should the distributor invest his time and resources building your brand?

4. Where has your brand been successful?

Your track record at building brands counts! Share your record proudly, particularly if the target country or retailer are well known or reside in an adjacent country. On the other hand, a “Made in the USA” success story may not be impactful if you don't intend to duplicate the conditions that brought you success such as local production and measurable marketing investments.

5. How tough is the job to launch your brand?

Are you attempting to enter a competitive category dominated by heavy spending multi-nationals? Or are you aiming at an attractive niche? What are the brand owners expectations in terms of product availability and sales volume?

6. Can the distributor make money with your brand?

Distributors seek to obtain a fair profit for their activities to support your brand. Profit must be measured in dollars contributed versus percent of sales. Distributors rarely make money during year one of an introduction as they allocate a disproportionate share of their resources to launch a brand. On the other hand, new brands in current categories for the distributor can bring new profits with minimal incremental effort. Globally recognized brands bring prestige to a distributor's portfolio and may serve as a magnet to attract other brands. Brand owners must present a convincing case to the distributor on the incremental profits that your company can deliver to the distributor's bottom line.

Ten Tips: Your Company Credentials Presentation

Distributors are flooded with requests for representation of brands from around the world. Normally, these presentations are jammed with pretty photos and long stories about the company's history. Brands will receive better response with a fact based, company credentials presentation focused on "what distributors and buyers really want to know." Export Solutions recommends that brands create two versions of your credentials presentation: a ten page detailed presentation and a one page summary.

Recapped below are our ten tips on developing a strong company credentials presentation to attract interest from distributors and buyers anywhere.

1. Just the Facts:

Page 1 should include basic company facts. Annual sales, ownership, number of employees, and key categories and brands.

2. History

Tell the story of when and how the company was founded. This is your chance to seduce the audience with a captivating story. Learn to tell the story in one page with no company videos or DVDs (boring!). Provide a longer version of your history and milestones on your company web site for those who want more information.

3. Brand USP

This is the place for pretty pictures of your brand and the opportunity to demonstrate your category expertise. Why is your brand different? How do you compare with current category assortment? List any awards or recognition for your company.

4. Current Export Markets

Share countries where your brand is currently available. Segment between core markets where your brand is strong and others where you maintain niche status. What is the rationale for entering the distributor's country?



5. Distributor and Retailer Partners

Highlight well known distributors currently serving as your partners. List retailers who currently sell your brand. Logos work well.

6. Success Stories

Focus on recent examples of your brand building results. Mention specific retailers or distributors if examples are well known retailers or in adjacent countries.

7. Investment Strategy

Distributors and buyers demand critical information on how you plan to generate consumer awareness, trial, and repeat purchase of your product. Their interest will match your level of financial commitment.

8. Team Resources

Publish photos of your export team. This includes marketing, finance, customer service, and logistics experts. List years of service for each team member to demonstrate that you have a strong support organization to build the business.

9. Sync With Web Site

Your credentials presentation should sync with information on your web site. In reality, your web site is the first place that a potential distributor will visit. Modern web sites, with crisp graphics, minimal text, and no music will receive attention. Do you have a page dedicated to international export? When was the last time you updated your web site?

10. Why is your Company a Good Partner?

This represents a one page summary of your company credentials. What value does your company bring to the partnership? What is the "size of the prize?" How will your brand make more money for the distributor or buyer?

Export Solutions can help!

Export Solutions has participated in more than 300 distributor identification projects and reviewed web sites of more than 10,000 distributors and brand owners. We are available to review your company presentation or web site to provide timely ideas and suggestions to improve your visibility. Contact us in the USA at (001)-404-255-8387 for more information.

Need more information? Visit www.exportsolutions.com.

Ten Tips: Measuring Distributor Enthusiasm for Your Brand

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

1. CEO Commitment and Involvement

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

2. Responsiveness to Problems

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

3. Customer Introductions

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

4. Best People Assigned to Your Brand

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

5. Web Site Prominence

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



6. Distributor Visits to Your Headquarters

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

7. Creative Ideas

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

8. Distributor Awards and References

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

9. Love Your Brand

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

10. Exceed Expectations Everyday

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

Need a hand? Visit www.exportsolutions.com.

Export Solutions Distributor Assessment Grid

| Criteria (weighting) | Rating | Evaluation Factors |
|--|--------|---|
| Corporate Credentials 30% | | Size, sales force, logistics, # employees. Reputation (reference check existing brands). National coverage. Multi-channel coverage. |
| Category Expertise 20% | | Sells brands in my category. Shelf space for existing brands. Current brands selling to target retailer. Category analysis and insights. |
| Brand Building 15% | | Ideas to build or launch my brand? Marketing plan, cost, timing. Success stories. |
| Cost to Serve 15% | | Fair, transparent model relative to size of business, brand investment, and work required. |
| Enthusiasm for My Brand 20% | | Advance preparation, CEO involvement. Follow-up on commitments. Alignment with your vision. |
| X Factors: People, Admin., Professionalism, etc. +/- | | CPG/FMCG background for leaders. Efficiency of scheduling meeting. Office environment. Do you enjoy the people? |

