

# 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](http://www.exportsolutions.com).

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## Export Handbook – Tips for International Success

Export is not easy. Demanding retailers, overworked distributors, and limited funds for marketing investment create a tough environment for international development. Export Solutions goal is to make life a little easier for export managers.

This Export Handbook features the most popular articles published in our *Export Express* newsletter. More than 400,000 industry professionals have visited our web site to read our strategies and suggestions for building brands in overseas markets. Inspiration for this Export Handbook can be credited to the export manager of a world famous brand. He stated "It is important that Export Solutions has compiled all the strategies and techniques that we know about export, but sometimes forget. Your articles



help refresh my memory plus provide new ideas." The industry's future growth will be determined by our ability to expand beyond our home markets. Export Solutions can help!

### Greg's Ten Tips

1. Good news travels fast and bad news travels slowly
2. If you want to know what's really going on, spend a day visiting stores
3. Pick up the phone and call a friend or business partner versus email
4. Be positive. Think, "why not?"
5. Results are directly proportionate to your investment:  
Marketing, People, Focus, Time
6. A distributor (or Broker) "respects" what the Brand owner "inspects"
7. Shipment numbers rarely lie
8. Put it in writing
9. If two people agree on the principle of a deal, you can usually work out the financial terms
10. There is more in common with industry practices across the globe than differences. Brand owners everywhere desire more shelf presence and retailers demand more discounts. Recognize the differences, but focus on the universal requirement for superior products, marketed at a fair price.



## *Making Babies Versus Babysitting*

I learned a lot in 2019 through projects completed in 31 countries on five continents. One of the important issues revealed is human resource allocation in the world of export. Our function appears anchored to the title of regional export manager. This export manager is expected to achieve their assigned objectives through a combination of managing existing businesses and expansion into new countries. In many cases, there is one export manager assigned to handle a huge geography like Asia or Latin America. My observation is that most export managers dedicate the majority of their time “babysitting” existing businesses that deliver their annual sales quota. This shortchanges time available to “making babies,” the process of new market development.

Our feature article “The World in 2025” unveils a snapshot of the world in 10 years. Most exporters jam their annual plans with futuristic projections for dynamic business potential of China, Brazil, or the USA (European Brands). How can we ever expect to take these businesses to the next level with one person allocated per region, perhaps even located in corporate headquarters, thousands of miles away from the “action?”

Listed below are Export Solutions ideas for “Making More Babies” in 2020.

### **1. Shift Team From Mature Markets to Developing Markets**

Most companies feature sizable sales teams managing, large, mature businesses growing at 5 percent or less. Then, they’ll have one person managing Asia’s 4 billion people and one person allocated to Latin America’s almost 600 million people. The result is usually tiny niche businesses growing by high percentages, but miniscule in terms of scale. There is a delicate balance, but in general the shifting of some head count from the base business to international can pay out plus supply a meaningful new career opportunity for your team members.

### **2. Create New Country Development Role**

This business incubation position could focus on business start-up in a small number of priority countries. The person should have access to corporate functional resources and work closely with the area export managers. I know several companies that use this model with exceptional results.

### **3. Redefine Export Manager Work Allocation**

Split workload to provide more time for Making Babies versus Babysitting. Don’t worry, markets like Puerto Rico, Belgium, UAE, and Singapore will be fine if you spend more time in Colombia, Poland, Saudi Arabia, and Indonesia.

### **4. David Against Goliath Won’t Work in Top 5 Countries**

A one person team working with a distributor will not allow you to optimize your business in enormous, complex countries like China, Mexico, or the USA (Europeans). Game changing results can be obtained through a three-five year plan including local production, multi-functional teams, regional activities, and serious investments in trade activities and marketing support. Consider acquisition of a local brand in your core category.

### **5. Boots On the Ground**

Brands with regional employees based in foreign countries are gaining more than their fair share of distributor time and focus. These managers are closer to market conditions and distributor sales teams than export managers based in distant USA or European headquarters. Consider offices in Shanghai, Sao Paolo, Mexico City, Jakarta and Jeddah to make a difference. Other choices include Singapore, Panama, and Dubai. USA managers are typically centrally located in Chicago, Atlanta or Dallas, close to major customers and airports.

We are the “Brand Parents.” Making Babies and creating new businesses will provide a solid home base for the future. Time is always required for babysitting and brand development in existing markets. However, need to spend more time on activities to “expand the family.”

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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**

**www.exportsolutions.com**

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

## 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.

<b>Buyers: New Product Assessment</b>		
	<b>High Interest</b>	<b>Low Interest</b>
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 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 company's 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 multiple 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."

## “The Right Way” – New Country Launch

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

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

## Plan to Thrive in 2025

How big will your international business be in 2025? A successful global strategy reflects a realistic mix of aspiration and investment. The road to 2025 contains speed bumps, with a probability of recessions, currency fluctuations, and a precipitous decline in sales through conventional supermarkets. The good news remains that more of the world's 8 billion consumers will live better and eat healthier. This will stimulate demand for the added value food, beverage and personal care brands we produce. One fact remains indisputable: international development will dominate as the primary growth engine for allmid- to large-sized consumer focused companies.

### E-Commerce Disruption

How large will e-commerce become? Can you envision a world where e-commerce accounts for twenty percent of sales and that Amazon appears as your top customer? How will you restructure your business to optimize sales through online retailers? A logical first step is to select an e-commerce channel champion and treat Amazon as a major global key account like Walmart or Carrefour. Another initiative involves rethinking your packaging strategy to supply selling units that are "post friendly" and can be mailed cost effectively. Companies will hire armies of data analysts to research online purchasing habits and apply the insights to products sold through brick & mortar. No physical space limitations appear in cyberspace, encouraging brands to expand their product portfolio and test options without the physical handcuffs of shelf space and listing fees. Hire young people to lead the cultural shift from marketing through supermarket showrooms to menu based marketing choices from Amazon.

### China Syndrome

The food industry spent the last ten years chasing futile BRIC dreams in China and India. The expensive conclusion indicates that it is difficult to convince Asian consumers to change their meal habits to incorporate western staples like breakfast cereal and pasta. The reality reveals that Asians achieved better success at exporting their Chinese, Thai, Japanese, Indian, and Korean food to us than we have in converting them. Credit confectionery and snack, personal care, and Starbucks as rare examples of western categories achieving success. Asia will account for sixty percent of the world's mouths in 2025, including 2.8 billion people in China and India. The Asian solution is to adapt our product recipes to meet Asian taste profiles or to acquire Asian companies as a platform to build critical mass.

### Established, Developing, Pioneer

A critical decision revolves around resource allocation between three market clusters.

**Established** markets represent the historical base business, accounting for the bulk of sales and "paying the light bills." In these countries growth rates exceeding five percent are challenging without buying market share in flat categories.



**Developing** countries are attractive green sprouts where you have planted seeds of presence and are beginning to gain traction. These countries may offer the largest potential source of new revenue. However, brand owners must acknowledge the initial progress and transition your route to market model and thinking from "niche exports" to mass market player to optimize results.

**Pioneer** countries emerge as large markets like the USA (for Europeans), China, or Brasil where your company claims sales, but fails to register meaningful market share. Success in pioneer countries requires significant investment to build your brand "The Right Way" (see page 3 chart).

### Boots on the Ground

How many members of your export team are based outside your home country? In the 2000's, exporters managed from headquarters, with roving missionaries swooping in for a distributor meet and greet, store check, collect your frequent flier miles, and off to the next stop. In the 2010's, producers established regional hubs in comfortable expat locations such as Dubai, Singapore, and Miami for Latin America. Today, success in important countries like Mexico, Saudi Arabia, and Indonesia will be directly proportional to the size of your market based team. Best in class distributor's energy is focused against brands with local management oversight, leaving little bandwidth for companies that show up once a year.

### Digital Distributor

Winning distributors will invest to create deep capabilities serving e-commerce customers and facilitate the transition to digital marketing. Owners will need to source new logistics solutions for e-commerce and redefine the brand manager role to pursue excellence in deploying social media strategies. If they cannot adapt, old school distributors may retain responsibility for the shrinking supermarket channel, while a new modern breed of distributors handles the high growth, e-commerce business.

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## Plan to Thrive in 2025

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### ESG Strategy

New consumers will support brands with a well articulated Environmental, Social, and Governance (ESG) strategy. Walmart recently shared a ninety four page update on their scorecard progress. Unilever reported that their purpose led, sustainable living brands were growing 69% faster than the rest of the business and delivering 75% of company growth. "Better for you, better for the environment" brands will enjoy bright prospects for international expansion. New data transparency tools will allow consumers to compare labels and ingredients instantly online or in-store.

### Private Label vs. Personal Label

European and Northern American retailers boosted profit margins while sacrificing sales per unit through aggressive private label expansion strategies. For many reasons, private label development remains low in new markets of Asia, Middle East, Africa, and Latin America. The explosion of e-commerce presents further challenges to private label, as consumers will appreciate a broader selection of competitively priced brands to choose from. A new initiative could be the development of "Personal Label" products where a consumer may enjoy more options in adapting a product to meet their individual specifications.

## 5 Critical Questions to Thrive in 2025

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

### Road Ahead

What changes will you make to your 2025 road map? Smart exporters source clues from global trends and apply to their planning model. Looking for strategies to thrive in 2025? Export Solutions can help!

## Talk to an Expert

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



**Export Solutions**  
Distributor Identification Experts

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

[www.exportsolutions.com](http://www.exportsolutions.com)

## Channel Your Exports

If you launched a premium new brand, would your first customer be Walmart or a chain of upscale supermarkets? Export managers frequently target the largest overseas retailers, forgetting the high cost and activation requirements to develop a meaningful level of repeat sales. A viable route to market exists in every country for those with a rational alignment of ambition and investment. A key to success is an approach based upon channel specific, retailer profiling.

### Retailer Profiling

Every country contains similar channel dynamics: value supermarkets, mass grocers, upscale supermarkets, e-commerce, hypermarkets, discounters, convenience, gourmet, ethnic, natural foods, drug stores, and specialty retailers. Foodservice is dominated by wholesale distributors and cash and carry outlets. Bigger countries feature well evolved channels with clear lines. In smaller countries, channel blurring exists, with conventional retailers striving to serve as a “one stop” shopping destinations.

A worthwhile exercise is to conduct an analysis to segment your overseas sales by channel and supermarket type. This learning could supply a best practice road map when entering new countries or implementing a business improvement initiative.

### On-Ramp

Prime prospects normally lead us to upscale supermarkets, ethnic stores, e-commerce, and gourmet outlets. These channels tend to cater to consumers that are more adventurous and affluent. Their shoppers are less price sensitive and search for brands not stocked by mass supermarkets. Frequently, buyers at these retailers study category dynamics and seek to be first in the country to support an innovation from overseas. Listing fees continue to soar and spread across emerging markets. Many “on-ramp” retailers appear more concerned with product attributes than up front payments.



### Upscale Supermarkets

High end stores serve as showrooms for international brands. Other local retailers look to them for inspiration and execution. These special supermarkets create a pleasant shopping environment with well established programs for product tastings and consumer education. Your first stop in any country.

### E-Commerce

In the past, homesick expatriates would lug big suitcases from home or scan their adopted city for treats from home. Now, it's possible to log in to Amazon or other e-commerce players and find your favorite brands from home in a few clicks. For example, I just searched Amazon UK's grocery store for USA food and discovered more than 1,000 results from Jif peanut butter to Jiffy corn muffin mix to the beloved Jelly Belly. Other online specialists like americanfood4U.de exist in Germany.

### Ethnic Stores

These are stores dedicated to products from overseas. In the USA you can find stores dedicated to Italian, Mexican, Asian, British, and German food products. In Europe, there are fantastic stores like Taste of America in Spain, featuring all your favorites from back

home. These retailers are all about “availability” and are anxious to partner with leading brands from the home country or successful innovations.

### Priorities

Discounters, small shops, and value oriented supermarket chains tend to be tough channels to penetrate in the initial stages of your export development. Most brands plan to sell to all retailers. This is a logical ambition in your home country where your brand owns critical mass. In new countries, expanding too fast creates risks. Where does your target consumer shop? Support these retailers with marketing investments. Your brand will “die” on the shelf without high impact promotional activity.

### From High Class to Mass

The head of India's distributor association described export development as the journey from “high class to mass.” Look for clues in the requirements to gain shelf access at target retailers in your home country. Remember that you are the premium newcomer from overseas, not the local incumbent. “Crawl, walk, run.”

Need more information? Visit [www.exportsolutions.com](http://www.exportsolutions.com).

## New Country: Retailer Segmentation & Prioritization

Priority*	Channel	USA Example	New Country
Phase 1	Upscale Supermarket	Harris Teeter	
Phase 1	Ethnic	99 Ranch Market	
Phase 1	E-Commerce	Amazon	
Phase 1	Gourmet	Whole Foods	
Phase 1	Specialty	World Market	
Phase 1	Natural Food*	Natural Grocers	
Phase 2	Mass Supermarket	Kroger	
Phase 2	Hypermarket	Meijer	
Phase 3	Value Supermarket	Food Lion	
Phase 3	Convenience*	7-Eleven	
Phase 3	Foodservice	Sysco	
Phase 3	Discount	Aldi	

*\*May vary by supplier*

## Export Strategy Road Map

Export strategy is frequently mistaken as a race to plant flags in as many countries as possible. Top management spends too much time reading economic reports pushing the export department in the uncertain direction of BRIC countries while ignoring opportunities on their doorstep. Exhibitors at Anuga or ISM act as traders at a Turkish Bazaar negotiating over terms and conditions without focus on requirements for “brand building.” The reality is that export development is about creating a sustainable, long term strategy that can deliver consistent results.

### Map to Future

A good strategic plan should be visionary, conceptual, directional, and compatible with the company’s overall business goals for a 3-5 year period. This contrasts with your annual business plan which represents a short term operational plan focused on measurable tactics. A viable long term strategy identifies megatrends, addresses important challenges, and creates new sources of advantage. Strategy requires making business choices, including tough decisions on which countries to enter, the right brands to support, and where to allocate company resources.

### Lessons Learned

The first step is to conduct a “Lessons Learned” analysis. This fact based study should detail current metrics by country. Evaluate sales per capita, market share, profit margin, and three year sales history. Results should be segmented by country size and distance from your producing facility as well as “route to market” model. Export Solutions recommends a second stage “20/20” analysis where you look at all market metrics and you separate the “Top 20%” performers versus the “Bottom 20%” performers. What are common characteristics in the countries where you are winning? Are there similarities in markets where your company is “under-performing?” A solid Lessons Learned analysis guides our strategic choices for your new export strategy.

### Core Competencies

What does your company do well? Which product categories, services, or regions do you outperform your competitors and drive category value? What factors



distinguish your company from other category performers? Your strategy should sync with segments where you maintain a sustainable advantage.

### Investment

Export strategies can be doomed from the start when lofty business ambitions are not matched by realistic investment levels to meet desired objectives. Investment comes in many forms: research, marketing, trade promotion and most importantly, human resources dedicated to a project.

