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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 qualified international distributors? Export Solutions' leading distributor database supplies information on more than 8,300 distributors in 96 countries. The database features filters that allow you to screen distributors by categories such as Confectionery, Natural Food, Beverage, or Made in the USA (or Italy, UK, or Germany). New! Export Solutions' retailer database now tracks 2,300 retailers in 96 countries. Free samples at www.exportsolutions.com.

In This Issue

Page 1
Prime Prospects 2020

Page 2 What If and Why Not?

Page 3
How to be Distributor of the Year

Page 4
Export Trade Promotion Funding

Page 6
USA Sales –
Next Level Strategies: 10 Tips

Page 8
Searching for New Distributors?

Prime Prospects 2020



There are 196 countries in the world. How many are you selling to? In the past, export managers impressed management with claims of sales to 20, 50, 100 countries or even more. Welcome to 2020, when export success is tracked by countries where your brand captures tangible market share, not opportunistic sales measured in pallets. Emerging markets and e-commerce have created strategic opportunities for "new sales to old markets." Middle class population now exceeds three billion worldwide, with emerging market consumers living better and eating healthier. E-commerce provides an exciting channel to kick

start new sales, as online retailers remain open to accepting your entire product range.
E-commerce has no physical space limitations and costly entry fees of traditional supermarkets.

Prime Prospects Defined

2020 is the year to tackle prime prospects. Prime prospects are defined as countries where many exporters are present, but your business is underdeveloped relative to country size and potential. These countries typically feature large (30 million +) populations and growing economies. Many companies have underperformed in prime prospect countries, distracted by the illusion of BRIC riches. Veteran export managers learned the hard way on difficulties of marketing new meal solutions to Chinese and Indian consumers and now have shifted focus to more promising countries.

Prime Prospects

- 1. USA (Europeans)
- 2. Mexico
- 3. Vietnam
- 4. Colombia
- 5. Spain
- 6. Saudi Arabia
- 7. Philippines
- 8. Japan
- 9. Peru
- 10. Poland

Success Recipe

Prime prospect countries are open for business, receptive to international brands. The key is to identify one or two prime prospect countries as 2020 focus markets. Match the priority with a stronger investment plan, more frequent visits, and distributor alignment on your higher aspirations and scorecard objectives.

continued on page 7



What If and Why Not?

This is the time of year that many of us are buried in the planning process for 2020. Some companies speak of disruptor strategies, but the reality is that most remained glued to repeating the old playbook: same brands, same trade promotions, same distributor all with the dream of struggling to a five percent growth target. Brands compete in a new world, with



emerging markets and e-commerce as primary growth engines. Winners must "Say No to Status Quo."

Business transformation requires us to ask two fundamental questions:

What if and why not?

What if you could...?

- 1. Double your international business in three years?
- 2. Create a major new business in a prime prospect country like Mexico or Japan?
- 3. Become a category leader in e-commerce?
- 4. Convince management to produce offshore or a substantial investment in social media?
- 5. Reduce your prices, but deliver higher profit through increased turnover?

One recipe for success is to "think like an exporter, but act like a multinational." Pick one or two high potential countries and test a high impact plan, including more boots on the ground.

I recall my first business trip to Denmark in 1999. Denmark is not an easy country to enter for USA exports. My meeting was with Hugo Rosendahl, the managing director of Consiva (now Conaxess), the largest distributor. After sharing my enthusiastic presentation, Hugo responded favorably "Why not?" He mentioned that he always carefully considered each opportunity, looking at the potential benefits not the barriers. After lunch, the team delivered little green bottles of Underberg to each guest. To an unknowing American, the Underberg bottle appeared like a local version of Tabasco. Imagine my surprise when Hugo raised the Underberg and invited us all to chug the bottle. Skal! For years, a bottle of Underberg digestif alcohol has remained on my desk to symbolize "Why not?"

Why not? Anything is possible, with the right plan, partner, and focus. During a recent project across seven Middle East countries, I saw several brands that achieved impressive presence in their categories. These brands were "Made in the USA," but I had never seen them on the shelves of a USA supermarket before. In other words, entrepreneurial companies transformed their business and succeeded in the global marketplace despite a small platform in their home country.

Sports teams approach each season optimistically, with new players and a hope to win the championship. In our competitive world, some brands cling to "old school" distributor teams. These under-capitalized distributors have not invested in omnichannel coverage, digital marketing or, e-commerce. Without "A" players to manage your business, how can you grow?

2020 may represent a game changing year for your company and your global ambitions. Why Not?