Rating System



| Rating | Score |
|-----------|-------|
| Excellent | 5 |
| Very Good | 4 |
| Average | 3 |
| Fair | 2 |
| Poor | 1 |



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

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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 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. |

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) | |

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



Small Shops (Traditional Trade) – Capability Assessment

| Assessment Criteria | Capability – Results |
|---|----------------------|
| Traditional trade: percent of total distributor sales | |
| Dedicated traditional trade team? Structure? | |
| Top 5 principals: traditional trade | |
| # Vans and DSD trucks? Owned? | |
| # Traditional trade reps. Exclusive or shared? | |
| Sales rep. compensation (fixed/variable/bonus) | |
| Customer coverage, segmentation, frequency | |
| # Customers invoiced monthly | |
| Average order size | |
| # items sold per order | |
| # calls per day | |
| How do you establish call priorities? | |
| Measures/KPI's | |
| Retail reporting capabilities | |
| How do you drive traditional trade volume? | |
| Creative trade marketing ideas? | |
| Sub-distributors or wholesalers used? | |
| Cost to serve? | |
| New item launch process | |
| Traditional trade growth versus market? | |

From First Meeting to First Order – Cooperation Model

Export Solutions answers the question, “where do we go from here?”

Cooperation Model describes the follow up process from positive initial meeting to launch plan strategy.

10 C's

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.

**Contact Greg Seminara at greg@exportsolutions.com
for a free copy of our 34 page *Distributor Cooperation Model Guide*.**

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”

Business Case Template – Brand Owner Request for Information – New Distributor

| Activity | Comments |
|-----------------------------|--|
| Brand Owner Profile | <ul style="list-style-type: none"> • Founding date, headquarter location • Annual sales • Category, point of difference, international sales |
| Opportunity | <ul style="list-style-type: none"> • Anticipated Year 1, Year 3, Year 5 revenues • Market share aspirations |
| Product Portfolio | <ul style="list-style-type: none"> • Core items from product portfolio |
| Retail Price Range | <ul style="list-style-type: none"> • Estimated retail price or premium vs. current category items |
| Channels/Customers | <ul style="list-style-type: none"> • Target trade channels, customers |
| Marketing Budget | <ul style="list-style-type: none"> • Spending range or percent of sales • Any contingencies |
| Marketing Activities | <ul style="list-style-type: none"> • Consumer promotion, sampling, media • Trade promotion, listing fees • Social media, community engagement |
| Launch Timing | <ul style="list-style-type: none"> • Launch date • Retail availability date |
| Information Required | <ul style="list-style-type: none"> • Category Review, Year 1 Business Plan • Value Chain, Team Members • Timeline |

Sample Business Case Template- Brand Owner "CerealCo*"

Request for Information – New Distributor for CerealCo

Summary

CerealCo was founded in 1960 and is based in Atlanta, Georgia (USA). 2019 sales exceeded \$300 million, including more than \$100 million in export sales to 25 countries outside the USA. CerealCo is a leader in organic/gluten free cereals.

Oppportunity

CerealCo's goal is to achieve retail sales of \$500,000 in year one, growing to \$1 million by year three and \$2 million by year five. Market share objective is 15% of the premium international cereal category. The size of the prize translates to roughly \$1.5 million in distributor sales to retailers and \$1.1 million in CerealCo sales to the distributor by year five.

Product Range

CerealCo offers a complete range of more than 30 organic, gluten free and sugar free cereals. For international markets, our six core items are Organic (Original), Organic with Nuts, Organic Chocolate, Organic with Berries plus Gluten Free, and Sugar Free. All core items available in a 300 gram size.

Retail Price

Approximate retail pricing is equivalent to \$5 US dollars including VAT in local currency. This is consistent with other premium international cereals and approximately a 20% premium to non-organic cereals. Our price list is attached.

Channels/Customers

Our year one focus is on the supermarket and natural foods channels. Initial targets are supermarkets catering to middle and upper income consumers in the major cities. Year three aspiration is to expand to all supermarkets and launch into the foodservice/horeca channel.

Marketing Budget

A provisional year one launch budget of \$50,000 has been established. Ongoing marketing and trade support levels are projected at the rate of 10% of distributor purchase value.

Marketing Activities

Distributor and CerealCo will agree on a joint business plan. Key components will include sampling and introductory price discounts. A limited budget is established for listing fees at leading chains. However, it is CerealCo's preference to offer "free goods" in lieu of a listing fee. Launch plan will include ongoing social media campaign targeted against online communities appreciative of other organic and gluten free products.

Launch Timing

Initial shipment – February. Sales Launch – March. Retail Availability – May. Marketing starts – June.

Information Required

Distributor should supply the following information within three weeks:

- Answers to key questions
- Cereal category review
- Year one business plan proposal
- Value chain: port to retail shelf
- Distributor proposed point of contact for CerealCo
- Timeline of key activities

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

Need more information? Visit www.exportsolutions.com.