### Strategy – OGSM

One approach that encompasses both the strategic and operational aspects of the business is “OGSM.” OGSM stands for the process of developing a document outlining “Objectives, Goals, Strategies, & Measures.” This “plan on a page” provides a clear and concise guide to your expectations. OGSM serves as a vital link between long term strategy and short term business demands.

### Focus

Successful international development strategies reflect a focus on a narrow band of countries and activities. Industry leaders such as P & G, Nestlé, Kraft and Barilla typically dedicate substantial resources to the ten countries that account for 60% of their business. This approach

must cultivate a mix of established markets with “new frontier” markets which offer exceptional potential. This does not advocate ignoring smaller markets and opportunities. It signals a message that not all markets should be treated alike with similar programs and resource allocation. I remember a client whose Latin America business had been stagnant. My analysis revealed that his area manager devoted his time to customers in Central America and Caribbean with minimum energy dedicated to Mexico, a market with 130 million people, but tough to penetrate. The new strategy committed to exponential growth in Mexico, with the manager spending 50% of his time in Mexico. End result was Mexico business doubling!

### Export Solutions Can Help!

Export Solutions has participated in more than 300 international development projects on five continents. We frequently provide guidance for export strategy development as well as validating proposed plans. Our export strategy templates can be rapidly adapted to fit brands for any supermarket category. Customer feedback suggests that Export Solutions strategy insights can save you time, money, and “wasted” effort.

## Export Strategy Road Map Template

**Countries**

**Brands**

**Partners**

### Mission

What are your business ambitions for the time period?

### Lessons Learned

What factors have contributed to export success?  
What situations have led to export disappointments?

### 20/20 Analysis

What countries represent your top 20% performers? Why?  
What countries represent your bottom 20% performers? Why?

### Core Competencies

What is your competitive advantage?  
Why is your brand unique versus international competitors?

### Big Opportunities

What are the biggest export opportunities for your company?

### Low Hanging Fruit

What represent high percentage, profitable opportunities?

### Investment

What is your investment model? Marketing, Promotion, People.

### Strategic Options

What alternatives are available?

### Strategic Plan

One page plan defining Objectives, Goals, Strategy, Measures

### Tactics

What activities are required to achieve desired results?

### Measures

What are realistic measures and benchmarks?

**Markets**

**Strategic**

**Priority**

**Opportunistic**

Strategy questions? Contact Greg Seminara at Export Solutions (001)-404-255-8387

## A New Export Road Map

Consider a revision to your country prioritization map as your 2020 New Year's resolution. All industry players identify international expansion as a primary growth engine. However, most companies remain anchored to the past, with resources devoted to managing "old businesses in mature countries." Real progress can be achieved through research and investment to multiply your sprouting sales in flourishing regions of Asia, Latin America, and the Middle East. This requires a tricky balancing act of maintaining your existing business base while shifting focus to far flung markets.

### Move From Your Backyard

Most USA companies count on neighboring Canada, the Caribbean, and Central America for the bulk of their export sales. This is natural, given the proximity to producing plants and familiarity with "Made in the USA" products. Similarly, experienced European exporters have cultivated strong businesses in adjacent European countries. "Border" businesses are a logical first export step. Nearby countries tend to be easier to manage and may share comparable eating and lifestyle habits. In many cases, these businesses were optimized many years ago. Committed companies must place serious new stakes in the ground in distant markets outside your comfort zone if you desire to obtain more than your fair share of future industry expansion.

### Export vs. Strategic Brand Building?

I frequently raise the question of "What does it take to build a brand in your home country?" during my export speeches and workshops. The consistent responses focus on the fundamentals of research, adaption to local tastes, in-country production, well connected sales team, and investments in consumer marketing and trade activities. This approach is often at conflict with export reality. Export tactics involve shipping a standard package from your home plant with a modest investment and hoping for brand acceptance in a foreign country. Winners have the ability to bridge the gap between strategic brand building and opportunistic exports.

### Regional Hub Model

Successful companies understand that you need to get close to the consumer and your customers. Advanced suppliers have already established regional sales offices in places like Singapore, Panama, or Dubai. One model is to extend this concept to create regional manufacturing centers. This can be achieved through a new factory, contract packer, or acquisition of a local category competitor. These regional hubs can export to adjacent countries. General Mills and Heinz are two of the most successful multinationals in Brazil. Both acquired local food companies and leveraged this platform to sell their international product portfolio. Recently, Pringles opened a new plant in Malaysia.

### New Flavors, Small Packs

Eating habits and practices are different in emerging markets. Portion sizes are smaller and a meal may feature many dishes. How well does your product pair with rice (or beans)? Candy and Snack products are the exception, with a universal acceptance for most "sweet segments." In every country, upscale shoppers exist, hungry for foreign brands at any price. While this is your initial target market, you ultimately need to reach the masses with products in sync with their cuisine. Affluent



western shoppers fill shopping carts with large sizes to store in kitchen pantries. Emerging market consumers shop daily, allocating limited funds to purchase essential food items. International marketers need to consider small sizes with affordable price points to be relevant in low GDP countries like the VIP's (Vietnam, Indonesia, & Philippines).

### Commit to One Country

Too many export programs aim to plant small flags everywhere. This does not impress anyone if you've created a handful of minor businesses, particularly in large, high potential countries. Better idea is to identify one country with superior growth prospects. Study the market and commit financial and "human capital" to the country. Encourage senior management and functional team leadership visibility to the project. Set 3, 5, and 10 year objectives, as these investments will not pay out in the short term. I recently helped one of my forward thinking clients study 17 potential expansion countries. "Crawl, Walk, Run."

### 2020 Hot Markets

Many global citizens continue to live better and eat better. This expanding middle class creates new potential consumers for our brands. Asia contains 4.4 billion people, more than 61% of the world's mouths. China and the VIPs represent the best potential, with India a target for those further along the development curve. Latin America population now exceeds 600 million with GDP larger than the UK, Japan, and India combined. Brazil, Mexico, and Colombia are strategic countries where all brands should be performing at much higher levels. The Middle East reflects a dynamic marketplace, particularly in the oil rich nations of Saudia Arabia, UAE, Qatar, and Kuwait. Population totals more than 300 million and is growing exponentially

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## A New Export Road Map

New Export Road Map			
	Current Top Export Markets	New Export Focus	Hot Countries
USA Brands	Canada Caribbean Central America	Latin America China, SE Asia Middle East	Mexico, Colombia China plus VIPs Saudi Arabia UAE
European Brands	Europe Russia North Africa	USA China, SE Asia Middle East	USA, Mexico China plus VIPs Saudi Arabia, UAE

*continued from page 12*

through birth rates and expatriate workers. These markets offer attractive long term return on investment versus trying to mine new sales from declining countries.

### USA – Bigger than BRIC's

The USA features a population of 330 million relatively affluent consumers. USA citizens are open to cuisines from around the world. A typical American diet would include Italian, Asian, and Mexican food. Most international companies sell in the USA, but per capita sales levels are small relative to potential. The issue relates to the practice of treating the USA as another "export market." Success requires a USA based manager and a hybrid organization including channel specific "Food Brokers." Consider construction of a small factory or a contract packer. Be prepared to invest in consumer and trade programs, just as you would in your home market.

### Export Solutions Can Help

Our distributor identification services completed more than 300 distributor search projects on five continents. This year, we've helped brands find distributors in tough to access countries like Brazil, Mexico, Indonesia, and the Philippines. Export Solutions has the unique ability to leverage the power of our distributor database with prospective distributor candidates. Our leading distributor database covers 96 countries and more than 8,600 distributors and importers of supermarket products. This includes more than 2,521 confectionery and snack distributors. Our database has been recognized for excellent coverage of emerging markets such as India, Brazil, and Mexico. Contact us to learn more about how Export Solutions can leverage our distributor contacts for your benefit in 2020.

## Greg's Guidance: Export Strategy 2025

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

## The World in 2025

2025 is five short years away. The world will add another billion citizens, with over 80% of them born in Asia and Africa. Consumer marketers will likely focus on the “next billion” consumers, a group of one billion middle class citizens living in developing nations. Everywhere people will eat healthier and live better with more access to the brands we produce. Technology will revolutionize our business, with tools that are waiting to be invented tomorrow. It is easy to foresee a future which includes more online purchases, home delivery, product info sharing, and brand personalization. As the countdown to 2025 begins, now is a good time to evaluate our strategies and brainstorm about the road ahead.

### Asia Pivot

Asia will contain almost 2/3 of the world’s population and “mouths.” Global GDP will shift, with Asia’s share surging towards 40%, equivalent to the USA and Western Europe combined. A key industry challenge will be the number of marketers willing to invest to build new eating habits with Asian consumers. Currently, there are success stories with Coca Cola and Starbucks leading the way in the beverage category. There is also strong acceptance of European and USA confectionery and snack products. Other categories are undeveloped, with companies choosing a path of opportunistic exports versus required investments in market research, adapted products, and local factories. Asia will evolve from just another export region to the key to future growth and profits.

### India & China: Dynamic Duo?

Tough to underestimate the 2025 importance of two countries that may total almost 3 billion people. It’s doubtful that India will leapfrog China as an economic power. However, their population gap will narrow significantly, with the stage set for India to emerge as the world’s most populous country by 2035. China will be viewed as an established market, with more national brands, retailers, and commercial structure. India is the world’s great enigma. Will it finally break free from its protectionist handcuffs and emerge as the ultimate growth market? Or remain glued to its current path of country development in their own independent manner? A broader question could relate to a China-India alliance that could shift dominance of global economic policy from the West to the East.

### Meet the VIP’s

Vietnam, Indonesia, and Philippines represent high growth countries with population exceeding half a billion people by 2025. This decade will likely see these southeast Asian “tigers” graduate from emerging market status to more significant sources of growth. Malaysia also fits in this cluster, with a projected population increase to 42 million. I like Myanmar as a new market. 54 million people, low cost of entry, and very early in the development cycle.

### Middle East: All About the Oil

2025 population will exceed 500 million in the region, with population growth maintaining its positive upward trajectory. Egypt’s population will approach 110 million and Iran’s may surpass 90 million. Stability in Iraq would result in an important new market with a population increase from 35 million today to 46 million. As always, countries with oil like Saudi Arabia and GCC nations will surpass countries without the mineral resources. A big question is the evolution of alternate supplies and sources of energy. Current oil pricing levels are creating short term problems. Longer term, higher prices are required to sustain development.



### What About Africa?

Will Africa’s fragmented market of one billion citizens be “too big to ignore?” Will the next 10 years represent the era when global marketers finally aim their budgets at the last frontier? Partially. I think that multinationals and forward thinking Chinese and Brazilian companies have identified Africa as a high priority region. Companies with long term horizons will find rewards in Africa. My guess is that some exporters will discover Africa by 2025, but businesses will remain in their infancy by 2025.

### USA: Discover the Americas

The world’s number 2 economy will be a vibrant force in 2025, with population growth of 20 million to 350 million people. The USA’s Latino population will exceed 70 million people, 20% of the population. Mexico and Brazil will remain giants, validating the need to commit to serious plans for these countries. Other Latin American countries such as Colombia, Chile, Peru, Ecuador, and Central America are all expected to enjoy positive momentum. These markets are especially attractive for Made in the USA and brands from Spain.

### Europe = Flat

Experts predict that European population will be flat, with ambitious targets stretching to 1% growth over the ten year period. Importantly, existing population is aging, with marketers forced to grapple with consequences of dealing with a consumer base at retirement age. European brands are viewed as high quality and desirable by increasingly affluent consumers in developing markets. Successful European companies will be those that can shift balance of their business dependency from the declining “continent” to new Asian markets.

*continued on page 15*

## The World in 2025

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### Pakistan, Bangladesh, Nigeria, Congo, and Iran

These countries are not for novice exporters. For most companies, allocation of resources to accomplish more in China, USA, Mexico, and Brazil is a better decision than rushing to plant small flags in these risky countries. On the other hand, multinationals with deep pockets and long term horizons should consider these markets. Send a company missionary, hire a local team, expect the worst and appear pleasantly surprised when it works out.

### 21st Century Distributors

Outsourcing will continue as a preferred route to market option for international manufacturers. At the end of the day, companies want to own the brand equity and are content to outsource distribution and in some cases production. This allows them to focus on investments in brand building versus infrastructure, particularly in new markets. Successful distributors will emerge as category / sector experts versus generalists involved in many aisles. Distributors must expand their added value services, leveraging their unique ability to serve as custodians of your brand from port of entry to supermarket shelf. Challenge your distributors to refine their models to accommodate exponential growth in the online retail channel. Today's distributor model may be extinct. However, the 2025 distributor service organization can thrive as an outsourcing solution.

10 Growing Countries			
Country	2019 Population	2025 Population	Increase
Brazil	215	230	+15
China	1,439	1,480	+41
Ethiopia	115	130	+15
India	1,380	1,470	+90
Indonesia	274	300	+26
Mexico	132	150	+18
Nigeria	206	240	+34
Pakistan	220	240	+20
Philippines	110	122	+12
USA	330	350	+20
5 Countries: Declining Population			
Country	2019 Population	2025 Population	Decrease
Germany	83	80	-3
Italy	60	57	-3
Japan	127	123	-4
Russia	144	139	-5
Ukraine	44	41	-3

### 2025 Strategy – Export Solutions

In 2019, I completed projects in 25 countries across five continents. This provides a unique, “close to supermarket shelf” perspective on international development. In addition, each year, we choose to work

with 1-2 strong European companies on taking their USA business to the next level. Looking to create your 2025 international development strategy? Export Solutions can help! Contact Greg Seminara in Atlanta, Georgia. [gseminara@exportsolutions.com](mailto:gseminara@exportsolutions.com).

### Greg's Guidance: New World – New Business

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

## Ten Tips – Common Export Mistakes

Export represents a dynamic growth opportunity for most companies. However, most companies make mistakes, particularly in the early cycles of their export development. Listed below are some common mistakes:

### 1. No Category Research

Some companies assume that their category development is consistent everywhere. They fail to conduct basic research on competitive dynamics and pricing. This research can be as simple as a day of store checks in your target market. I remember having an argument with a leading producer of branded Indian Food about export opportunities to Latin America. He refused to believe that the market for Indian food was so small, because he had not conducted research or visited the market. Do your homework!

### 2. Limited Investment in Marketing & Trade Spending

Few brands are so innovative and exciting that they will sell without investments in consumer awareness activities and trade incentives. Yet, many exporters believe that they can offer a “net price” and a distributor will create a significant business, without support. There is a cost of doing business in every market. Ultimately, your results will be directly proportional to your marketing investment.

### 3. Another “Me-Too” Product

Innovation sweeps the world at a rapid pace. Manufacturers fail when they do not create a unique selling proposition (USP) for their brand. Why is your product different versus current options? Is the differentiation meaningful? A better price (value) or heavy marketing investment can also differentiate your brand. I recently visited Europe’s largest food trade show. I saw a “lonely” exhibitor from the USA with little interest in his commodity food products. Why would a European retailer or distributor want to import a product that can be sourced locally at a better price?