Joney Semina

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

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
- Personal Distributor Introductions:
 96 Countries
- 7. Walmart International
- Distributor Contracts, Margins, & Fees
- 9. Meeting Speaker
- 10. International Strategy
 Expert

How to be Distributor of the Year

Assessment Criteria	Considerations	Rating: (10 = Best)
Results vs Plan, Market, Category	• Reliable, 5 to 10% + growth	
Retail Store Conditions	Brand presence exceeds market share	
Brand Manager	• "A" player, dedicated resource	
Cost to Serve	Fair margin, based upon size, complexity	
Omni Channel	Channel teams, e-commerce focus	
Fun	Do you enjoy the people, country?	
Financial	Prompt payments, accurate billbacks	
Problem Solving – Response Time	Same day service, sense of urgency	
CEO	Loves your brand, engaged	
Pioneers New Business	• From concept to cases	
Supply Chain Management & Forecasting	Accurate, efficient	
Customer Relations	Senior access at top retailers	
Category Knowledge	Viewed as expert by buyers	
Profitable Partner	Sells profitable cases	
Analytical Skills: Shipments, Nielsen	Trends, opportunities, plan	
Team (Finance, IT, Logistics)	Cross functional expertise	
Digital Savvy	Social Media team, pioneers new tools	
Reporting	On time, complete, accurate	
Best Practices	Creative idea source for other markets	
Cultural Alignment	Perfect fit with brand owner's vision	

Export Trade Promotion Funding

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

Manufacturer Funded Promotion Budget

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

Split Fund - "Skin in the Game"

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

Best Price - Dead Net

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

10% of Sales - \$1/Case

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

Listing Fees

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



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

Most Effective Promotion Vehicles

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

Post Promotion Analysis

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

Creativity Counts

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

Key Issue – Distributor Underspends

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

Compliance and Audit

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

Can We Help You?

Distributor Search Helper for:







Your Logo Here

















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



Grow your International Business!

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

USA Sales – Next Level Strategies: 10 Tips

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

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

Hire a USA Expert

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



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

Prime Prospects 2020

continued from page 1

In some cases, you may need to upgrade to a stronger partner, with broader brand building and customer penetration capabilities. Simply asking a distributor to "sell more" with the same resources will not yield the desired results.

United States

The USA opportunity is bigger than all BRICs combined for most international brands. USA population exceeds 330 million people and features big stores open to new brands that are willing to "pay their way." Amazon represents a new growth customer for all international brands. USA consumers are adventurous, with most families regularly consuming Italian, Mexican, and Asian food.

Most European brands claim sales to the states, unfortunately at levels well below potential. Cracking the code requires a channel and region specific strategy supported by targeted investments in trade promotion and a manager based in the USA to oversee it all. International companies must treat the USA as a prime prospect, not just another export market.

Mexico

Mexico surpassed Japan to be the world's 10th largest country, with a population of 130 million. Mexico's economy ranks 15th in the world, bigger than Saudi Arabia! Mexico benefits as a supply depot to the healthy USA market. Many industrial manufacturers construct enormous factories in northern Mexico to take advantage of lower costs and skilled workforce, less than one day transit time from the USA. Walmart, HE Butt, and Costco maintain an impressive presence, investing for the future.

Vietnam

Vietnam emerges as a bright spot in the southeast Asia VIP (Vietnam, Indonesia, Philippines) cluster. Business is booming, as certain industries shift manufacturing there to avoid the China trade brawl. Count on another year of 6% growth. New middle class consumers are flooding into modern trade. However, per capita GDP remains low, hovering around \$6,900 for the population of 97 million.

Colombia

Population now exceeds 50 million people, bolstered by almost 1.5 million Venezuelans. Colombia is a diverse country, from the sprawling cities of Bogota and Cali to historic sites like Cartagena and Medellin. 2019 retail sales increased an average of four percent, a good performance.

Spain

Record tourism and export levels, coupled with revived domestic consumption, helped drive Spain's economic recovery. Spain is the top performer of Europe's major economies, with another year of growth close to three percent. Mercadona is a tough chain to crack, but there are plenty of other retailers like El Corte Inglés and Taste of America that showcase international brands.

Saudi Arabia

Saudi remains the big prize in the gulf, accounting for 50% of region volume. Market conditions have stabilized, although the pay for performance environment still exists. Senior executives need to challenge their team to get out of Dubai and focus on Saudi Arabia and the wealthy 34 million population!

Philippines

Recently, I completed several distributor search projects in the Philippines. I continue to be impressed by this country with a young population of 108 million. The economy is a top global performer, with another year of 6% GDP growth. Philippines is attractive for USA exporters. In 2019, it will rank in top 10 worldwide, with purchases exceeding 3 billion dollars. Supermarket shelves are stuffed with popular USA brands, many arriving without the benefit of a local distributor. Significant potential exists for those willing to make an effort. Export Solutions' database tracks 98 Filipino distributors.