Ten Questions: Developing your Cooperation Model

1. Size of the Prize

What are the distributor's year one and year three volume estimates? How big is the category? Is the category growing?

2. Key Account Listings

What listings can we achieve in year one? Who will be our biggest customers? Will there be differences in retailer acceptance by region or channel?

3. Trade Reaction

What will retailers like about our brand? Any potential barriers? Which retailers will be most challenging?

4. Brand Manager

Who will be our primary point of contact? Experience level? Workload?

5. Marketing Investment

What budget is requested to achieve our mutual shipment objectives? Who pays for marketing costs? Which costs are split?

6. Currency Fluctuation

What assumptions are made in your price calculation? What happens if the currency fluctuates more than 5 percent in either direction? How do you handle price increases?

7. Distributor Margin

What is your distributor margin? What services are included? Any other fees or regular costs if we work together?

8. Trial and Repeat

What strategies are required to generate consumer trial and repeat purchase? What works? How do you conduct post-promotion analysis and measure payout and success?



9. Focus

Where will our company rank in terms of volume contribution to your overall business? How will we secure share of mind during our critical first year?

10. Issues

What are the biggest issues we will face? Barriers to success? What must happen to win?

Talk to an Expert

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



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

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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

Subscribe now at www.exportsolutions.com

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



Export Solutions Celebrates 16 Years!

16 years have passed since a giant USA food broker decided that international development was not strategic and my job was eliminated. Rough day that turned out to be a fantastic personal move. This event inspired me to create Export Solutions, a platform that has allowed me the pleasure of meeting you! Our *Export Express* publications have been read by more than 400,000 people in 154 countries. Export Solutions database



covers 96 countries and 8,600 distributors and has helped more than 2,700 companies find qualified partners around the world. It has been an honor to work with our industry's best companies and trade organizations: P & G, Barilla, Tabasco, Nestlé, and the National Confectioners Association, to name just a few. As busy as I have been, I wanted to share some of the changes I've witnessed in the last 16 years.

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. Coverage: 96 Countries – 5 Continents

In 2004, export usually meant selling to 10 adjacent countries like Canada and the Caribbean for USA exporters and the Nordics, Benelux, and Malta for Europeans. Today, exporters routinely sell to 30 to 70 to 100 countries or more! Strategic export plans now focus on previously tough to access markets like China, Brazil, and India.

2. Too Many Flags – Not Enough Sales

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 to most of them.

3. 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. Our country lists track an average of 79 distributors of all sizes and specialties.

4. Big Difference: Best in Class Distributors vs. Average Performers

Outstanding distributors exist in most countries. These leaders offer similar or better capabilities than multinational sales teams. Many top brands partner in some countries with small, under performing distributors, failing to consider stronger options.

5. Right Fit: Generalist vs. Specialist

In the past, brands were happy just to have a distributor in a country. Today, high achievers partner with category specialists or distributors with comparable scale. Many small to mid size brands will secure more focus from a smaller, hungrier distributor.

6. Mexico, USA, India, Brazil – Think Outside the Box

Partnering solutions in these countries normally extends far beyond "finding a distributor." My consulting projects in complex countries often considers partnering with non-compete manufacturers, co-packing, local subsidiaries, or a hybrid model.

7. Winners Focused on In Store Visibility Metrics

Superior results are obtained by companies with a passion for managing in store presence. Containers sold to distributors are only inventory until purchased from a store shelf.

8. Regionally Based Distributor Managers

Best in Class exporters have established small offices in the USA, Dubai, Shanghai, Sao Paolo, etc. These companies are "figuring it out" and dominating distributor attention.

My youngest daughter Ciara is 16 years old, so I will be working at least another 10 years. Thanks for your support.

Greg Seminara
gseminara@exportsolutions.com
404-255-8387

Your Partners: Brand Builders vs. Buyers?

| | Distributor | Trader | Buyer |
|----------------------|-------------------------------------|---------------------------------------|--|
| Services | Brand Builder of third party brands | Buys and sells products | Purchases direct for supermarkets |
| Joint Business Plan | Core | No | No |
| Retail Merchandising | Yes | No | Shelf stocking only |
| Consumer Promotion | Yes | No | Price reduction only |
| Focus | Brand Building | Short Term Profit | Lower prices through Direct purchase |
| Issues | Many brands needing attention | A local Distributor handles most work | How to sell to other market retailers? |

Create Your Own Export Library



Distributor Search Guide



Export Handbook



Selling to USA Handbook



Distributor Management Guide



Finance & Logistics



*Export Treasure Chest
My Favorite Templates & Forms*



*People Power
Strong Teams Build Great Brands*

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

Six Steps Before You Hire a New Distributor

- ✓ Reference Check with their existing brand owners.
- ✓ Store visit to view in-store presence for current brands handled.
- ✓ Call at least one retail buyer for a reference check.
- ✓ Conduct a credit check through Dun & Bradstreet.
- ✓ Search local legal records for lawsuits against the company or owner.
- ✓ Secure independent local legal input to the validity of your contract.