### 4. Pricing is Too High

On many export projects, the price to the consumer can be twice the price from your home market, by the time that you add in logistics costs, duties, distributor margins, and taxes. Yet, much of export growth is sourced from emerging

markets, where spending power is low. So, the result is high priced product being marketed to people with limited funds. In many cases, the consumer will pay a premium (10-30%) for a quality, imported product. However, once your product is priced 50% or higher than the local competition, you are just appealing the top 10% of the population in most cases.

### 5. Product not Labeled in the Local Language

English is a global language, but obviously your brand will obtain a better reception if it is labeled in the local language. Many countries have laws requiring labels or at least nutritional information in the local language. Another similar issue is that some brand names do not translate on a global basis. What does your brand name mean in the local language? Does it sound similar to something else which has no correlation to your brand?

### 6. Insufficient Due Diligence during the Distributor/Partner Selection Process

I am amazed at the number of relationships based upon only a short meeting at a trade show. I love trade shows and believe they are a great place to meet prospective distributors. However, you must conduct due diligence on your prospective partner in their home country, before beginning your relationship. This includes interviewing the distributor as well as other candidates at their local offices. Visit the stores to see their performance for their current brands. Conduct reference checks and run financial checks with Dun & Bradstreet or similar credit check agencies.

### 7. Diverting – New Customer Pick Up at your Plant

Export managers are flooded with requests by distributors/buyers wishing to purchase well known brands. Many of these inquiries are legitimate, but a significant percentage are from diverters. I’ve written a separate article on this subject, so I’ll only share a few comments here. If your export price is



less than your standard price, display extreme caution in dealing with new distributors/buyers.

Complete the required “Due Diligence” referred to in point 6, including a visit to the distributors warehouse. Do not allow pick up at your plant or at a local port by a new distributor, if your price is lower than your standard price. Ship to the distributor product labeled in his native language and be cautious about promises to sticker the product at the port.

### 8. No Focus on the Shelf

Too many exporter/distributor discussions concentrate only on container shipments and orders. A critical element is the need to focus on activities to generate consumption. Some export projects fail, because the exporter does not dig deep to track progress against fundamentals of acceptance at major retailers, assortment, pricing, shelving, and merchandising at store level.

### 9. Exporter Fails to Visit the Market

The internet has facilitated global communication. However, there is no replacement for a periodic, face to face, market visit to discuss issues and measure progress. “Out of sight...out of mind.”

### 10. Unrealistic Expectations

Exporters are optimistic by nature. Launch plans project volumes based upon category size and the famous statement “If we secure only a 10% market share...” You know the rest of the story. Reality is that the 10% market share is possible, if you focus on avoiding the mistakes discussed in points 1-9 above. Good luck!

## Country Segmentation – One Size Does Not Fit All

Strategic segmentation of export opportunities is “Job One” for export managers. Export Solutions divides countries into three groups: Strategic, Priority, and Opportunistic. This approach filters countries by “size of the prize” and investments required to win. The basic rationale is that a company should allocate different resources to develop a large country like Brasil, compared to a medium size country like Belgium versus the Bahamas or Bermuda. Too frequently, we see companies handcuff all markets to one export program, with common strategy, pricing, and investment models for all countries.

Country Segmentation				
	Country Profile	Investment Required	Business Model	Examples
<b>Strategic (Focus)</b>	Large Country (pop. 50mm +) High GDP High Category BDI Global Retailers High Complexity	Significant Investment in Brand support. Market Research Management Visibility	Local Office or Distributor or Joint Venture	Mexico China Brasil United Kingdom USA Turkey
<b>Priority (Manage)</b>	Mid size Country (pop. 10 mm+) High GDP High Category BDI Mid Complexity	Moderate investment in brand support. Managed by Export Manager	Distributor	Chile Australia Canada S. Korea/Thailand South Africa Spain Saudi Arabia
<b>Opportunistic (Profit)</b>	Profitable Opportunities. Low GDP Countries Low Complexity	Minimal/no investment in brand support	Distributor or Direct to Retailer	Caribbean Central America Middle East Africa

### Segmentation Factors

Segmentation analytics will vary by company. Absolute population is just one factor warranting consideration. Other criteria include size of the category, proximity to your producing plant, as well as per capita spending power. For example, most USA based exporters sell far more to Puerto Rico, an island with 3.1 million people, than they do to China or Brasil. As a result, some USA brand owners place a strategic focus on the Caribbean Basin countries adjacent to the USA and process only occasional opportunistic shipments to complex countries such as China.

### Mix of Countries

Most companies can dedicate focus on a strategic launch into only one or two “strategic” countries at a time. It’s appropriate to create a growth plan aimed at a mix of Strategic, Priority, and Opportunistic countries.

### Market Share Expectations

Your export road map should also be adjusted based upon your market share expectations for a select market. Generally, there are three scenarios for a brand to pursue.

**Leader:** Brand investment and innovation to become #1 in the category.

**Player:** Brand plans to compete effectively, obtaining a market share of 5% -20%.

**Participant:** Niche. Brand objective is incremental shipments with little/no investment.

### Lessons Learned

Calibrate expectations to investments in brand support and management oversight. Everyone wants to be a category leader or player. To achieve this lofty status, you need to conduct local market research, innovate, maintain competitive pricing, invest in marketing, and align with a strong sales team just as you do in your home market. Projects fail as certain brands want category leadership but invest only to “niche” levels.

## Hot Countries 2020: China or Canada?

Are you selling more to China or Canada? China and the BRICs represent a big disappointment for most exporters. Ten years ago, a gold rush started, with brand owners dreaming of selling to just one percent of China's 1.4 billion population. Veteran export managers long ago deleted those optimistic presentations with ambitious volume targets for China, India, Russia, and Brasil. The stark reality reveals that eating habits remain dramatically different in China (and India). BRIC countries like China are complex and largely self sufficient, feeding their own nations. This leaves little shelf space for premium foreign brands with different taste profiles unless they are supported by massive advertising budgets.

### Fab 5

Exporters enjoy greater success targeting mid-size countries more dependent on imports for their food requirements. Export Solutions recommends 2020 focus and expansion in Canada, Malaysia, Morocco, Peru, and Saudi Arabia. 2020 represents the year to adjust resource allocation to our Fab 5 countries. These five countries all maintain populations between 30-40 million people and a history of openness to international products. Many companies claim sales to Fab 5 countries. However, my experience suggests that sales levels usually lag significantly below potential. Fab 5 appear as strong candidates to contribute a good return on your incremental investment and focus.

### Canada – Melting Pot

Canada's GDP ranks tenth in the world, larger than Russia, Spain, or Australia. Canada's population surpassed 38 million, + 10% in the last ten years. Canada's growth is fueled by immigration from Asia and Europe (Italy). Asian and European brands perform well, as Canadian newcomers are often "first generation," still homesick for their favorite brands. Most exporters know of leading retailers such as Loblaws, Sobeyes, and Metro. The "big 3" supermarket chains operate multiple formats competing across far flung provinces of Canada, supplying many places to get started with your bilingual package. Export Solutions databases offer excellent



coverage of Canada, including 78 retail customers and 192 international food distributors. Canada: worth a fresh look in 2020!

### Malaysia – Land of Gold

There may be riches to be discovered in Malaysia's supermarket shelves, although gold is no longer mined in the country. Malaysia is a bright spot in Southeast Asia, with a population of 33 million and GDP growth averaging 5% percent since 2012. Malaysia benefits from its proximity to Singapore, its small but prosperous neighbor. Malaysia's retail segment is dominated by multinationals such as Tesco and Cold Storage (Dairy Farm). A strong distributor community exists, with 122 distributors of all sizes and specializations, ready to serve as your route to market partner.

### Morocco – Magnet

Over 11 million tourists arrive each year to experience the magic of Morocco. Morocco is a peaceful country, hugging the northwest African coast, close to Spain. Population exceeds 36 million people, with stable GDP growth averaging 4 percent. I visited last year, and checked impressive hypermarkets from

Carrefour and Marjane, a chain owned by the king. The Morocco opportunity is amplified by the foodservice channel, catering to the tourists as well as a local population familiar with nearby European brands.

### Peru – Latam Star

Peru stands out as a star in Latin America business development, approaching Chilean status as an outpost of dependability. This appears as a refreshing alternative in a continent dominated by the political and financial turbulence of its bigger neighbors in Brasil, Colombia, and Argentina. Peru will host 4.5 million tourists this year, lured by Machu Picchu. Lima has emerged as a gastronomic capital, with three of the world's top fifty restaurants. Export Solutions maintains good familiarity in Peru, through three recent distributor search projects and coverage of 84 distributors in our database.

### Saudi Arabia – 50% of the Gulf

Most companies sell to Saudi Arabia, but few approach their true potential in the richest country in the Gulf. Normally, Saudi Arabia should represent 50 percent of your total Mid East business, if your sales are

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## Hot Countries 2020: China or Canada?

*continued from page 18*

proportionate to population and the opportunity. This tends to be three times the level of tourist friendly Dubai. Why Saudi? Saudi boasts a population of 36 million and the worlds second largest oil reserves. Saudi Arabia is an affluent country, with the government providing jobs, education, and other subsidies for their citizens. 2020 outlook is mixed, based upon the plunge in oil prices. Still, tremendous upside exists for most brand owners. I am always fond of Saudi Arabia, as I worked there for three years for a large FMCG and met my Irish wife at a wine tasting party!

### USA – Bigger than BRICs

The USA development opportunity is the largest single priority for European brands. All European brands sell to the USA, but volumes are usually quite modest relative to the potential. USA features ten different trade channels and more than 300 retailers. Many chains are open to innovative products from overseas, as long as the manufacturer “does his homework” by supplying true category innovation. Trade promotion investments and payment of listing fees are mandatory in most cases. Normally, I urge my European clients to “start small” in the

USA, focusing initially on ten northeast USA chains with 30-150 stores each. Hire your own USA business manager to work with local brokers and optimize your investments in critical trade promotion activity. Initial success validates the phase two investment levels required to compete effectively on the shelves of larger retailers such as Kroger, Ahold, or Publix.

### China – Lessons Learned

Multinationals like Coca Cola, Starbucks, Nestlé, Ferrero and Procter and Gamble can point to China as their top global priority. Unfortunately, I struggle to list many (any?) smaller companies that are generating important tonnage in China on an export basis, even after ten years or more of trying. Factors limiting development include a strong preference for local foods (except Confectionery/Snacks), lack of strong distributor options and requirements to have large teams of people in country to attack the opportunity. Fung Business Intelligence Centre (FBIC) reports that e-commerce accounts for 17.4% of sales, growing by 30% in 2018, while the top 100 conventional retailers increased only 1.7%. This also changes the playing field beyond the capabilities of most overseas based brand owners.

Population	(millions)
Canada	38
Malaysia	33
Morocco	36
Peru	33
Saudi Arabia	34

### 2020 Guidance

There are no easy answers in the world of export. If export was easy, they wouldn't need us! Export Solutions advocates consideration for business improvement in attractive Fab 5 countries which offer good upside with more limited investment and complexity than China and India. The USA appears as a high priority for many in the 2020 post-Brexit world. USA winners must play the USA game, with USA factories (or copackers) paired with local brokers and a channel specific strategy. Export Solutions can help!

## Talk to an Expert

- International Strategy Road Map
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- Entry Plans
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## Some BRIC's are Broken

Oops. Companies that targeted BRIC countries as the cornerstone of their international strategy suffer disappointing results. Brazil and Russia appear deep in recession, India is labeled as a persistent underachiever and the China Express has slowed. The mid-term outlook does not improve.



Brazil's structural complexities represent a significant barrier to entry and the currency devaluation versus the dollar places the price of imported brands now out of reach for most. Russia was a "borderline BRIC" to begin with. Russia should recover somewhat with the price of oil, but the fundamental fact is that Russia's population will decline by 4 million people by 2025. India remains tough to conquer, except for multinationals with bundles of money. However, the Nestlé Maggi noodle scare sent shock waves, causing big investors to think twice.

China is the big prize, with millions moving permanently into the middle class and shopping at modern supermarkets filled with international brands. The Chinese love imported Confectionery, Snacks and Beverages, but have been slow to embrace other "Western" Foods. Marketers need to teach Chinese consumers about their categories and conduct research to learn to adapt their brands to Chinese taste profiles.

Listed below are Export Solutions' insights to reduce dependency on "Broken BRIC's" to new sources of future growth.

### 1. USA opportunity is "bigger than BRIC's" for European exporters.

With the dollar trading near parity vs. the Euro, this is the time for Europeans to develop the USA. Treating the USA as another export market will result in failure. Please approach the USA in the "American" way by hiring an experienced USA broker manager based in a place like Chicago or Atlanta to navigate the system. Test your product with mid-size chains, investing in consumer activities and trade promotions.

### 2. Mexico is Hot!

Mexico's population will pass 135 million soon, passing Japan to be the 11th largest country in the world. Mexico's economy is a star in Latin America, as it serves as a supply depot to the USA. Many auto and industrial manufacturers produce in north Mexico, a short stroll to the USA market, avoiding month long shipping backlogs from Asia. This translates to increased spending power and an expanding Mexican middle class.

### 3. Target the VIP's: Vietnam, Indonesia & Philippines

These high growth countries will exceed 500 million in population by 2025. USA exporters are discovering the Philippines due to the 107 million population with good acceptance of USA brands. Myanmar is worth a look, with a new government and a population of 54 million. I have visited Myanmar twice and am optimistic about the future.

### 4. Hire a Team for China

Winning in China requires a team effort. The battle has shifted and "over achievers" place a team of local sales, marketing, and research professionals on the ground to build the business. This is true even when you are working with a distributor. Don't rush to follow the pack to "Tier 2" cities until you have completed the job in major supermarkets in Shanghai, Beijing, and Shenzhen. China holds great potential, but you will be lost managing from home office.

Brand owners face difficult choices on where to place "big bets" on new market development. BRIC disappointments provided expensive lessons on the long term process of changing eating habits in emerging markets. Our island market success stories remind us that export business contains a mix of giant countries and smaller, profitable nations. Senior management must be willing to admit "we've failed" if you have small businesses in pivotal countries like China, USA, and Mexico. Frequently, the answer is to treat these big countries like your home market with investments in product innovation, local factories and fully staffed teams.

