

Export Express

Insights to Accelerate International Expansion



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

New World Order 2017

First Brexit, then Trump. These populist uprisings seized the agenda, threatening the pace of globalization and free trade. The UK faces restricted access to the European Union “single market.” The Transpacific Partnership (TPP) aimed to eliminate more than 18,000 taxes and barriers between Asian countries and the Americas. TPP’s goal was to provide an alternate to China dominated trade. The TPP deal appears dead under Trump, plus promises to demand new terms for NAFTA and the Cuba opening. Fortunately, consumers continue to eat three meals a day, despite the political earthquakes. However, our

community needs new strategies to leapfrog protectionist barriers to maintain competitive access to high growth countries, especially in Asia and the Americas.

Export Premium

Exporters calculate various incremental taxes and “tolls” in their consumer price model. These include duties, overseas freight, and outsourced distributor margins. Some of these costs are offset by our ability to leverage the scale of our home town factory and corporate administration. The reality is the overseas shelf price of an export brand can easily reach 2 to 3 times the price of your neighborhood market. Punitive tariffs and disintegration of free trade agreements will raise prices to even higher levels. The Mexican peso depreciated 25% during the USA election cycle causing “Made in the USA” brands to skyrocket in price to the USA’s third largest trading partner. Higher retail prices translate to lower sales, dampening the outlook for export models.

Next Generation – International Trade

Our good work the last 10 years transformed many businesses from niche exports to critical mass. The time has arrived to consider the construction of international



factories and hub and spoke supply networks. This long term strategy requires capital investment and a stronger commitment to regional development. You can do it! Most companies enjoy significant production expertise that can be readily shared. Multinationals like Nestle, Coca Cola, P & G, and Kellogg’s have operated offshore plants since the last century. Today, even mid-size companies successfully operate foreign production facilities. International factories allow you avoid tariffs, deal with input costs primarily in local currency, eliminate overseas freight, and create a more competitive price structure. As a local employer, your company builds goodwill benefitting your brand. Establishing overseas co-packer relationships is also an option.

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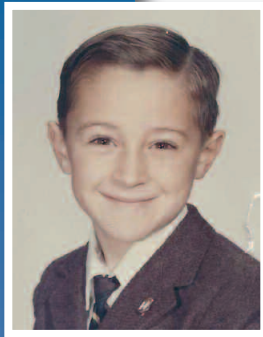
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5 Tips – Next Generation Trade

1. Review 2020-2025 strategy. Adjustments required based upon the new world order?
2. Consider regional production hubs to supply your largest overseas markets.
3. Analyze current trade agreements, tariff structures, local taxes for Top 20 countries.
4. Conduct monthly retail price surveys.
5. Develop 2017 currency hedging strategy, anticipating fluctuations.



10 Years Young!

Export Express celebrates our ten year anniversary. This newsletter started as a simple way to share my “real life” experiences dealing with export challenges from my distributor search projects around the world. I wanted potential customers of my distributor database to understand that I was an export manager too, creating a special online distributor export helper, not just an aggregator of data.

Today, I am grateful for my 5,000 friends and readers around the world who have supported me. I’ve published 100+ issues of *Export Express*, contributing more than 200 articles on export strategy and international development using distributor networks. My favorite compliment came from an Italian export manager with more than 30 years experience, who said, “It is important that Export Solutions has compiled all the strategies and techniques that we all know about export, but sometimes forget. Your articles help refresh my memory plus provide new ideas, especially for the next generation.”

Looking ahead, it’s time to look at changing some things. Anytime we have been repeating any activity for ten years, even successfully, we need to revisit to remain relevant.

1. Focus on quality listings not just container sales.

Too many companies remain glued to order capture metrics, which reflects moving inventory from one warehouse to another. Devote military attention to a one page listing maps (by item) for major customers. Distributor focus on quality new product placements and in-store activity will create incremental sales volume.

2. Change Distributors, Export Manager Responsibility, Brand Managers... just change!

It is a natural tendency for any person performing the same task for ten years to get complacent. We must balance loyalty and experience with the need to stimulate “new ideas to grow old brands.” Every company has distributors that it has outgrown and people that need a fresh challenge.

3. What is Your E-Commerce Strategy?

Our traditional supermarket customers keep getting smaller and costlier. Winners adapt a multi channel strategy. This may involve hiring sub-distributors that are channel experts. We can all agree that E-Commerce will only get bigger (watch China and India). Those without an aggressive E-Commerce strategy will be left behind selling price promotions to half full supermarket chains.

4. Attack the USA – (Overseas Companies)

The strong dollar has made this the best time in a generation for European, Mexican, and British companies to make a serious commitment to development in the world’s largest consumer market. Hire a USA based, multi-functional team, partner with a top broker, and invest to move beyond selling to homesick consumers in metro NY and LA. For many companies, the USA opportunity is larger than all emerging markets combined!

Export Solutions is not a one man show. It is a community of 5,000 export professionals and a network of 7,300 distributors in 96 countries.

Special thanks to Claudia who makes the newsletter pretty and Patty who insures it’s delivered. Josh is the wizard behind the database. I must mention Marco, Marco, and Alberto who supported me when I was starting out. Attilio, Bill and John started as clients and became friends which is more important. So many friends from Italy, that make me proud of my Italian heritage. A 149 year old company from Avery Island, Louisiana that has adopted me or I’ve adopted them, but I just love them. Finally to all my friends from ESMA...for the last 20 years, you have welcomed me as an American to a European organization. Your award to me at your last annual convention was special. I still have three daughters in school, so count on me for another ten years of *Export Express*.