Pros & Cons: Route to Market Models

Few companies achieve sufficient sales volume to operate offices in every country. Even Procter & Gamble, Nestle, & Unilever regularly use third party distributors for certain countries or brands. Distributors, Importers, Brokers, and Agents form an essential part of our industry. Each model provides local expertise in a variable cost model. This frees up valuable company resources to invest in brand building versus start up costs and complexities associated with managing your own subsidiary. However, all models are not created equally. Different third party models play unique roles depending on the country.

| Model | Advantages | Issues |
|--|---|--|
| Subsidiary | 100% of sales force attention. Direct interaction with customers. | Fixed Cost. Start-up - expensive. Requires critical mass. |
| Distributor/Importer | Integrated solution. Variable cost. Multiple brands drive scale. Universal. Available everywhere. | Battle for distributor focus. Margin impacts pricing. Lack scale in biggest markets. |
| Joint Venture: Local Manufacturer | Integrated solution. Local expertise, critical mass. Lower start-up costs. | Focus vs. in-house brands. Loss of control. Not strategic for jv partner. |
| Broker/Agent | Efficient, Variable cost. Critical Mass: USA/Canada. | No logistics/financial services. Limited scale outside N. America. |
| Direct to Customer | Cost efficient (no middleman). Direct interaction with customer. | How to sell all market customers? Store level execution problems. |
| Consolidator | Ships small quantities to market. Few label changes/currency issues. | Another Middleman and expense. Diverting risk. Small volume. |

Local Subsidiary

Companies create their own offices in large countries and locations where they maintain factories. All producers require the same portfolio of logistics, sales, retail coverage, and financial services. A manufacturer must generate a certain threshold of sales volume to provide the depth of services to efficiently operate a local subsidiary. The clear benefit of this option is that your entire team is 100% dedicated to your brand's priorities.

Universal Model: Distributors

The global standard for third parties is the distributor/importer model. Each country features a variety of distributors offering an integrated "one stop shop" of commercial, logistics, and financial services. Many types of Distributors exist, ranging from category experts to channel specialists. Export Solutions' database tracks more than 8,600 distributors in 96 countries.

Distributors: Different Services

It is important to recognize that there are at least three types of distributors active in our industry. The most common international model is the distributor/importer which imports and sells brands, usually with exclusivity to one brand per category. In the USA, the wholesale distributor model plays a critical role. The wholesale distributor

serves as a logistics/financial partner, but does not import and markets all category brands on a non-exclusive basis. Regional Distributors are common in Brazil, India, Russia and China. These distributors work exclusively, but normally handle only one designated region and rarely import.

USA Supermarket Brokers

Why do most successful USA brands use brokers to sell to supermarket chains? Most companies operate factories in the USA, eliminating the need for importation services. Logistics providers are plentiful and retailers are financially reliable. As a result, most USA brands do not require the integrated services from a distributor/importer, only niche foreign products. Brokers supply essential local selling services. They maintain excellent customer relationships and provide critical store level merchandising. "Big 3" USA brokers offer tremendous economies of scale, but are organized to handle leading brands. Brokers are powerful partners to the supermarket channel. Most manufacturers "sell direct" to Walmart, Costco, Pharmacy, and other non-supermarket channels.

Problems with Joint Ventures

Joint Venture proposals look good on PowerPoint presentations in the board room. Potential value exists in partnering

with a dominant local brand owner, with built in critical mass.

Unfortunately, my experience is that most joint venture relationships wind up in divorce. Senior management may be committed, but the norm is for the sales team to default focus to their own brands which they find easier to sell.

Consolidators: Opportunistic Volume

Consolidators are local customers who will purchase your brand, comingle it with other products and ship mixed containers to foreign distributors or retailers. Manufacturers with "lean" export departments view this as simple, incremental business. These companies like the fact that they do not need to deal with label changes, currency exchange, and foreign distributors. In many cases, serious exporters move beyond the consolidator model to take control and optimize sales volume.

Direct to Customer Challenges

Walmart and Carrefour sponsor established global sourcing or "direct buy" programs. For some countries, these programs represent an efficient route to market solution. In other countries, exhibit caution, as direct sales to one customer can disrupt distributor relationships and an entire market.

New Year's Resolution — Preparing for a Distributor Change

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



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

A Gentle Approach

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

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.

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.

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 lightning 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.

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? | |

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.

Pioneering: A Gamble, Not a Guaranteed Gold Mine

Brand owners express frustration at the lack of response from distributors to their representation inquiries. Qualified distributors are flooded with emails from companies looking for new distributors to handle their unknown brands. It's difficult to convince massive retailers to take a chance on a new brand without a proven track record. It's even tougher to persuade the owner of a mid-size distributor to write a check for the first order of your product, particularly if you are not committed to a significant marketing campaign. Brand building from ground zero requires one-two years. Research reveals that approximately 20 percent of new products are still on the shelves two years later. Listed below are Export Solutions' tips on increasing your chances that your new brand will be a "Gold Mine" for a successful distributor.