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"Spend Time Selling to Distributors versus Searching for Distributors"

## 5 Steps: From Niche Status to Mass Market Success

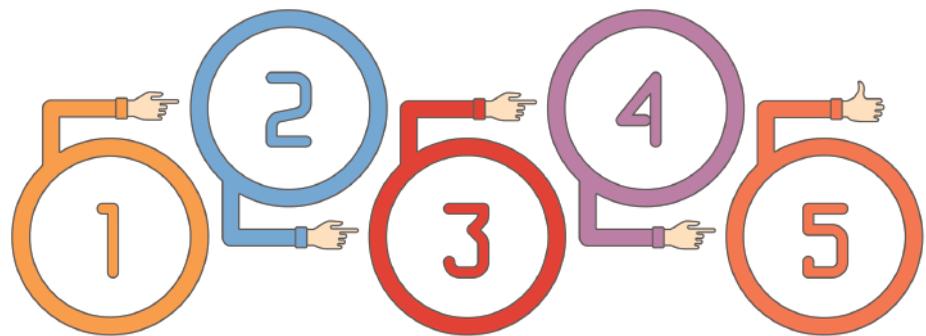
Can you resist the temptation to sell to the biggest retailer in a new country first? Multinationals armed with barrels of money and stacks of market research attack all retailers with a high profile market entry plan for their new products. More likely that your company supplies you with a beloved local brand and a small checkbook to invest wisely. What is the logical route forward for exporters of favorite brands from the USA, UK, Germany, Brasil, Mexico, Japan, etc? Listed below is Export Solutions' 5 step plan to translate your niche item to mass market success in overseas countries.

### Step 1: Sell to Homesick Consumers

There are six million USA expatriates abroad and also 6 million UK citizens found outside Great Britain. On a broader basis, there are 80 million people of Italian heritage living outside Italy, including about 17 million in the USA, almost equivalent to the USA's entire Asian population. 92 million foreigners claim ties to Great Britain, including 17 million people living in Australia and 12 million in Canada. These statistics apply to almost all countries who can find their citizens dispersed around the world. These homesick consumers are desperate for their favorite brands from back home. Frequently, they will shop at stores dedicated to treats from home such as Taste of America in Spain or the wide array of British delights found at Myers of Keswick in Manhattan. Eataly is a retail monument saluting the global popularity of Italian foods. These retailers are logical first customers for our products.

### Step 2: Create Visibility at Restaurants Featuring Your Cuisine

Many people first discover a new cuisine from eating out at a restaurant. Adventurous people like variety in their diets. Tex-Mex brands enjoy high growth in retailers throughout Europe, Middle East, and Asia. Consumers first learned about Tex-Mex food through visits to Mexican restaurants. There are several stories emerging from China such as Starbucks successfully generating significant coffee sales from tea drinking Chinese. Other American products are generating trial in China through partnering with USA style restaurants. Teach consumers about your brand through placement and visibility at restaurants featuring your country's cooking. Consumers will attempt to recreate the food experience in their homes with the brands that they enjoyed at a restaurant.



### Step 3: Target Regional Chains in Expatriate Areas

California is home to 33% of the USA's Asian population. New England maintains the highest concentration of Brazilians. Chicago is home to many Greeks. Italians are everywhere, but primarily reside in the Northeast USA. Over half of the USA's Hispanic population can be found in California, Texas, and Florida. New York Metro is home to people from all over the world from UK to Israel to Russia to France to the UK. Major cities like London, Hong Kong, Sao Paolo and Sydney share similar dynamics. The idea is to sell to regional supermarket chains with existing demand generated by people with ties to the home country. For example, HEB in Texas is an excellent destination for Hispanic products. German foods target Giant Eagle or Meijer in the central USA. Italian food products enjoy strong visibility at Shop Rite and Price Chopper. USA products sell well in overseas locations where the USA maintained military bases such as Germany, Philippines, or Japan.

### Step 4: Upscale Retailers Feature Variety

Every country features retailers catering to high income consumers. These stores feature extensive assortments of international products as a strategy to differentiate versus traditional supermarkets. Their consumers maintain more disposable income to purchase premium international brands and are

more open to distinct gastronomic experiences. Upscale supermarkets range from Wegman's in the USA to Waitrose in the UK, Esselunga in Italy, Jumbo in South America, Superama in Mexico, Kem Chicks in Jakarta, and City Super in China.

### Step 5: Proven Track Record Drives Mass Appeal

Exporters that have successfully completed steps 1-4 above are now ready for mass retailers. Success at penetrating high end, trend setting, retailers will make your brand more attractive to supermarkets catering to the general population. A patient "crawl, walk, run" approach will also present a strong case study for your management to validate the larger investments in marketing and trade programs required to support a national brand launch.

### Lessons Learned

Calibrate sales expectations to your own investment in research, marketing, and trade development funding. It's perfectly acceptable to pursue listings at leading supermarket chains, if you maintain adequate brand support budgets. If initial marketing spend is limited, a better option is to make "lower risk" bets on homesick consumers or upscale families which may form a small, but appreciative consumer base. Success and learning from early markets provide a logical on ramp to broader market success.

### *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.

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## 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



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to discuss your business development project.

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## Ten Tips – Sourcing New Sales from Old Markets

Exporters love the thrill of creating plans to conquer new markets. The reality is that our annual sales quota is dependent on driving new sales from our existing markets and distributors. This appears as a challenge in a low growth country or mature category, particularly if you are not blessed with baskets of money to invest in brand support activities. Listed below are our ten tips for sourcing new sales from existing markets.

### 1. Fill in White Spaces on your Listing Map

Most manufacturers focus their energy on the total sales number for a country. The one template I recommend for each market is a Listing Map. This grid lists top 10 customers in the first column and your brand SKU assortment in a horizontal row. Where are the distribution voids? Which new listings will generate the most cases? What resources are needed to fill the white spaces? What is the plan?

### 2. 10% Challenge

Trade spending may be a wise investment if it drives profitable, incremental sales. This is a good time of year to challenge distributors with the question: “What type of spend levels would be necessary to secure a 10% increase in shipments (consumption) in the next 90 days?” Of course, in emerging markets you may want to challenge the distributor for a 20-40% increase or higher.

### 3. Retail Sales Contest

Competitive sales representatives love contests. Everyone enjoys winning a prize or supplementing their income. Brand owners should consider a sales contest that is tied to “Pay for Performance.” Measure incremental pallet displays for volume brands or most creative display for smaller brands. Sync your competition with your peak seasonality or a new product launch. Awards such as iPads or weekend trips are motivational. Structure the contest to maximize winners. Create a theme and “have fun.”

### 4. Senior Management Visit

Schedule a visit for your company president or other senior executive to visit an underperforming market. Arrange for the visit 2-3 months in advance. You would be surprised at the serious market issues that are resolved prior to your bosses arrival. The executive’s visit is boosted by new ideas and a commitment for future performance.



### 5. Evaluate Your Pricing Model

Pricing drives volume. Most pricing models were designed at the beginning of a relationship and rarely revisited except for the periodic price increase. Conduct a retail pricing survey. What is your price gap versus your competition? What would happen if you adopted an “every day low price” approach? If you took a price decline of 10%, would the incremental volume compensate for the price reduction?

### 6. Co-Promotion: Leverage Distributors Portfolio

Many of the most successful distributors run quarterly or annual promotional events featuring all their brands. Normally, there is a charity tie-in or special theme overlay. The beauty is that each of the distributors brands pays only their share of the event. These Co-Promotion events turn out to be a big win for the distributor and each of their brands.

### 7. Annual Customer Business Review

It’s appropriate for a formal review of your business at each major customer. This could be a data intensive review at a key customer in a developed market or a “two pager” in an emerging market. The process is the key. Focusing each sales representative to analyze their business results and identify their largest opportunities adds visibility to your priorities.

### 8. Spend Time at Retail

Most market visits program the export manager from hotel to office to customer followed by dinner. Periodically, we’ll squeeze in a store visit or two before a customer call or flight departure. Why not dedicate a day at retail with the retail manager during a market visit? You’ll get a good pulse of market conditions and communicate your brand insights directly with the retail sales manager. Brands that are obsessed with in store performance win incremental retail sales team focus.

### 9. Offer a Bonus Pack or On-Pack Promotion

Most brands source 90% of their sales from the shelf. Generate some excitement everyday with a bonus pack or other special pack promotion. Many distributors can manually apply small gifts or premiums at their own warehouses.

### 10. Distributor Change

Organizational change is a last resort. However, if a distributor continues to deliver uninspiring performance, you may be forced to look at market alternatives. How is the distributor sales growth versus overall category and market growth? A new distributor typically brings a boost of energy and a renewed sense of commitment to a brand.

## 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!

## *New Channels: Prime Prospects, By Category*

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

**NEW!**

## Retailer Search Made Simple Canada Example

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Distributor Identification Experts

About | Distributor Database | Retailer Database

Search By Country, Format, or Keyword. Keyword may include Retailer name. Like what you see? [Click here](#) to purchase current retailer lists.

Continent: USA & Canada | Country: Canada | Format: All Formats

Keywords:

**78 Listings** | Page 1 of 2 | Next >> | Go To Page: 1 2

Country	Retailer	Store Count	Formats	Profile	News	Financial
Canada	7 Eleven					
Canada	Loblaws	2,300	Drug Store, E-Commerce, Hypermarket, Supermarket, Wholesale			
Canada	Costco	95	Cash & Carry/Club, E-Commerce			
Canada	Federated Coop	290	Convenience, Supermarket, Wholesale			
Canada	Fortinos	23	Supermarket			

### Search by Country

Coverage: 96 countries and 2,500 retailers

### Search By Format

Supermarket  
Convenience  
Drug Store  
Natural Food  
Club, Cash & Carry

### Search by Retailer Name

Supplying profiles, store counts, formats, news and info for Top 100 international retailers plus all overseas branches

### Combo Search

Example 1: Who are supermarket retailers in Canada?

Example 2: How many stores does Loblaws operate by banner, in Canada?

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## FAQ's – Retailer Database

### Why did you create the retailer database?

Export managers dedicate a lot of time to researching countries, retailers and preparing business plans. A standard KPI measure is tracking product listings for key customers. I believe that our industry could benefit from a global retailer database to instantly locate retailers and their store counts in 96 countries. The retailer database is a logical extension of our leading distributor database which has helped more than 3,000 companies build export sales during the last 10 years.

### What is your geographic coverage?

96 of top 100 GDP countries worldwide. This includes most Asian, Middle Eastern, and European countries. Our database covers every country in the Americas. In Africa, we cover South Africa.

### What is your format coverage?

Excellent coverage of chain supermarkets, hypermarkets, clubs, cash and carry, and convenience formats. Solid initial coverage of drug stores, natural food stores, and e-commerce channels. Our database does not cover DIY/hardware, toy, office, liquor, or sporting goods channels.

### Retailer database: featured info

**Profile** – Retailers profile and link to their internet home page.

**Formats** – Retailer's stores segmented by format and banner.

We track supermarkets, hypermarkets, cash and carry, convenience stores, discounters, drug stores, natural food stores, and e-commerce retailers.

**News** – Latest retailers' news. In some cases (Asia), we substitute a link to the retailer's latest promotional flyer.

**Financial** – Many leading retailers are publicly traded. A link is provided to their latest financial results. We do not offer estimated financial information for privately held or family owned retailers.

### How is your coverage of global retailers?

We offer total coverage for top 100 global retailers. This includes all of their branches and banners. Searchable! Use filters to research Walmart, Costco, Carrefour, Tesco, Metro, Casino presence by country. Database covers retailer's total store outlets as well as a breakout by banner and format.



### What can I use the retailer database info for?

- Obtain an instant snapshot of an average of 23 retailers per country for 96 countries.
- Track presence of global retailers like Walmart, Carrefour, and Metro AG.
- Create country specific listing maps where distributors measure brand authorization by retailer.
- Conduct home office based international category reviews and price checks from retailers' e-commerce sites (not all retailers).
- Prepare annual reviews and reports with up-to-date information on leading retailers and channels.

### Searchable

The database offers filters allowing you to search by country, format, or retailer name. You can also use a combination of filters for your research.

### Can I get a free sample of the retailer database?

Sure! Check [www.exportsolutions.com](http://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](http://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](http://www.exportsolutions.com).

## Ten Tips: Ex-Selling at E-Commerce

E-commerce now accounts for five percent of USA omnichannel sales, up forty percent in the last year according to Nielsen. This includes almost 12 billion dollars sold through online grocers. No one can accurately gauge how big e-commerce will become, but it is safe to predict that it will be much, much bigger in the next five years. Billion dollar multinationals and scrappy start-ups are attacking this channel with vigor, widening the performance gap versus successful national brands. In China and India, e-commerce accounts for a majority of the sales for many imported products. Read Export Solutions' ten tips for capturing your fair share of the growth in this strategic channel.

### 1. Conduct E-Commerce Survey for Core Countries

Create a one page template capturing local e-commerce customers, online grocery trends and current distributor engagement. Calibrate where each country is on a development curve. Source best practices from distributors in China, India, United Kingdom, and the USA where e-commerce maintains highest acceptance levels.

### 2. Speak to Millennials

Spend time with young people, learning how they shop and blaze through digital marketing messages. Learn why millennials avoid "their mothers brands" and how many rarely make a "stock up shop" at a neighborhood supermarket. Another revelation is the trust that they place in online reviews and key influencer recommendations.

### 3. Create a Global E-Commerce Strategy

Align with your company's overall e-commerce strategy. Establish benchmarks and toolkits to share with your distributors. Acknowledge the fast pace of development, allowing flexibility to pivot fast.

### 4. Distributors: E-Commerce Business Plan

Request each distributor to create a 2020 e-commerce business plan. Include new distribution targets, marketing plans, and shipment objectives for e-commerce customers. Challenge distributors to hire a young person to serve as a dedicated e-commerce key account manager. Review each distributor's e-commerce marketing plan early and often in 2020. "A distributor respects, what the brand owner inspects."

### 5. Learn Online Marketing Tactics

Goodbye end caps and slotting allowances. Hello "pay per click" and first page search results. Unlimited shelf space exists in cyberspace, with room for every sku that you (and your competitors) produce. Face-to-face buyer meetings are replaced by online marketing menu programs and transparent sales ranking information. Learn the new rules or you will fail the e-commerce test.

### 6. Treat Amazon and Alibaba as Global Customers

Amazon revenue will exceed \$300 billion in 2021, including more than \$220 billion sourced from sales of goods. Amazon will comfortably rank as the world's number two retailer, far exceeding sales by Carrefour or Costco. Multinational category leaders have established customer teams to service Amazon. Many place their best, young talent against this high growth customer. Multifunctional team roles may share the same titles in



Finance, Supply Chain and Marketing, but the "work" is much different. What dedicated resources are assigned to Amazon and Alibaba today at your company?

### 7. Consider a Web Shop

Direct to consumer represented a complex route to market in the past. Today, new brands and leading companies are jumping at the opportunity to showcase their innovation and share in depth product knowledge through their own proprietary web shop. Outsourced supply chain experts exist to provide fulfillment solutions. Tangible profits may be elusive today, but there is valuable, inexpensive learning to be gained from pioneering in this area.

### 8. Hire an International E-Commerce Expert

Appear as a preferred supplier by your distributors by providing leadership insights into this new trade channel. Distributors in emerging markets are hungry for best practices in establishing e-commerce brand building models. Send your e-commerce expert to core markets to conduct workshop training sessions. Your investment in an e-commerce strategy and guru positions your company as a preferred partner helping to build the distributor's entire business.