Japan

Japan's 127 million citizens had been ignored by many international suppliers, as exporters chased a China Gold Rush that never occurred for most. Now, the pendulum has shifted back to Japan. Japan claims a sophisticated food culture, with deep pocketed consumers. Japan features more than 1,000 gourmet stores like Seijo Ishi, Kaldi, and Meidi-Ya, focused on imported brands. Worth a fresh look.

Peru

Peru is an exciting culinary destination with Central and Maido ranking in the top ten restaurants worldwide. Peru's growing population exceeds 33 million, also benefitting from new arrivals from Venezuela. GDP growth has slowed from its peak, but is still projected to reach 3.9 percent this year, the top performance in South America. The big 3 supermarket retailers maintain a rational approach to market entry.

Poland

Poland is a bright spot in Europe, with expansion rate of 3.8% expected. Poland's economy has consistently outpaced the 2% benchmark for the euro zone. Poland's 38 million citizens enjoy increasingly better lifestyles, albeit their income still lags behind the EU average.

Watch List

- 1. Qatar
- 2. Ireland
- 3. Dominican Republic
- 4. Panama
- 5. Ethiopia

Watch List

Qatar is surviving its regional isolation and is building full steam ahead in preparation for the 2022 World Cup. Ireland is doing well, helped by a Brexit scare bounce. Ireland also has the most to lose from a disruption in trade with their biggest customer. The Dominican Republic and Panama remain bright spots in the Caribbean basin. Everyone dreams of big business in Africa. Ethiopia's population is now 112 million, with another year of eight percent growth. Still tough to access, but probably some first mover rewards for the pioneers.

Find Distributors – Prime Prospect Countries

Export Solutions' distributor database covers 96 countries and more than 8,300 distributors and importers of supermarket products. The database features filters which allow subscribers to search by country, category, or brand. Export Solutions completed more than 200 consulting projects across Asia, Americas, Middle East, Europe, and of course the USA. Brands work with us as an "export accelerator" to quickly partner with leading distributors. Contact us to learn more about how Export Solutions can leverage our distributor contacts for your benefit in 2020.

New Distributor Assessment Grid

Criteria (weighting)	Rating	Evaluation Factors
Corporate Credentials 35%		Size, sales force, logistics, # employees. Reputation (reference check existing brands). National coverage. Multi-channel coverage.
Category Expertise 25%		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 10%		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. www.exportsolutions.com

Export Reports: Format and Frequency

Every exporter requires certain reports to manage the business.

Productivity is enhanced when distributor focuses on selling activities versus compiling a stack of reports.

Everything functions better when reports are filed on a regular schedule.

Report	Description	Monthly	Quarterly	Annually
Distributor "Sell Out"	Distributor sales to customers	Х		
Sales Forecast	Rolling 90-180 days	х		
Distributor Inventory	Weeks supply on hand, by sku	х		
Sales Versus Budget	Progress vs. annual objective	х		
KPI Dashboard	Coverage, Displays, Distribution, etc.	Х		
Listing Map/Plans	Brand/sku authorization, by customer	Х		
Promotion Tracking	Calendar, budget, payments, lift	Х		
New Product Launch Status	Acceptance by key customer	Х		
Category Review (Nielsen ?)	Category trends		х	
Retail Price Survey	Top 10 customers		X	
Competitive Activty	New launches, innovation		X	
Distributor Credentials	Distributor "standard" presentation			Х
Credit Report	Financial update			х
Distributor Value Chain	Factory gate to store shelf			Х
Annual Business Plan	Agreed road map to achieve objectives			х
Retailer Business Review	Top 5 retailers			Х
List of Top 10 Customers	Plus your buyers name			Х

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 youir 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 8,300 distributors looking for opportunities. Good luck!



Netherlands 32 Retailers



Search by Country

Coverage: 96 countries and 2,300 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?



Searching for New Distributors?

Export Solutions makes life a little easier for more than 2,700 export managers. Our time saving distributor database serves as a "helper" for identifying more than 8,300 qualified, local brand builders in 96 countries.

Search by Country, Category, or Country of Origin

Local Experts

Distributor Coverage

Asia: 1,906

Europe: 2,767

Latin America: 1,496

Middle East: 856

USA/Canada: 1,320

Category Experts

<u>Distributor Coverage</u>

Beverage: 1,469

Candy/Snack: 2,466

Gourmet Food: 2,659

Health & Beauty: 1,577

Natural Food: 638

Country Experts

Distributor Coverage

German Brands: 597

Italian Brands: 1,216

UK Brands: 580

USA Brands: 1,058



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