Distributors: Always Looking for New Brands

Every distributor is looking for new brands. Distributor profitability rises exponentially when they add new business. New business allows them to leverage their fixed costs of warehouse space and sales teams. Most distributors search for adjacent brands that complement their existing portfolio. For example, confectionery specialists look for other snack items that may be purchased by the same buyer and are located in the same aisle as their current brands. Distributors need new companies, as all distributors (even the good ones), lose brands due to acquisition, performance, or direct models. The key is to position your new brand opportunity as an attractive addition to the distributor's portfolio.

What Every Distributor Wants to Know

While you rave about your brands superior taste, the distributor has three thoughts on his mind :

1. How much money can he make representing your brand?
2. Will it be tough to secure market acceptance?
3. What will the brand owner commit to in marketing investment?

Manufacturers that position their proposition in these terms have a better chance of gaining market acceptance. Review Export Solutions' article "How to Excite Buyers, New Product Checklist" for an independent product assessment.



Resistance to Pioneering

New product launch cycles require up to one year from time of first distributor meeting until he receives retailer payment for his first order. During this incubation period, the distributor must allocate his sales and marketing resources to your company without compensation. This time dedicated to your company is sourced from their other brands that are currently generating income. Access to the shelf does not guarantee consumer trial and repeat purchase. A distributor may buy your brand, capture shelf space, and suffer disappointment when the product does not sell. Unfortunately, these pessimistic comments reflect reality and provide insights on why best in class distributors are hesitant to pioneer.

On the Road to Gold Mine

How can brand owners overcome distributor resistance to pioneering? Distributors are impressed by large companies and brands that have been successful in adjacent countries. Some distributors will accept a product that offers some existing market penetration with the belief that their stronger team can drive the business to the next level. Manufacturer commitment to a powerful marketing program sends a loud message that you are serious. For mid-size manufacturers, offering a small monthly pioneering fee (\$3,000 - \$7,000)

demonstrates that you are a patient partner, willing to co-fund the launch preparation until distributor sales begin. At the end of the day, distributors look for a strong partner, with a good track record, and a firm financial commitment to support your mutual marketing efforts.

How to Find an Enthusiastic Partner?

Export Solutions compiled an extensive Distributor Search guide covering all aspects of the distributor search process. In pioneering scenarios, it is critical to consider a wide variety of potential partners. Schedule a one week trip to a country. Plan to visit at least 5 distributors. Most distributors will be open to an introductory meeting with an overseas principal if you are professional in your approach. Referrals from your local government trade support contact or another one of their current brand owners helps pave the way. Trade shows also generate leads from interested distributors. Post a large sign saying: Distributors Wanted, listing countries of interest. This will encourage visitors to stop and chat.

Pioneering is tough but not impossible. In reality, creating new brand sales from a zero base is the essence of the Export Manager's job responsibility. Fortunately, Export Solutions' database covers more than 8,600 distributors looking for opportunities. Good luck!

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. | |

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



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

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How to Excite Buyers – New Product Checklist

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

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

| 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 |

Launch Plan Proposal – Year One*

| Brand Objective | | | | |
|---|--------|----------------------------------|--------|--------------------------|
| Volume: _____ | | Wtd. Distribution: _____ | | Share: _____ |
| Consumer Marketing Activities | | | | |
| Activity | | Rationale | | Cost |
| 1. | | | | |
| 2. | | | | |
| 3. | | | | |
| Trade Marketing Activities | | | | |
| Activity | | Volume | | Cost |
| 1. | | | | |
| 2. | | | | |
| 3. | | | | |
| Listing Fees | | | | |
| Customer | | # SKUs, Space, Promotion Support | | Cost |
| 1. | | | | |
| 2. | | | | |
| 3. | | | | |
| Total Year One Volume | | Total Year One Cost | | Wtd. Distribution |
| Distribution Achieved with Above Spend Level | | | | |
| Customer | Stores | % Country | # SKUs | Volume (annual) |
| 1. | | | | |
| 2. | | | | |
| 3. | | | | |

*Feel free to attach other pages to support your recommended launch plan.

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

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 \$2,575. 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.

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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 | |



Price is Right?

Consumer pricing is one of the famous “Four P’s” of product marketing. Many export managers spend countless hours negotiating wholesale price lists with distributors and retailers. However, this intensity frequently disappears when the discussion shifts to the point of pricing to the consumer. This is unfortunate, because retail pricing is at the critical point where our marketing dreams and distributor inventory are translated to tangible sales.



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I recently conducted a seminar where I presented a full day program on Export Strategy, Distributor Economics, and Getting More Than Your Fair Share of Your Distributors Attention. In the Distributor Economics module, I surveyed the group on how many maintained copies of each distributor’s price calculation. This is the fundamental formula that tracks each brand’s pricing inputs from factory gate to supermarket shelf. None of the participants had copies of their distributor’s actual price calculation or requested a market wide retail price survey. As the norm, busy export managers focus attention on the myriads of details required to process orders such as importation paperwork and product registration. However, retail pricing is a critical element to add to your “to-do” list.

Listed below are Export Solution’s Tips for managing your retail price guidelines.

1. Review Suggested Retail Price by Market.

Is your pricing realistic based upon 2020 market dynamics and your cost calculation?