### 9. Appoint E-Commerce Distributors – Asia

Selling through the e-commerce channel requires different routes to market capabilities and skill sets than marketing through brick and mortar supermarkets. Consider appointing a separate e-commerce distributor in advanced countries like China and South Korea. A key issue is managing pricing equilibrium between your conventional distributor and e-commerce partner.

### 10. Track E-Commerce Results

Establish KPI's and measure performance at key customers such as Amazon. Are you getting your fair share of the growth?

E-commerce development is a top 2020 priority for every brand and distributor. Some may say that e-commerce is evolving slowly in their country or too complex and unprofitable to allocate resources. These are the same people whose parents were probably in the horse and buggy or fax businesses. Enhanced focus on e-commerce will position you as a leader (or survivor) for 2025.

## Ten Tips: Small Countries Deliver Big Business

Are you selling more to Ireland, Iceland or India? To the Bahamas, Baltics, or Brasil? UAE or United Kingdom? Small countries offer solid business opportunities, with lower complexity and investment required. All companies export development plans should include a mix of strategic countries like China and the USA (Europeans) plus revenue generators with fewer than ten million people. Listed below are Export Solutions' ten tips on why small countries deliver big business.

### 1. Limited Local Production

Small countries are highly dependent on food imports. Even multinationals tend to locate factories in larger hub countries. This creates the opportunity for exporters to fill a high percentage of a small countries food supply requirements.

### 2. Distributor Model – Primary Route to Market

Most companies partner with distributors in these countries. Leaders like Nestlé and Unilever may find it more productive and efficient to use distributors versus establishing a local subsidiary. For example, Export Solutions' distributor database supplies information on 60 distributors in Panama, 78 in Kuwait, and 69 distributors in Croatia.

### 3. Value Chain – Level Playing Field

Brands are frequently able to compete on a level playing field in smaller countries. Most products maintain similar cost structures with importation fees, distributor margins, and retailer margins. International brands do not suffer the same type of price gap problems versus homegrown brands as they encounter in large countries with local plants.

### 4. Low Complexity – Ship and Sell

In many cases, you are able to sell existing Made in the USA or Europacks. Compliance may be achieved with a small, distributor applied sticker. Many countries in this cluster do not require a lengthy registration process accepting USA or European standards.

### 5. Brand Awareness Exists

Surprise! Some consumers in an adjacent small country will already be aware of your brand. This could result from cable TV advertising or visits from their citizens to your country. Costa Rica, Malta, and the Caribbean represent tourist hubs. These popular hosts feed seasonal residents from the mainland and boatloads of visitors hungry for their favorite brands.

### 6. Reasonable Cost of Entry

Launching a new brand is economical. Retailers are frequently happy with a "free fill" of the first order versus an excessive listing fee. Demos in a handful of high profile stores will create visibility. Distributors appreciate your existing point of sale materials.



### 7. Best in Class Distributors

Some of the best distributors of the world are based in small countries. The reason is that even enormous multinationals partner with distributors in these regions. This propels the leading players to top ten suppliers to the retail trade. These distributors implement the best practice models from companies like Procter & Gamble and apply them to all the brands in their portfolio. I witness many examples where a powerful distributor creates a huge success story for a smaller brand based upon their marketplace clout.

### 8. Currency and Freight Impact

Many countries consider the USA dollar or Euro as legal tender. This reduces the impact of currency fluctuation and perhaps some financing charges. Small countries that depend on imports across all industries enjoy frequent freight service. This creates competitive rates and potentially lower logistics costs.

### 9. Distributors: Excellent Relationships and Coverage

Everyone knows everyone in these countries. Distributor owners emerge as respected community leaders. They know how to get things done. Distributors are forced to be generalists, selling to all customers across all channels and all regions within a small geography.

### 10. International Brands: Affordable Luxury

Consumers take pride in offering their families the best food treats from overseas. These world class brands may only be a few cents more expensive versus private label type options which face similar cost structures.

Export Solutions serves as a distributor search "helper," with 300+ projects completed for more than 50 companies of all sizes. Contact us to leverage our distributor database and strong relationships with distributors in 96 countries.

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

## From High Class to Mass

International brand builders may validate a logical progression to market entry. Most export brands deliver unique products, but at a premium price. It's a natural first step to target "gourmet" food stores and supermarkets patronized by upscale shoppers first. E-commerce is an excellent channel to gain early visibility for an overseas entrant. Many exporters should focus on success in these channels prior to targeting mainstream supermarkets supplying middle class shoppers. These chains tend to offer larger store counts, but higher cost of entry and promotion. Phase three retailers represent a final challenge once your brand has achieved a respectable market share. These retailers tend to be "value oriented" and demand lower price points to gain acceptance by shoppers on a more limited budget.

Export Solutions recommends conducting a retailer segmentation exercise for each country. Align customer demographic characteristics with the market development trajectory for your brand.



Sequence	Demographic	Retail Targets
Phase One	High Class	<ul style="list-style-type: none"> <li>• High end supermarkets</li> <li>• Gourmet deli's</li> <li>• "Homesick" expat shops</li> <li>• Specialty retailers</li> <li>• E-commerce</li> </ul>
Phase Two	Mainstream	<ul style="list-style-type: none"> <li>• Conventional supermarkets targeting "suburban" shoppers</li> </ul>
Phase Three	Mass	<ul style="list-style-type: none"> <li>• Value oriented supermarket and hypermarket chains</li> <li>• Convenience – "small shops"</li> </ul>

## Looking for Good Distributors?

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

[www.exportsolutions.com](http://www.exportsolutions.com)



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## Is the Store a 10?

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

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

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

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

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

### 1. Develop Clear Standards

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

### 2. Align With Key Account and Retail Sales Teams

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

### 3. Conduct Training Session

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

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

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

### 5. Planogram Serves as the Official Record

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

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

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Distributor Identification Experts

## Strategic Services

### Contact Us for Export Solutions

1. Identify Best in Class Distributors: 96 Countries
2. Best Practices Export Strategy
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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

## 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?"		

## Twelve Tips: Generating Game-Changing Results

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

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

### 1. Big Bet – Focus Country

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

### 2. Dedicated Brand Manager at Distributor

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

### 3. Mergers and Acquisition

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

### 4. E-Commerce Focus

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

### 5. Costco Global Deal

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

### 6. Celebrity Endorsement

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

### 7. Drop Your Price

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



### 8. Co-Promotion

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

### 9. Sales Contest

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

### 10. Local Co-Packer

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

### 11. LTO – Limited Time Offer Pack

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

### 12. Monthly Market Visit

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

## Looking for Good Distributors?

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

[www.exportsolutions.com](http://www.exportsolutions.com)



**Export Solutions**  
Distributor Identification Experts

## Tactical Exports vs. International Brand Building

What are your realistic aspirations for a country? There is a big difference between tactical exports and strategic brand building. Companies can win in smaller countries with an “export only” strategy. Brand building requires a financial commitment. Either option works. Companies need to align market ambitions with their investment plans.

	Export	Brand Building
Market Research	None	Local consumption habits
Product portfolio	Best sellers from home market	Tailored to country/region
Packaging	Standard packs stickered	Native language
Factory	Corporate headquarter based	Offshore
Marketing Investment	Trade marketing only (10 percent of sales?)	TV, 360 marketing 20-30 percent of sales
Retail Pricing	Premium to super premium	Equal to competitors
Route to Market	Distributor	Direct team or distributor
Oversight	Periodic visits	Dedicated country manager
Market Share Ambitions	Niche	Player
Complexity	Low	High
	Export Countries	Brand Building Countries
	Caribbean	USA
	Malta, Cyprus, Portugal	Western Europe
	Central America	Mexico
	Hong Kong	China
	Singapore	Japan
	Taiwan	India
	Nordics	Russia
	Baltics	Turkey
	Chile, Peru, Ecuador	Brasil

# Searching for New Distributors?

Export Solutions makes life a little easier for more than 2,700 export managers. Our time saving distributor database serves as a “helper” for identifying more than 8,600 qualified, local brand builders in 96 countries.

## Search by Country, Category, or Country of Origin

### Local Experts

#### Distributor Coverage

Asia:	1,930
Europe:	2,830
Latin America:	1,503
Middle East:	857
USA/Canada:	1,326

### Category Experts

#### Distributor Coverage

Beverage:	1,490
Candy/Snack:	2,501
International Food:	2,711
Health & Beauty:	1,545
Natural Food:	680

### Country Experts

#### Distributor Coverage

German Brands:	607
Italian Brands:	1,229
UK Brands:	592
USA Brands:	1,073



*“Select Your Distributors,  
Do **Not** Let Your Distributors Select You”*

[www.exportsolutions.com](http://www.exportsolutions.com)



## Retailer Benefits: Purchase from Local Distributors

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

### 1. Local Inventory: 24-48 Hour Delivery

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

### 2. Brand Building vs. Availability

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

### 3. In-Store Merchandisers: Emerging Markets

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

### 4. Distributors: Local Category Advisors

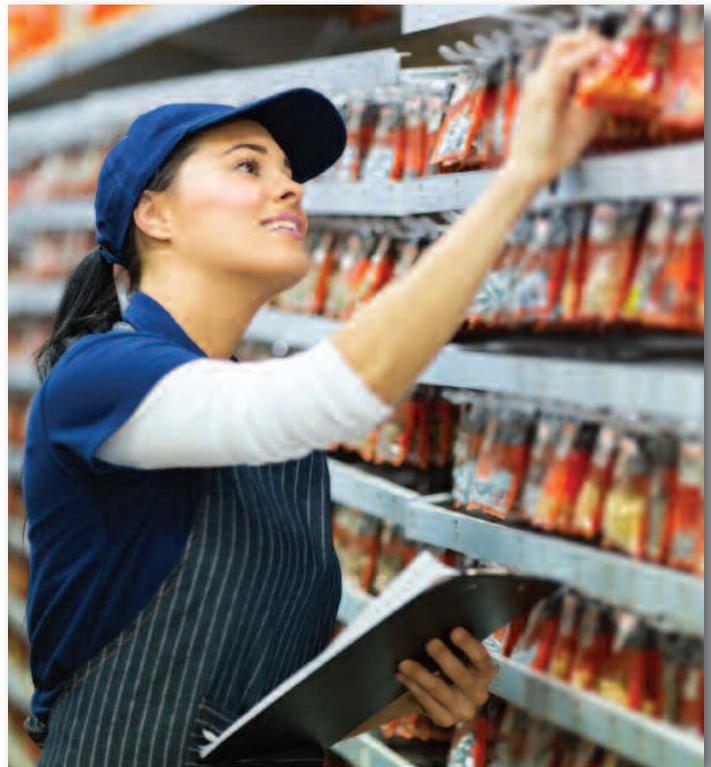
Distributors understand local taste preferences and share trends from other market customers. In emerging countries, normally there is a preference for smaller sizes than the family packs offered in USA or European supermarkets.

### 5. Problem Solving: Pricing, Shelf Tags and More

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

### 6. Promotions Drive Trial and Tonnage

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



### 7. Point of Sale Material and Stock Rotation

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

### 8. Damaged, Expired Goods or Product Recall

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

### 9. Payment Terms

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

### 10. Retailers: Support Your Local Distributor Community

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

### Success: Create Total Country Customer Strategy

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

## Reduce Export Diverting

Activity	Bad Practice	Best Practice
<b>Logistics</b>	Allow factory pickup or delivery to USA* port	Ship directly to distributor
<b>Label</b>	USA* pack, 100% English	Translated to distributor's language
<b>Distributor Profile</b>	Small company with no web site or brand references	Well known local distributor handling other global brands
<b>Pricing</b>	Low price combined with USA* port pickup	Export pricing model, ship directly to distributor
<b>Partner Due Diligence</b>	Start partnership without visit	Extensive evaluation, including in market visit
<b>Pack Size</b>	Standard USA* package	Special "multi language" pack, labeled "Export Only"
<b>Store Check</b>	No trip to check stores	Annual visit to document store conditions and warehouse stock
<b>Listing Map</b>	No customer level information	Report local product authorization, by retailer
<b>Syndicated Data</b>	No data	Obtain data to compare purchase levels with market consumption
<b>Reference Check</b>	No financial or commercial checks	Check current principals plus financial institutions (D & B)

\* For Made in USA brands



## Small, Small, Small Strategy

A few years ago, I described a multinational's "Big, Big, Big" strategy. This company focused on Big Brands, Big Countries, and Big Customers. This approach may function well for billion dollar giants, capable of building local factories, hiring large teams, and investing millions in brand support. However, many exporters have been disappointed the last five years when "BRIC dreams turned into Export nightmares."



Exporters: consider a "Small, Small, Small" strategy as a route to profitable growth.

*Small Channels* – E-commerce, Gourmet, Ethnic (see page one article).

*Small Countries* – South Korea, Chile, Saudi Arabia, Spain etc.

*Small Investments* – Trade/marketing costs everywhere, but total spend is lower in emerging channels and small/mid-size countries.

Listed below are considerations for developing your "Small, Small, Small" strategy.

### 1. Massive Supermarket Chains: Demanding & Declining

Traditional supermarket chains are losing share. To sell to them today, you "spend more to sell less!" Smaller chains and channels may be more open to innovation and feature lower cost of participation.

### 2. Limited Local Production: Small/Mid-Size Countries

Big countries feature well established local producers, guarding their shelf space. Smaller countries frequently do not contain many local manufacturers and remain dependent on adjacent countries or USA, UK, Germany, Italy etc. for many of their brands. Examples include USA companies selling far more to Puerto Rico than they do to Brazil. UK companies export more to Ireland than to Russia or Italy.

### 3. Lower Investment Levels

Brand investments are relatively proportional to country population and per capita income. A \$10,000 – \$100,000 investment drives significant presence and funds solid marketing activities in many small/mid-size countries. This allows your brand to capture market share versus serving as a niche player in a large country.

### 4. Distributor Capability: Inversely Proportional to Country Size

Some of the world's best distributors are based in Panama, Norway, UAE, or Singapore. Why? In these countries, even multinationals like P & G, Kellogg's, and Barilla may partner with national distributors. In large countries like the USA, China, India, distributors usually handle only niche brands, regional coverage, or small shops.

### 5. Make Multi-Channel Bets

Our page one article discusses the power of penetrating new channels.

This may require distributors to expand coverage and "attack something new."

Manufacturers should conduct a "Lessons Learned" exercise. What countries are delivering superior growth and highest market shares? Which new channels and customers are recording double digit sales increases? What are channel success stories from other countries? Which markets do not demand mandatory listing fees and deliver superior results for your investment? What is your global e-commerce strategy? In many cases you can deliver "big" increases from thinking "small." Good luck!