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Strategic Services

Contact Us for Export Solutions

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

Next Stop Cuba

Fidel Castro died on November 25, but buzz around Cuba appears at an all time high. Millions of USA citizens wish to visit Cuba, to see what they've been missing the last 50 years. Obama facilitated the opening with the restoration of diplomatic ties and approval for up to 110 daily flights from the USA. Investment in tourism related infrastructure and services should trickle down to the Cuban consumer. I visited Cuba in September as part of a distributor search project. The future appears bright, but expect progress to inch forward until Raul Castro retires in 2018.

Cuba Today

Cuba claims a population of 11.4 million, the largest in the Caribbean. Cuba is a sun drenched island with over 2,200 miles of coastline, located just 90 miles from Florida. Chief exports are sugar, tobacco (Cuban cigars), and nickel. The government controls many aspects of Cuban life, with over 72% of the population employed by the government. Cuba citizens depend on more than \$3.5 billion in direct remittances from relatives residing in the USA. The per capita remittance levels are double the annual salary of \$350 per year.

Tourism

Cuba welcomed more than 3.5 million tourists in 2015, + 16% versus previous year. This includes more than 1.3 million Canadians. USA citizens are permitted to visit Cuba under 12 visa classifications, mostly related to visitation of family members, educational exchanges or commerce. In 2016, more than 250,000 Americans visited Cuba, an increase of more than 70 percent. A key issue is that Cuba offers only 63,000 hotel rooms, mostly in the beach areas away from historic Old Havana. Still an enormous potential exists, as the Dominican Republic receives almost 6 million visitors per year.

Consumer Products Business

Cuba is an island, with very little local production of branded goods. As a result, Cuba imports a high percentage of their products from Venezuela, Europe (Spain), and the USA. The TSRA act of 2000 facilitates the sale of USA food and medical products on a humanitarian basis. Cubans receive a ration book called Libreta which provides them access to basic foods like coffee, meat, and rice at highly subsidized (12% of true cost?) rates. 9,000 government controlled stores exist under the TRD, Cimex, Caracol, Habaguanex, and Palco banners. A key issue is the retail mark-up of 200-250% on supermarket brands and the irregular availability of most products. The foodservice sector (ITH) is important for many international brands.

Route to Market

Consumer products are obtained through government tender. This lengthy process involves approvals from a purchasing committee, contracting committee and finally a government ministry. Contract fulfillment is always dependent on availability of hard currency. USA purchases must be prepaid or use Letter of Credit. Payment terms to distributors/importers can stretch to 180-250 days or longer.



Distributors, Importers, Brokers

Anyone can interact with Cuban purchasing committees and bid on tenders. The reality is that many companies partner with a representative to facilitate the process. Most of the work revolves around successful contract negotiation, supply chain, and payment.

Distributors execute simple marketing activities like sampling and point of sale placement. However, companies dream about regular availability of their brands on the shelves and payment within six months versus advanced marketing strategies. There are a handful of distribution experts working to help brands. For USA companies, the key is to work with a Cuban or Miami based company, committed to comply with all USA laws and regulations.

The Future

Cuba is poised to become a major tourist destination for USA citizens. USA manufacturers are well positioned to gain "first one in benefits," as the market evolves. As with other islands like Puerto Rico and Malta, the country will be dependent on external suppliers for most of their requirements. Short term will require patience and modest volume. Pioneers may be rewarded, so there are intangible incentives to start now. Trump's threat to roll back new agreements is hopefully a negotiating tactic. It is apparent that most welcome a new chapter in Cuba's history. Many USA companies have already invested in the tourism and infrastructure sectors. Cuba is a minimum 3-5 year pay out, but potentially the #2 market in the Caribbean after Puerto Rico for most USA suppliers.

Visit Cuba Now

Best bet is to conduct a market exploratory visit. This requires a special visa. Your first trip will allow you to visit stores, talk to consumers, and judge potential for your company. Importantly, you will see Cuba at a pivotal time in its history and create new memories. Contact Export Solutions at gseminara@exportsolutions.com for more information.

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 67 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 5.

Future

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

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

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)	

NEW!

Distributor Search Made Simple

Export Solutions
Distributor Identification Experts

About | **Distributor Database** | Talk to An Expert

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: Country: Category:

Keywords:

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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 7,300 distributors

Search by Brand Name

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

Search By Category

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

Combo Search

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

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
- ___ 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

How to Excite Buyers – New Product Checklist

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

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

Ten Tips – Getting a Distributor to Love Your Brand

The classic industry question is: “How do you maintain distributor focus on your company priorities once you leave the market?”

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

1. Master Chef Endorsement

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

2. Fun Sales Meetings

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

3. Provide Great Customer Service

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

4. Distributor Awards

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

5. VIP Visit to Corporate Headquarters

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

6. Support Local Events and Charities

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



7. Annual Incentive Trip

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

8. Holiday Baskets

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

9. Distributor Advisory Council

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

10. Treat Distributors as Your Best Customers

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

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

Need more information? Visit www.exportsolutions.com.

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

Can We Help You?

Distributor Search Helper for:



Your
Logo
Here



Recent Distributor Search Projects

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



Grow your International Business!

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

www.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
916 Distributors



German Food & Sweets
512 Distributors



Italian Food & Sweets
996 Distributors



UK Food & Sweets
485 Distributors

7,300 Distributors – 96 Countries

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