2. Conduct Market Wide Retail Price Survey

How do your prices compare versus your suggested retail price and competitive set?

3. Obtain Distributor Price Calculations

Most distributors openly share this information with their brand partners. If a distributor is hesitant, it’s usually easy to figure out if you have retail prices.

Retail price - distributor cost - sales taxes and import duties = gross margin.

This gross margin is divided by the retailer and distributor.

4. Examine Each Line Item of a Price Calculation

Distributors and Retailers are entitled to a fair return for their work on your brand. They maintain profit targets just like your company. In some cases, price calculation transparency leads to breakthrough changes in business development. I remember a situation where the distributor established an 8% currency benefit at the start of a price calculation to hedge against fluctuation. The export manager agreed to sell in the common currency, absorbing the risk, but translating to an 8% positive benefit to the brand price. In some cases, distributors may place “average” numbers in a calculation for logistics services or trade discounts which may not be representative for your brand.

5. Evaluate Relationship Between Everyday Pricing and Promotional Pricing

Price analysis should reveal typical price paid by the consumer. For example “everyday” prices are not as relevant if the consumer habit is to wait until product is on promotional discount to purchase and “stock up.”

6. Supermarket E-Commerce Sites Offer Instant Desktop Price Surveys

Lately, I have checked online web sites for retailers in the UK, Australia, Panama and the USA to get an immediate snapshot of market prices and assortment. It’s not perfect, but a free and easy way to begin to understand market pricing dynamics.

Pricing is a cornerstone of your brand proposition. A little emphasis and investigation will determine if your “Price is Right” to optimize sales in a country.

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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 1.14 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.

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your business development project.

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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. |

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 manufacturer's 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 owner's 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.

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.

10. Helpers are heroes!

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

Need more information? Visit www.exportsolutions.com.

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 | | |

NEW!

Netherlands 32 Retailers

| Country | Retailer | Stores | Formats | Profile | News | Financial |
|-------------|---------------------------|--------|---|-------------------------|----------------------|---------------------------|
| Netherlands | AH to Go | 66 | Convenience | Profile | News | Financial |
| Netherlands | Albert Heijn Supermarkets | 995 | Supermarket | Profile | News | Financial |
| Netherlands | Albert Heijn Total | 1,600 | Convenience, Drug Store, E-Commerce, Supermarket, Wholesale | Profile | News | Financial |
| Netherlands | Aldi | 500 | Discount | Profile | News | |
| Netherlands | Amazing Oriental | 20 | Supermarket | Profile | News | |
| Netherlands | Benu | 500 | Drug Store | Profile | News | Financial |
| Netherlands | Boni | 42 | Supermarket | Profile | News | |
| Netherlands | Boots | 65 | Drug Store | Profile | News | Financial |
| Netherlands | Coop | 274 | Convenience, E-Commerce, Supermarket | Profile | News | Financial |
| Netherlands | Deen | 82 | Supermarket | Profile | News | |
| Netherlands | Deka | 82 | Convenience, Discount, Supermarket | Profile | News | Financial |
| Netherlands | Dirk | 118 | Convenience, Discount, Supermarket | Profile | News | Financial |

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 the **Netherlands**?
- Example 2: How many stores does **Albert Heijn** operate by banner, in the Netherlands?

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What is the Plan?

Picking the right distributor is not an exact science. I know that each of us experiences moments of frustration when we question, "why did we ever pick that distributor?" Believe me, an equal number of examples exist where a distributor may share the same emotion about your company! Frequently, a partnership is christened by a positive distributor interview or enthusiastic meeting at a trade show. Everyone is always in a hurry to negotiate prices and a contract and



secure the first order. However, in many cases the decision to work together is cemented without a formal business plan where expectations, road map, and KPI's are established. Unfortunately, one year later both parties may find themselves pointing fingers at each other due to disappointing results.

I recently completed a distributor search project in the Middle East. We interviewed a number of good candidates and identified two with high potential. Last month, I was notified by the export manager that he selected one of the candidates. I supported his decision, but questioned how the plan proposals for the two distributors compared? The vague response confirmed no plans, just that he liked one distributor better.

This year, another project brought me to a country where a new distributor had been appointed less than one year earlier. Initial results were severely below expectations. The first question I asked the brand owner related to the reconciliation versus the original one-year business plan. What happened? In this case, there was general understanding about the direction of the partnership, but never alignment around a one-page scorecard with KPIs and a logical road map.

Launching a new distributor relationship is like the birth of a child. A mother rarely leaves the side of a baby, providing comfort, safety, and nutrition until the infant is healthy and able to survive without constant oversight. The same philosophy must apply to a distributor partnership. During the first few months, there must be frequent communication, care and visibility from the supplier with the new "brand parents." This approach results in a healthy brand. Too many times, I see a new distributor appointed without anyone from the manufacturer committed to visit the country for the sales launch meeting or conduct a retail sales audit within the first sixty days. Parents bring their newborn to the doctor frequently for checkups.

Listed below are Export Solutions' tips on creating a clear annual plan for each country and distributor partner.