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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

## Preferred Supplier Scorecard

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

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

## Cost Calculation Assessment\*

\*Ambient grocery example: Higher margins – Chilled and Health & Beauty products

Assessment Criteria	Global Benchmark	Actual
Retailer: Everyday margin	20-35%	
Retailer: Back margin (rebates, discounts)	0-10%	
Retailer: Other margin (Damage, merchandising, central warehouse)	0-5%	
<b>Total Retailer Gross Margin</b>	<b>25-40%</b>	
Trade Promotion (Manufacturer)	5-20% of net sales	
<b>Total Distributor Margin</b>	<b>15-35%</b>	
Warehouse/Stickering	2-4%	
Delivery	2-5%	
<b>Total Distributor Logistics</b>	<b>3-7%</b>	
Key Account Sales	1-3%	
Brand Management	1-2%	
Merchandisers/Field Force	0-4%	
<b>Total Distributor Sales Team</b>	<b>4-6%</b>	
Administration	1-2%	
Finance and Collections	2-5%	
Overheads (office, IT, corporate)	2-5%	
Distributor Promotion Investment	0-10%	
<b>Distributor Net Profit</b>	<b>2-5%</b>	

## 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		

## 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.

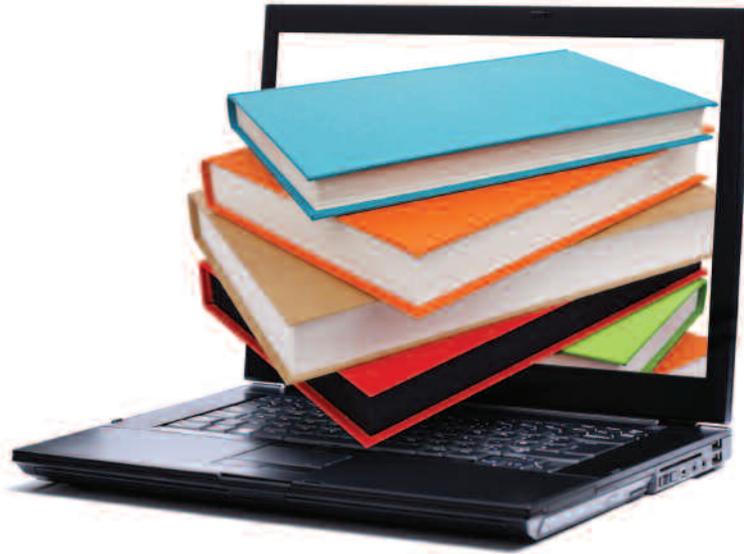
### 9. Total Compensation: More than Gross Margin

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.

# *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](http://www.exportsolutions.com).**



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[greg@exportsolutions.com](mailto:greg@exportsolutions.com)



## Ten Tips – Winning the Battle for Retail Shelf Space

Retail stores serve as showcases for our products. This is the point of sale where inventory is translated to a consumer purchase. However, many manufacturers spend the bulk of their energy against securing the headquarter listings, chasing shipments, while store conditions flounder at the middle of the priority list.

Increased focus on in-store conditions is critical because it delivers benefits every single day. Listed below are Export Solutions' tips for winning the battle at the retail shelf.

### 1. Define and Publicize Your Shelf Objectives

The first step is to insure that each member of your sales team is "crystal clear" on your brands in-store objectives. Create a shelf conditions standards book, including photos that can be distributed or shared online. I'll always remember a store visit in Cordoba, Argentina when I was a manager for Clorox. The distributor representative proudly brought me to his "best" store. The store was not bad, but below objective because our brand only owned 50% of shelf space versus our 65% market share. When I mentioned my disappointment, the representative accurately claimed that "no one had ever shared" this shelf objective with him before.

### 2. Create an Objective Mechanism to Evaluate Every Store

How did your brand look in the last store visited? Was it an "A,B,C, D, E, or an F"? Why? Establishment of a grading system allows you to provide an objective report card for each store. Normally, a system of awarding points for share of shelf space, retail availability, and off-shelf merchandising is simple to execute.

### 3. Focus on Basics: Distribution, Availability, Shelf Space, Shelf Position, and Off-Shelf Merchandising

All authorized brand sizes should be tagged and in stock. Brand should maintain share of category space equivalent to or greater than market share and placed next to the targeted competitor. Incremental points should be awarded for off-shelf displays or secondary locations. Fair pricing is also important, but normally tightly controlled by central buying.

### 4. Establish a Baseline for Store Conditions

Introducing new store conditions tracking metrics can be a shock to your retail sales team, as existing conditions are likely far below minimum acceptable standards. The idea is to create a baseline of performance and measure monthly or quarterly progress towards objective.

### 5. A Market Wide Retail Audit Creates an Accurate Benchmark

This requires the participation of 2-4 people (depending on market size) from your company matched by an equivalent number of people from your distributor/retail sales team. Each two person team is committed to spend a full day at retail and is assigned a certain city or section of town. Teams can usually visit 10-15 stores per day giving you a broad spectrum of results across the market. Each store should be measured by the same criteria. Ideally, the entire group should meet at the end of the day to share observations and next steps. Audits can be tied into a major sales drive such as a new item rollout, peak seasonality etc. A good distributor will work hard to fix problems in advance of a previously scheduled market wide retail audit.



### 6. Sponsor a Retail Sales Contest

This retail contest can be tied to the launch of new retail sales objectives or a "grading" system. Structure the contest for maximum number of winners. Reward most improved from a pre-contest baseline. Contest should be one-two months in duration to optimize excitement and focus. Get creative with a theme such as "A Room with a View" with first prize being an overnight stay at a 5 star hotel room with a view for the sales representatives stores have the best "view" for your brand.

### 7. Retailers Schematic/Planogram Serves as the Official Record

Request that each distributor forward the planogram for each of the 2-4 largest retailers for each market. Reward key account sales people for implementing changes in the official planogram.

### 8. Provide at Least One Shelf Objective for Every Month

A monthly objective for your brand or company forces the retail team to look at your brand on every store visit. The objective can be oriented against moving your brand to an eye level shelf, improved shelf space allocation for a particular size/flavor, or against reduced out of stocks. Track the objective with a question that can be answered by "yes/no" or a numeric response. This will allow you to participate with software on handheld retail reporting devices.

### 9. Focus Against Accounts With Problems With Retail Execution

My experience tells me that some retailers are better at maintaining attractive category showcases and in stock conditions. Other high volume hypermarkets are plagued by frequent "wiped out" categories. Certain accounts prevent representatives from touching the shelf due to union policy. Persistent out of stocks may reflect insufficient shelf space, low warehouse inventory, or problems with automatic replenishment systems.

### 10. Visit Stores on Every Trip to the Market

Schedule time to work with the retail sales manager. Your attention to store conditions will linger after your plane departs. "Retail is detail" and the "distributor respects what the brand owner inspects" are well known comments on retail. Send a signal that you are focused on your retail showcase and watch your brand presence improve!

# 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*



## *Is Your Distributor Best In Class?*

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

## Ten Tips – Increased Distributor Focus on Your Brands

### 1. Quarterly MBO Meeting with Distributor Senior Management

One of the most effective tools for increased focus is to create a regular process for Distributor senior management engagement in your business. The Management By Objective (MBO) system (or similar approaches) allows you to meet quarterly on a pre-planned schedule to review past quarter performance on key initiatives and firm up plans and commitment for the new quarter. Discussions should focus on key business metrics and account specific results. Meetings can be held via teleconference if you can not visit personally 4 times per year.

### 2. International Distributor Network Conference

This can include all your global distributors or those from a specific continent/region. Program can be 1-2 days in length and can include Corporate Business Review, New Product Roll-Out, and requirement that each distributor give a presentation on a success story from their home market. Meeting location can tie in with a major trade fair such as SIAL or FMI to reduce expenses. Alternatively, the meeting can also be in a resort location to serve as an incentive. Export Solutions is available as a conference meeting speaker to discuss a variety of distributor optimization strategies and retail trends.

### 3. Sales Contests

Sales contests bring energy, excitement, and focus to your brands. Sales contests should be about six weeks in duration and offer the opportunity for “everyone” to win. Prizes can range from cash incentives to trips to merchandise for the winners. Sync contest objectives and measures to your key initiatives for your peak season or a new product launch.

### 4. Key Account Business Reviews

It is appropriate to conduct key account business reviews with each of the distributor’s top 3-5 accounts once per year. Meetings should include senior level management of the retailer. This strategy requires distributor analysis of the accounts business and opportunities for mutual growth. This also provides you with an avenue to develop a personal relationship with local customers.

### 5. Retail Audit

Retail execution is critical to the success of any brand initiative. An important element in a new product launch or preparation for your peak selling season is the pre-scheduled Retail Audit across a market. The Manufacturer would bring 2 or 3 people from their company and match them with distributor personnel for a day in the field checking retail conditions. In one day, the 2-3 teams can see 30-50 stores in the market to judge the markets “readiness” and progress. Distributor personnel are competitive and will work hard to make the market “look good” for the Retail Audit.

### 6. Plant Visit

Invite your distributors for a plant visit and/or a trip to your corporate headquarters. Distributor can be introduced to members of your senior management team. Distributors should be encouraged to bring a large customer as well. This type of trip can serve as a “bonding” experience and create a renewed sense of commitment to your business .

### 7. Bonus Payment

Incentive pay for performance usually works well with sales teams. Sync bonus with your key objectives. Reward performance on achievement of retail distribution, profitability, as well as sales volume objectives. Volume based objectives alone may encourage questionable shipments that could be diverted.

### 8. Distributor Sales Meeting Participation

Most distributors schedule monthly or quarterly meetings for their entire sales team. This is a primary format for the distributor to communicate direction and priorities. Most distributors allow their manufacturers to make a presentation on a new item or key sales drive. Supplement your meeting presentation with a small gift for all meeting participants such as a pen, key chain, or calculator with your company logo.

### 9. CEO Market Visit

Distributors appreciate a visit from your CEO or other member of your senior management team (CFO, VP International etc.). This gives them the opportunity to demonstrate their results and share their input on the markets development. It is magical to watch certain market issues get “solved” immediately prior to a senior management visit !

### 10. Share Best Practices

Create a process for sharing best practices and success stories within your global distributor network. These can be communicated via a monthly newsletter or email. Distributors are proud to share their achievements or innovative new strategies that they are using to build their business. Manufacturers may elect to reward distributors with the “best success story” each month with a “free dinner” or other incentive.



## 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.

*Recipe: Best in Class Partnerships\**

<b>Ingredient</b>	<b>Brand Owner</b>	<b>Distributor</b>
<b>Results</b>	Realistic expectations based upon investment/market conditions.	Achieve sales increase in excess of overall market growth.
<b>Category Expertise</b>	Share knowledge, trends, and category analysis.	Serve as local category expert. Educate the buyer.
<b>Innovation</b>	Continually deliver important new product ideas to market.	Successfully launch new products into the market.
<b>Investment</b>	Appropriate Investment levels: marketing/trade promotion.	Optimize return on investment.
<b>Store Presence</b>	Create clear, realistic guidelines for in-store presence.	Share of shelf exceeds market share. Maximize visibility.
<b>Ideas</b>	Support market driven ideas to build the business.	Relentless pursuit of new and better ways to grow sales.
<b>Reporting</b>	Concentrate on Basics: Listing Map, Pricing, Merchandising Plan.	Complete reports accurately and on time.
<b>Focus</b>	Periodic market visits and “rapid response” to issues.	Appropriate level based upon brand size and opportunity.
<b>Cost to Serve</b>	Remember that distributors need to make money too!	Fair margin based upon brand size and complexity.
<b>Recognition</b>	#1 Fan. Frequent recognition of good results by all team members.	Strong commitment to exceed expectations everyday.

*\*Mix Well for Best Results*

## Build Relationships to Build Business

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

### Factory Tour

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

### Share a Business Book

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

### Speaking Invitation

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



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

### Online Networking

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

### Road Trip

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

### Handwritten Notes

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

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

### Recognition Plaques

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

### Old Reliables

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

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

## Next Level Business Management

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

### Factory Sales = Warehouse Inventory

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

### Supermarket Shelves – Product Showroom

Supermarkets and other retailers serve as the showrooms for our brands. An attractive showroom, with well displayed products and an invitation to buy, encourages purchases. How do your store showrooms look? How do you measure a good store versus a bad store?

### Introducing MAPS Metrics

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

### Assortment – First Priority

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



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

### Shelf Management & Pricing

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

### Quality Merchandising

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

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

### "What's Measured is Treasured"

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

### Next Steps

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



## Who is Your Brand Champion?

Successful distributors may represent twenty companies or more, with each brand shouting for attention. Exporters should identify, develop, and applaud a Brand Champion at each of your distributor partners. A Champion is someone who is passionate about your brand and values leadership results for your company as something deeper than just selling another case. At some point your company and distributors made a commitment to work together.



This decision was based upon a sense of shared company values and belief that your brand could make consumers happy and the distributor money. As time progresses, this initial enthusiasm fades, and partners forget the fundamental reasons why they decided to work together.

Recently, I was in the Middle East for two distributor search projects. We hitched a ride back to our hotel with the “purchaser” of imported brands for one distributor. This person had not participated in our meeting and maintained oversight for at least 40 companies. We exchanged pleasantries in the car, then introduced our brand. This manager immediately exclaimed, “That’s my baby” and spouted out movement figures, category insights and sales by store for each of our core SKUs. His spontaneous enthusiasm was based upon the fact that he felt personally responsible for the success of our brand in his country, even though we had never met him before.

Listed below are Export Solutions ideas for promoting the importance of Brand Champions at each of your distributors.

### 1. Who is Your Brand Champion?

The champion is not just your assigned brand manager who you deal with everyday. I prefer senior people of influence who originally supported the idea of partnering with your company. The ideal champion is the distributor CEO or National Sales Manager. Brand development is a “team” sport and you need someone who can inspire the entire group.

### 2. How Do You Develop a Champion?

As with sports, it takes years of training to support natural ability. Invite the Brand Champion to your corporate headquarters. Organize factory tours and meetings with the global brand managers. Introduce him to the CEO or head of international and treat him to a meal at your home. Spend time with your Brand Champion visiting stores in his country to secure his ideas to take your business to the next level.

### 3. A Champion Delivers Year After Year

A Champion is defined by leadership results. A true champion is not a “one year wonder.” It is someone with a long term commitment and personal investment in your brand’s success.

### 4. How Do You Treat A Brand Champion?

Champions thrive on recognition. Give them an award as “Distributor of the Year” or for serving as a member of your company’s Brand Champions club. Invite them to serve on your company’s “Distributor Advisory Board,” if you have one.

### 5. Brand Champion Responsibility

Challenge the Champion to deliver exceptional results. The Brand Champions are “true believers” and are aligned with your vision. Many distributor sales teams are filled with Brand Champions. Distributors have favorite brands, based upon the prestige of the brand and personal characteristics of the people working for the manufacturer. One of my mid-size clients has many Brand Champions. How? They offer a great brand, inclusive corporate culture, and some of the nicest, most genuine people you will ever meet. Brand Champions are essential for your brand to elevate from just playing in the export game to category leader.

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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

## *Need A Hand?*



### *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 2020

### *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 [gseminara@exportsolutions.com](mailto:gseminara@exportsolutions.com)  
to discuss your international development project.**

***We can help!***

## Ten Tips: Making a Global Brand Local

International brands find a natural audience overseas with homesick expatriates missing their favorite Oreo cookies, PG Tips tea or Kuchenmeister cakes. "Ethnic" favorites must move beyond their base business as a niche American, Italian, or German product into the mainstream to achieve ambitious growth targets. Adoption as a local brand rewards the manufacturer with dramatically higher sales. My Irish wife swore that American icons such as Heinz and Kellogg's were British brands because their labels stated "by appointment to Her Majesty the Queen." It was probably the one time in our marriage when I was actually right. Listed below are my Ten Tips for Making a Global Brand a local "hero."

### 1. Manufacture in Country

Pride is generated when a brand is produced locally. The factory employs people from the neighborhood and spends money in the community. It may be costly to open a dedicated plant, but co-packing is usually an option. This approach may also generate cost savings through the elimination of duties and overseas freight.

### 2. Label in Local Language

Frequently a manufacturer cuts corners by placing a sticker on a package or other minor fine tuning to comply with labeling laws. Producing your brand with local labeling sends a powerful message to the trade and consumer about your interest in their business. Warning! Display care with translations to avoid embarrassing mistakes. Google "Nova Spanish" if you need an example.

### 3. Promote Recipes Using Your Brand

A food scientist or market research company could study local food preferences

and your product portfolio. Are there options to incorporate your brand into traditional recipes? Nutella is finally gaining important traction in the USA as a breakfast spread, after years of niche status.

### 4. Create an Anniversary Event

Many brands have been available in foreign markets for 10, 20, 30 years or more. Why not design an anniversary event commemorating "25 years in the \_\_\_\_\_ Market." Elements could include special packages, consumer contest, public relations, charitable donations, and a celebratory dinner for your retail customers.

### 5. Sponsor a Sports Team

Fans everywhere love their teams. Alignment and support of a local sports team yields dividends. A starting place may be sponsorship of youth leagues versus budget busting football deals.

### 6. Core Brand – Market Specific Line Extension

Consider adapting your core product line to meet local flavor preferences. Pringles built exceptional sales and excitement by launching innovative new flavors such as Jalapeno, Curry, Grilled Shrimp, Ketchup, and Pizza.

### 7. Sponsor a Charity Event

There are many worthy organizations looking for financial support for their programs. Normally, there are chances to gain visibility for your brand with sponsorship of an event. Pick a group that contains a meaningful link to your product or target consumer. Many supermarket chains have a favorite charity providing a route to collaborate with a trading partner for a worthwhile cause.



### 8. Co-Promotion or Co-Branding with Local Leader

Partner with a traditional local brand that has a long history in the market. For example, an international cereal brand could align with a local milk producer. Similarly, an international jam or marmalade brand might consider a joint event with a leading bread company. Co-branding is also a possibility, but reflects a long term commitment. For example, Post cereals markets a version of their famous Raisin Bran cereal which includes authentic Sun-Maid raisins.

### 9. Billboards and Radio Viewed as Local Media

Advertising or public relations agencies are experts at creating campaigns to build brand equity. Billboards and radio offer local execution and adaptation possibilities.

### 10. Brainstorm with your Distributor

Distributors are local marketing experts with a rich understanding of market and consumer dynamics in their country. Schedule an "off site" meeting in a peaceful location to brainstorm ideas for raising your brands profile with local consumers. This approach secures distributor participation and ownership of the program.

The evolution of an international brand from niche curiosity to local favorite requires time, energy, and investment. However, each activity will bring a step change in terms of local brand acceptance and sales. What can you do differently in 2020 to increase your brands local profile in export markets?

## Ten Tips: Translating Export Inquiries into Incremental Sales

Export managers are overwhelmed with phone calls and emails from companies desiring to sell their brands. Some proposals are worth evaluating, as we all seek incremental sales in new countries.

Other requests originate from diverters or “time wasters” who do not have sufficient capabilities or financing to commercialize your brand. Export Solutions has completed several projects with brands looking to streamline the process of filtering international representation requests.

Listed below are our ten tips for efficiently identifying serious inquiries from potential partners.



### 1. List Current Distributors on your Web Site

This practice provides potential customers and consumers a local contact for your brand. It also discourages non productive calls from other distributors from that country from contacting you. Distributor representation information is in the public domain, so web publication does not breach any confidentiality issues.

### 2. Export Partner Philosophy Statement

Create a standard letter explaining your criteria for selecting new partners. Suggested text should include comments like “Brand X is available in 12 countries and is a leader in the Y segment. We are looking for established local distributors in certain countries to participate in the next chapter of our growth. Candidates should maintain a successful track record pioneering other international brands and offer a complete portfolio of importation, supply chain, key account sales, and in store coverage services.”

### 3. Distributor Candidate Data Sheet

A one page template captures core information from the candidate. This template can also be web based and appear on the “contact” section of your web site. Key inputs include years in business, company size, web site, number of employees, and current brands represented. Reference contacts are critical. A sample Export Distributor Data Sheet can be located at the bottom of the Export Tips section of the Export Solutions web site.

### 4. First Response: Send Philosophy Statement & Distributor Data Sheet

Send your philosophy statement and distributor data sheet as an initial response to all unsolicited phone and email inquiries. Instruct the candidate to review the philosophy statement and complete the data sheet if they feel that there is a match with their capabilities and your company’s export strategy. Inform them that someone from your export department will contact them once the data sheet has been 100% completed. A key learning is that unqualified or “suspicious” candidates will not complete a data sheet.

### 5. Post “Distributor Wanted” List

The export page on your web site should list countries where you are searching for a partner. This listing will encourage inquiries from target countries and help you “fill in the white space” in your export coverage map.

### 6. Reference Check Promising Candidates

My first step is to visit a distributors web site. The second step is to review references supplied from other brands on his data sheet. References listing contacts of export managers for other leading brands is always a positive indication. A credit check makes sense, particularly in emerging markets.

### 7. Watchout #1- Candidate Has No Web Site

This indicates that the distributor or entrepreneur is small or is possibly making claims that are erroneous or misleading. Candidates who refuse to provide references from other brands represented also should be avoided.

### 8. Watchout #2- All About Low Prices

Warning bells go off from inquiries from companies urgently focused on obtaining your export price list. I get suspicious of international distributors volunteering to pick up product at your factory or those who prefer English language labeled product even when their native language is different.

### 9. Due Diligence Questions

What would the distributor launch plan look like if you agreed to sell to him?

What are the local category dynamics?

What does the price calculation look like?

Can the candidate share a success story for another brand from your country?

### 10. Invite Serious Candidates to Your Headquarters

The preferred option is to visit a distributor in his home market to see his operation. This is not always possible, particularly for small or remote countries. A visit by a pre-screened candidate signals interest and initiative on their part.

Export Solutions database covers 8,600 distributors in 96 countries. This serves as a quick reference tool to check the validity and credentials of a potential distributor candidate.

## Web 2.0 – Your New Export Sales Partner

Savvy exporters deploy modern web based tactics to identify new distributors and connect with global consumers. Most companies maintain a basic web site featuring an “international section,” but few sites are designed to promote export sales. Listed below are Export Solutions “Ten Tips” to unleash the power of Web 2.0 to drive new business in 2020.

### 1. Language Translation Software increases your Reach

Popular software from Babel Fish or Google can be installed on your site to translate your International page to multiple languages. These tools provide instant translations without formal redesign of the web page.

### 2. Code your site for Tracking Analytics

Available reports measure visitors by city/country, time spent per page, and key search phrases driving web traffic. Search Engine Optimization (SEO) raises your ranking with Google and Yahoo.

### 3. List Current Distributor Contacts

This makes it easier for potential customers and consumers to locate your brand in their home country. The distributor listing on your web page also reduces distributor inquiries from countries where you already have a partner.

### 4. Distributor Wanted Postings

Define countries where you are searching for a partner. Your “Distributor Wanted” section should sync with your Companies Distributor Selection Criteria. A sample statement could outline basic requirements such as “Beverage Company A seeks partners with significant beverage category expertise and demonstrated success marketing other international beverage brands. Distributor candidates must be highly motivated with countrywide coverage across all trade channels.”

### 5. Automate Process to Capture Distributor Candidate Credentials

Create an online template to summarize a new distributor candidate’s basic information: Company size, current brands represented, references, web site etc. Alternatively, you can develop a process to auto-matically email a similar template to interested candidates. Create an email box called newdistributors@yourcompanyname.com.

### 6. Establish an Intranet Portal for Existing Distributors

This password protected gateway serves as an entry point to a data warehouse of information. The Intranet could include product catalog, brand images, syndicated data, presentations, and a chat function to share ideas.



### 7. List local retailers stocking your product

Basic approaches include a simple drop down menu stating now available at with names and/or logos of leading customers. Advanced applications include ability for consumers to search for retail stockists by postal code.

### 8. Product Request Form

An online product request form captures names and contacts of consumers interested in your brand. This information can be used to prioritize export expansion areas measured by level of inquiries. Upon entry into a new country, the product request data facilitates targeted marketing or to demonstrate to a retailer a level of existing consumer interest.

### 9. Publish an International Newsletter

This newsletter may share new product information, success stories, recipes, contests, or any other method to create engagement with distributors, retailers, and consumers. Tools such as Constant Contact make creation and delivery of online newsletters simple and cost effective.

### 10. Photos add a personal touch

Pictures of the Export department team members add life to the international web page, particularly for small-mid size exporters. Other web pages include photos of the “Distributor of the Year” or senior manager visits to international markets.

## Twelve Tips to Derail Export Diverting

### 1. Extensive Due Diligence on all New Distributors

Visit each new distributor's office and warehouse to calibrate the size of his business with other principals. This includes reference checks from existing manufacturer clients as well as from leading retailers in his home country. Run a Dun & Bradstreet or Equifax financial report.

### 2. Design a Distributor Fact Sheet

Require each potential distributor candidate to complete a one page template recapping their capabilities. Pay particular attention to sales turnover, number of employees, and references from existing brands handled. See sample fact sheet on page 21.

### 3. Ship Directly to Distributor in his Home Country

Do not allow for distributor sponsored consolidation at a USA port such as Jersey City, Miami, or Los Angeles during the initial launch phase. Allow distributor pick-up at your factory only after your relationship and brand have been established for a year or more.

### 4. Label your Product in the Local Language

Sticker is acceptable only if it is done in the destination country or at your own in-house contractor.

### 5. Sell Only to Distributors Based in your Target Country

Avoid shipping product to foreign distributors with offices and warehouses in your own country. The goods have little incentive to leave local ports. Export Solutions Distributor Directory contains more than 8,600 local distributors in 96 countries.

### 6. Create an "International Package"

This could be multilingual label or a different size. One tactic is to label packs "Export Only." This reduces the risk of it being diverted back to the domestic market.



### 7. Establish an International Price Structure

A model could consist of export base price plus freight charges. This prevents one country from enjoying a price advantage.

### 8. Don't Believe Stories About Cruise Ships and Mining Camps

Sophisticated diverters come up with elaborate stories to convince you that your product will be sold to legitimate outlets. Is it really worth the risk?

### 9. Analyze Orders Versus Size of Country

Leverage technology to alert you to unusual order patterns outside of historical trends. Believe me, it is not possible that Greece or Bermuda are selling that much product! Analyze Nielsen consumption data versus shipments to the market, if possible.

### 10. Unannounced International Market Visits

Check retail outlets independently, without a distributor "tour guide" to confirm a problem. Visit distributor warehouses with short lead time to check inventory. Recently, I visited a distributor claiming to represent famous brands and found that many were missing from his warehouse or had less than 30 cases of stock.

### 11. Avoid Risky Countries with Low GDP

I am naturally suspicious about distributor orders from poor African nations, Jordan, Haiti, or Belize. Realistically, how many consumers in these countries can afford premium European or USA brands?

### 12. Watch Out: No Web Site

Perform a Google search on a new distributor. Virtually all serious companies have web sites or some internet references. A distributor without a web site in 2020 is either hiding something or too unsophisticated to grow your business. Also, beware of generic web sites that do not show basic information like brands represented. There are exceptions, but lack of a web site sets off alarm bells.

Export diverting is a serious issue at many companies causing distrust and lack of support for export programs. I admire producers that regularly follow the practices described above to "weed out" questionable distributors. When in doubt, offer the distributor your standard list price from your home country. Good luck!

Need a hand? Visit [www.exportsolutions.com](http://www.exportsolutions.com).

## International Expansion – Shoestring Budget

Stretching thin marketing budgets is a job requirement for most Export Managers.

Listed below are “Ten Tips” for brand building on a “Shoestring Budget.”

### 1. Tap into Government Export Programs

Many countries sponsor strong trade organizations that can aid your export development program. Exports translate to jobs and most countries have well established programs to facilitate the sale of locally produced products. For example, the USA Foreign Agricultural Service will co-fund marketing investments for small-mid size USA food producers through their MAP programs. German Sweets and GEFA, UBI France, ICE (Italy), ICEX (Spain), Austrade (Australia), and AG Canada serve as valuable resources for local exporters. These organizations often sponsor local “Food Events” at leading supermarkets in international countries. For example, Austrade sponsored G’Day USA to showcase Australian food producers to USA consumers. These events are highly publicized and normally feature a relatively modest participation fee.

### 2. Leverage Relationships with Global Retailers

Wal\*Mart, Carrefour, Tesco & Costco all maintain programs to ease the export process for their current suppliers. This usually involves direct consolidated shipments with other local producers, labeling assistance, and placement in a special section in the international aisle of their stores i.e. USA Foods, France Foods, UK Foods etc. The immediate benefit is the streamlined route to market without payment of upfront local marketing fees. This allows you to “Test the Market” prior to a traditional market entry with a local distributor and heavy marketing support.

### 3. Joint Venture with Local Manufacturer

Another idea is to locate a local player in your category in a country targeted for expansion. You may be able to offer a potential partner innovation in taste/flavor or packaging to complement his local expertise. A joint venture or Co-Branding agreement can produce revenues without significant start-up funds.

### 4. Build Marketing Costs into Distributor Margin

Many manufacturers build an accrual fund into their distributor margin calculation. Normally the funding level is around 10% of sales, but can range from 5 - 20% depending on the category. This creates a fund for the local distributor to manage. The accrual fund is created on a “pay as you go” basis, with fund levels proportionate to shipments. In this scenario, the manufacturer usually provides a small fixed sum to create a launch budget prior to initial shipments

### 5. Free Goods May Fund Trade Marketing

Free goods may be used to offset the cost of trade marketing programs, particularly for established brands. This can be in form of a 1 free with 10 purchase or similar type of promotional events. The benefit is that your budget can be stretched as your cost of goods produced is less than the wholesale cost.

### 6. Private Label

Retailers source quality products for their private label at the lowest possible price. This eliminates the need for marketing investments. However, private label is difficult if freight expenses are too high.