1. Select new distributors based upon the quality of their year one plan: targeted listings, volume forecast, and retail penetration. What is their written commitment and timeline for achievement?
2. Current distributors should also have a confirmed one page plan. Merchandising events, new listing targets, spending, and shipment targets.

Many brand owners treat distributors as good customers which is a smart approach. The distributor is paying your invoice, not a retailer. Successful distributor partnerships thrive when both parties are aligned and committed to a simple, one-page plan. Looking for a sample format? I've prepared a one-page business plan template that is freely available in the Export Tips section of my web site or simply email me. What is your annual plan for each country?

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2. Best Practices Export Strategy
3. Distributor Management Workshops
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5. New Market Prioritization & Launch Plan
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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 | | |

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 | 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.

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 | | | | |



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

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7. Walmart International
8. Distributor Contracts, Margins, & Fees
9. Meeting Speaker
10. International Strategy Expert

Category Review Template* – page 1

(Estimate: Source info from Store Checks, Retailers, Nielsen, Euromonitor)

| | | | |
|--|--------------------|-----------------------|-------------------|
| Category Sales: Total, all channels, all customers | | | |
| Retail Value _____ | | Wholesale value _____ | |
| Category Sales: Percent by Segment | | | |
| Segment A _____ | Segment B _____ | Segment C _____ | Segment D _____ |
| Category Sales: Percent by Channel | | | |
| Supermarket _____ | Convenience _____ | Discount _____ | Pharmacy _____ |
| Wholesalers _____ | Cash & Carry _____ | E Commerce _____ | Other _____ |
| Category Peak Seasonality | | | |
| Summer _____ | Winter _____ | Holiday _____ | None _____ |
| Category Sales: Top 4 Customers | | | |
| Customer 1 _____ | Customer 2 _____ | Customer 3 _____ | Customer 4 _____ |
| Category Sales: Percent National Brand versus Private Label | | | |
| National Brand _____ | | Private Label _____ | |
| Category Sales: Percent by Brand | | | |
| Brand A _____ | Brand B _____ | Brand C _____ | Brand D _____ |
| Category Sales: Percent by Region | | | |
| Region A _____ | Region B _____ | Region C _____ | Region D _____ |
| Category Sales: Market share (value) Top 4 Brands | | | |
| Brand 1 _____ | Brand 2 _____ | Brand 3 _____ | Brand 4 _____ |
| Category Sales: Market share (units) Top 4 Brands | | | |
| Brand 1 _____ | Brand 2 _____ | Brand 3 _____ | Brand 4 _____ |
| Category Sales: Top 4 SKU's/Items | | | |
| Item 1 _____ | Item 2 _____ | Item 3 _____ | Item 4 _____ |
| Category Sales: Top 4 Pack Sizes | | | |
| Pack Size 1 _____ | Pack Size 2 _____ | Pack Size 3 _____ | Pack Size 4 _____ |

*Note: please provide your best estimate

Category Review Template* – page 2

(Estimate: Source info from Store Checks, Retailers, Nielsen, Euromonitor)

| Category Size (circle) | | | | |
|--|----------------|------------------------------|---------------|---------------|
| Mass | Standard | Niche | | |
| Category Sales Growth (circle) | | | | |
| High 10 % + | Average: 3-5 % | Flat | Declining | |
| Buyer Interest (circle) | | | | |
| High | Medium | Low | | |
| Category Development (circle) | | | | |
| New | High Growth | Mature | Declining | |
| Retail Prices: Top 15 SKU's/Items at number 1 customer | | | | |
| Item 1 _____ | Item 4 _____ | Item 7 _____ | Item 10 _____ | Item 13 _____ |
| Item 2 _____ | Item 5 _____ | Item 8 _____ | Item 11 _____ | Item 14 _____ |
| Item 3 _____ | Item 6 _____ | Item 9 _____ | Item 12 _____ | Item 15 _____ |
| Shelf Space: Provide Photo's/Planograms | | | | |
| Typical Section Size: Supermarket | | # Items: Average supermarket | | |
| Adjacent Category 1 | | Adjacent Category 2 | | |
| Merchandising (circle) | | | | |
| Typical Percent Price Reduction | 10% | 20% | 30% | Other |
| Store Flier Participation | weekly | monthly | seasonal | never |
| Category displays | weekly | monthly | seasonal | never |
| Special Packs | Bonus Packs | Pre-Price | Free Gift | Other |
| What activity drives incremental category sales? | | | | |
| Category Insights: What's hot? | | | | |
| Category Insights: What's not selling well? | | | | |
| Category Summary/Other Insights | | | | |

*Note: please provide your best estimate

Big Distributors vs. Small Distributors: Your Best Bet

A common industry debate revolves around the size of the distributor (or broker) you choose to represent your brands. Does your company prefer to be positioned as one of many brands in a leading distributor's portfolio? Or is it your company strategy to be a "big brand" in a smaller company's operation? Read below to understand the "pro's and cons" of each alternative.

Big Distributors Can Deliver Big Benefits

Large distributors offer scale versus smaller competitors.

Their strong portfolio of brands gives them more clout with retailers, and deeper coverage, particularly outside the main cities and "down the trade to smaller shops." This critical mass usually generates logistics efficiency and cash flow that a distributor can reinvest in people, technology, and broader services. A successful big distributor shares "best practices" from their different principals. Importantly, a big distributor is an essential partner to their local retailers, with good access to senior management and the ability to get paid "first" in challenging economic environments. A big distributor (or broker) thrives by bringing more principals into their "model" to offset the cost of fixed investments in people, technology, and infrastructure. This presents a challenge, as many manufacturers compete for the same resources and share of attention.

Small Distributors – Entrepreneurial Spirit

Pioneering a new brand or smaller company is a challenge. Smaller distributors are willing to accept the mission to build a brand they believe in. Small distributors offer the same



fundamental services of key account sales, retail coverage, brand management, and logistics. Their size does not provide the scale or depth of coverage as a large distributor. Small distributors have fewer principals, so they tend to be responsive and flexible. The distributor (or broker) owner will probably be involved in the management of your business. These companies are "hungry" and are experts at delivering results with limited investments in marketing support. Key challenges usually relate to the financial resources to compete in technology and store level coverage. This can be an issue as a brand strives to build market share towards leadership in a large category.

When is Bigger Better?

Big distributors tend to be a better solution when you have a large, existing, business that requires a full array of

services at a competitive rate. They succeed in countries where it is necessary to maintain massive "in-store" sales and merchandising teams to cover small stores and remote areas. Big distributors are also a good choice in countries where financial stability is a consideration, as they can leverage their ample brand portfolio for prompt repayment.

Good Results in a Small Package

Small distributors function well in a start-up situation for a new company or smaller brand. Their entrepreneurial spirit can deliver good results with limited investments. They often have excellent relationships with retailers that can be leveraged on your behalf. Small distributors (or brokers) can be a good alternative in countries with lower population or consolidated retail environment. Smaller distributors serve as an option for larger companies that seek to be the leading principal for a distributor or in countries where they allocate lower investment levels of marketing support.

People Make a Difference!

There is no magic formula to determine whether a big distributor or small distributor is the right choice to build your business. My preference is to identify a passionate team who demonstrate enthusiasm and the time and commitment to develop the brand. Most markets feature many distributors with the basic "tool kit." The key is your ability to motivate your partner to apply distributor resources for the benefit of your brand.

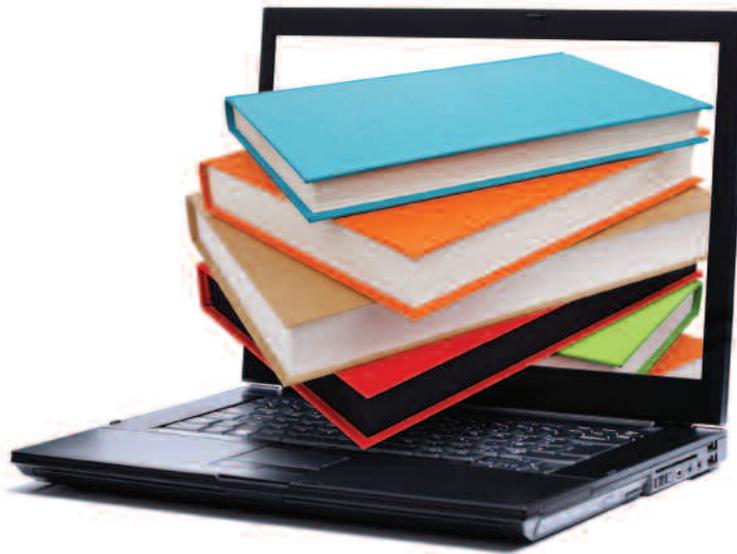
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We Can Help!



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Create Your Own Export Library



Export Strategy Guide



Distributor Search Guide



Export Handbook



Selling to USA Handbook



Distributor Management Guide



Finance & Logistics



*300 Tips for
Export Managers*



*Idea Guide:
New World – New Business*



*Export Treasure Chest
My Favorite Templates & Forms*



*People Power
Strong Teams Build Great Brands*



*New Distributor
Cooperation Model*

All guides available free at www.exportsolutions.com.



Export Solutions
Distributor Identification Experts

Looking for a fresh point of view for your next event or training workshop?

Contact Greg Seminara at
greg@exportsolutions.com



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”

Don't Tell Your Boss!



Finding qualified new distributors is tough! Export Solutions makes life a little easier with our time saving distributor database.

- Coverage: 96 Countries. 8,600+ distributors of food, beverage, and snack products. Includes 2,521 confectionery and 2,762 gourmet food distributors.
- New: 1,239 worldwide distributors specializing in Italian Food products.
- Annual subscription to the database costs less than the price of one business trip.
- 3,000 brand owners and government trade organizations use Export Solutions' database to "fill in the gaps" in their export coverage map.

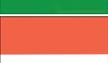
"Spend time *Selling* to Distributors versus
Searching for Distributors"

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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*