### 7. Foodservice Channel

Foodservice/Catering offers a “low investment” route to market versus the supermarket channel. Foodservice usually requires less traditional brand marketing support. Foodservice operators look for tailored solutions with rebates based upon purchase levels. A small budget for SPIF’s (SPIF- special incentive fund) can generate purchases from independent restaurants.

### 8. Specialty Retailers

Each country has specialty retailers that serve as alternate channels for your brands. This could include diverse customers such as Cost Plus World



Market, Trader Joes, Big Lots or Dollar Tree in the USA. These retailers maintain different approaches not dependent on heavy manufacturer spending.

Their strategy is to offer different brands (or sizes) versus traditional supermarkets or mass merchandisers.

### 9. Co-promotion with other Brands

Retailers generate excitement through Theme events around a group of complimentary items or common cause. This could involve participating in Barbecue event with other Barbecue related products :

Charcoal, Meat, Picnic Supplies, Drinks, Pickles etc. Another example is a retailer promotion celebrating their anniversary or support of their favorite Charity ( Juvenile Diabetes etc.). In many countries, leading distributors sponsor an annual event for all the brands they represent. Don’t forget the country specific promotions (G’Day USA) mentioned earlier. In each case, manufacturers pay for a portion of the event as costs are spread out among all brand participants.

### 10. “In & Out” Packs/Gift Baskets

These special packs can generate incremental business without investment in listing fees or shelf space. Examples could include modular displays, trail size shippers, or bonus packs with free product or gift. Gift Baskets are very popular during the Christmas Holidays. This is a good vehicle for “Fine Foods” brands to gain exposure with gourmet consumers.

## 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.

## Currency Exchange – Tough Tactics for Tumultuous Times

Dramatic currency gyrations wreak havoc with retail pricing around the globe. Strong USA dollar, weaker Euro, devalued China RMB, and cratering pound. These lightning fast moves on currency exchange may require six months or more to wind their way through the supply chain. Some distributors devote more time to serving as f/x traders versus brand builders. Unfortunately, most export managers are distanced from the problem until receiving an urgent call from a distributor who faces passing on a 10-20 percent price increase to his customers. Listed below are Export Solutions' "tough tactics for tumultuous times."

### Higher Prices Mean Lower Volume

Emerging market currencies usually move in a weaker direction. This translates to higher shelf prices. Citizens in these economies rarely experience wage increases in parallel with inflation. Most consumers tend to reduce purchases of overseas products as they become luxury items. Exporters need to calibrate "how much pain" they are willing to endure in terms of lower volume.

### Prices Only Go Up, Never Down

Permanent price declines or rollbacks are extraordinarily difficult to execute. If your currency weakens, retailers and distributors don't pass on lower net cost. It is common practice for them to try to maintain retail shelf prices and capture extra margin. Savvy brand owners skip the price rollback and invest in heavier promotion levels or enjoy higher profits.

### Conduct Monthly Price Surveys

In countries of extreme price fluctuation, best to schedule monthly price surveys of your brand and the competition. Request that distributors use the same store base every month to avoid regional differences. Online grocers allow us to monitor country pricing from our desktops, miles away from overseas markets.

### Retailers: Once Per Year Price Increases

Many retailers accept price increases only one time per year. This may occur in conjunction with annual negotiations. Other retailers demand ninety days advance notice. Sometimes "borderline" brands encounter customers who simply refuse to accept price increases. Ultimately, this puts tremendous pressure on distributors who may be facing price increases from multiple suppliers

Country	Unit	Rate 1	Rate 2
JAPAN	1	0.00909	0.07200
CANADA	1	5.36340	6.02430
INDONESIA	1000	0.48450	0.70620
NEW ZEALAND	1	4.83290	5.53370
VIET NAM	1000	0.29840	0.43200
SWITZERLAND	1	7.20540	
UNITED ARAB EMIRATES	1		

### What's Fair? – Peg Rate

I advocate a model where currency is pegged to an exchange rate at the beginning of the year. Distributor and brand owner agree to "swallow" price swings of the five percent in either direction of the peg. If the currency breaches five percent threshold, then both parties review the formula and assess options.

### Bank Rate Versus Distributor Rate

A key metric to investigate is the distributor exchange rate in his calculation versus the actual bank rate. Many distributors seek to insulate themselves by building in a five to ten percent protective cushion. Guess what? If the currency doesn't move, the distributor just made an extra five to ten percent on your brand, starting from the landed cost line!

### Sell in Local Currency

This forces large manufacturers to accept the risk or benefit. This insulates smaller distributors who may not enjoy similar capital reserves as their larger principals. This approach works especially well with European brands selling to the USA or vice versa.

### Competitive Activity

Frequently, all category players experience similar input cost increases such as raw materials. Competitors may use the window to hold prices low to gain market share. Others may eliminate promotional spending. Ultimately brands elect a certain price positioning in a country and should strive to stay within the desired range.

### Document Price Change Rationale

Retailers provide strict challenges to those requesting price increases. Supply them with hard facts on costs of raw material, currency exchange, transportation and other factors. Retailers with substantial private label programs face similar pressures on their own private label, so they are not blind to the situation.

### Watch Credit/Receivables

Distributors pay their suppliers in advance of receiving payment from local customers. Distributors invoice in local currency and wait for repayment. During periods of currency fluctuation, the typical sixty day float could result in a five percent reduction in receivables. Across a broad portfolio of brands, this could spell trouble for a distributor. Run credit reports and monitor days outstanding trends.

### "Helpers" are Heroes

A trusted distributor who has delivered consistent results is worthy of your help! In the past, I have witnessed the USA dollar appreciate more than fifteen percent versus the Mexican peso and Canadian dollar. Best approach is for both partners to "roll up their sleeves" and engage in an open discussion around transparent examination of the facts. Distributors are entitled to a reasonable profit. A manufacturer who helps absorb the pain during a "currency crisis" will be remembered as a true partner when the situation stabilizes.

## My Way: Finding and Selecting the Right Distributor

Hiring the right local partner is the third most important step in optimizing your sales. This follows creating a product with a unique consumer value proposition and willingness to invest in brand development activities. Listed below are some practical tips on selecting the right company to represent your brand.

### Identify a Pool of Preliminary Candidates

Create a large group of potential candidates. This could include distributors, importers, brokers, or local producers of related products. Highlight companies that are specialists in the market sector that you are aiming at. Export Solutions streamlines this process with our online directory of more than 8,600 distributors, importers and brokers for 96 countries.

### Establish Partner Selection Criteria

What are the key attributes of your ideal candidate? Product specialization? Service portfolio? Existing results for current 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. A 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, Logistics, Marketing, etc.

### Schedule a Meeting in the Candidates Office

Normally, we recommend interviewing at least three candidates depending on the size and scope of a project. Schedule the meeting 3-5 weeks in advance. Provide a specific agenda at least 2 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 Interview Questions and Assessment Grid in Advance

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. See page 29 for ten sample questions for every distributor interview.

### Conduct an Independent Evaluation of Candidates Performance for Existing Brands

Visit target outlets for your product 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? Conduct these visits to leading retailers independently, as an accompanied visit may lead you to select stores which may not be representative of marketplace reality.

### 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. Export Solutions is often hired to conduct independent, confidential, reference checks.

### Invite Top Choice to your Corporate Headquarters

The visit should include meetings with senior management, factory tour, launch planning, and mutual commitment. The trip serves as an important bonding and relationship building experience between your company and your new partner.

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## Ten Step Distributor Search Process

### 1. Determine Brand Ambition for Country

Will your brand be a category leader, player, or niche participant?

### 2. Establish distributor selection criteria

Big brand distributor, category specialist, or smaller entrepreneur?

### 3. Create a Pool of Candidates

Export Solutions database tracks 8,600 distributors in 96 countries.

### 4. Determine Candidates Preliminary Interest Level

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

### 5. Obtain Candidates Corporate Profile Presentation

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

### 6. Distributor Interview in Candidates Office

4-6 weeks lead time. 2 hour meetings. Send advance agenda.

### 7. Independent Store Checks

Provides category insights and "real" distributor performance for current brands handled.

### 8. Interview Preparation: Scorecard, Samples, Your Presentation, Key Questions

Export Solutions' templates: Assessment Scorecard & Ten Questions for every interview.

### 9. Distributor Interviews – Target 3 Candidates

Review capabilities, warehouse, cost to serve, and interest in your brand.

### 10. Cooperation Model

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



## Talk to an Expert

- Find Distributors in 96 Countries
- International Strategy Road Map
- Fix Problem Markets
- Entry Plans
- Export Workshops
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Contact Greg Seminara at (001)-404-255-8387 to discuss your business development project.

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## 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*

## 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.

## 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!

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## Distributor Search Made Simple

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

Continent: Europe | Country: Finland | Category: All Categories

Keywords:

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

Location	Company	Website	Category	Specialties/Brands
Finland	Admico	<a href="http://www.admico.fi">www.admico.fi</a>	Gourmet and Specialty Food	Gourmet /FineFood:Fiddes Payne/Jamie Oliver
Finland	Aduki	<a href="http://www.aduki.fi">www.aduki.fi</a>	Natural Food and Personal Care	Natural and Organic Food Specialists
Finland	Alfmix	<a href="http://www.alfmix.fi">www.alfmix.fi</a>	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?

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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 22). 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](http://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](http://www.cerealco.com)

Kind regards,

Greg Seminara

Export Manager

[gseminara@exportsolutions.com](mailto:gseminara@exportsolutions.com)

(001)-404-255-8387

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

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

### Annual Sales:

\$300 million US dollars in 2019

### History:

CerealCo founded in 1960...59 years old

### Core Product Portfolio:

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

### Web Site:

www.cerealco.com

### International Overview:

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

2019 International sales + 25%!

### Southeast Asia Status:

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

### CerealCo Objective:

Align with a distributor with strong brand building capabilities.  
Develop a collaborative plan to grow business to comparable levels to of our successful business in other Asia Pacific countries.

### August Market Visit

CerealCo will visit Jakarta the week of August 1.

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

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

## Best Practices – Contacting New Distributors

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

## Ten Tips: 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](http://www.exportsolutions.com).

## 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.

[www.exportsolutions.com](http://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.

## Export Solutions Distributor Assessment Grid

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

## 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.	

## 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

## 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 distributors office is followed by a relationship buried in email communication, with no personal touch. Below are Export Solutions’ Ten Tips on converting promising new business leads into tangible business partnerships.

### 1. Call/Skype – Don’t Depend on Email

Motivated distributors still return phone calls, but frequently receive up to 200 emails a day, many from existing brand partners. Top distributors’ business days are captured by a continuous flow of meetings with customers, principals, and their own employees. Best bet is to call a potential partner or set up Skype meetings. Email is okay for routine correspondence, but too easy to ignore or delete.

### 2. Follow Up Immediately & Frequently

Time slips away, as Export Managers focus on existing businesses and “problems of the day.” One tip is to put regular follow up reminders on your computer calendar.

### 3. Focus on 10 C’s: Category Review, Calculation, Cost of Plan, Compliance, Contract, etc.

Described below are critical elements to translate a “lead” into shipments.

**Category Review:** How does your category look in target country? Category size, competition, pricing, margins, and merchandising activity.

**Calculation:** What is the distributor’s proposed calculation from your factory gate to the store shelf? What are standard costs like duties and taxes? What are flexible or negotiable like trade discounts and distributor margin?

**Cost of Plan:** Each brand needs a plan to gain market entry. This includes key

account “sell in,” followed by consumer and trade promotion activities. Look at the distributor’s proposed plan, as well as several options with different price tags.

**Compliance:** Many countries feature a product registration process and labeling requirements. In some countries, this step is easy with automatic compliance for a USA or European brand. Or a simple solution with a small distributor applied sticker. In other countries like Japan or Indonesia, plan on one year or more to navigate the complex process.

**Contract:** “Ready, Set, Go” can be delayed by 3-6 months due to contract negotiations. Company lawyers demand 20 page agreements in English that even the Brits can’t understand. Distributors prefer two page letters of understanding or a handshake deal. Do what is right for your business, but expect delays and frustration.

### 4. Request References

A good idea is to quickly request distributor references from other brands they handle. Motivated distributors will send impressive references right away. Also, have your credit department run a Dun and Bradstreet or Equifax report as soon as possible. Many trade show meetings are with “pretenders” who state exaggerated claims and are ultimately too small to handle your brand. Better to discover this sooner versus later.

### 5. Move Beyond the Distributor Owner/MD

The distributor owner “writes the checks,” but frequently serves as a “bottleneck.” The key is to quickly get your brand assigned to a “worker” whose task is to move your project through the system and produce an order!

### 6. Establish Realistic Timelines

Sync with category review dates and avoid holiday periods. Update timelines frequently. New distributor relationships always take longer. Plan on six months from first meeting to first shipment. Be pleasantly surprised if things move quicker.



### 7. Distributor Response Time Signals Interest Level

How often do you check your emails? Probably every hour. When I work on distributor search projects for well known brands like Pringles, Tabasco, or Barilla, distributor response is lightening fast. Motivated distributors will chase you if they are interested because they are anxious to start selling your brand!

### 8. Establish Regular Checkpoint Calls

I suggest every two weeks at a minimum. Use a common document of priorities, action steps, and due dates.

### 9. Visit the Distributor

It’s amazing the amount of progress that will be made during a meeting at the distributor’s office. Also, the distributor will work hard in advance of your visit as your project moves up the priority list and they want to guarantee a favorable impression. A visit to the distributor’s market signals your commitment. Beware if the distributor is reluctant to schedule your visit. Either he has changed his mind about a partnership or his office and capabilities do not match the bold promises made at the initial trade show meeting.

### 10. Parallel Path Two Candidates per Country

A favorable first meeting represents an excellent start. However, there are still many steps (think 10 C’s in point 3) before you sign a contract and receive your first order. Always keep two candidates in the process, in case your top choice disappoints. This can be tough, but represents a better option than needing to start the entire process over again.

## 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.
<b>Landed Cost</b>		
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.
<b>Distributor Margin</b>		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.
<b>Price to Retailer</b>		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.
<b>Retailer Margin</b>		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.
<b>Consumer shelf price</b>		Everyday prices and promotional prices.



## 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?

**Greg Seminar**  
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
6. Personal Distributor Introductions: 96 Countries
7. Walmart International
8. Distributor Contracts, Margins, & Fees
9. Meeting Speaker
10. International Strategy Expert

## 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.				
<b>Total Year One Volume</b>	<b>Total Year One Cost</b>	<b>Wtd. Distribution</b>		
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.

## *Does Your Distributor Network Need A Check Up?*



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

Every company has a few distributors that under perform.

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

### **Distributor Network Check Up**

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

#### **Export Solutions Can Help!**

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



**Export Solutions**  
Global Experts, Local Solutions

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

[www.exportsolutions.com](http://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		
<b>Total</b>	<b>6 Months</b>	<b>One Year</b>

\* Some activities may be completed concurrently

## 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](http://www.exportsolutions.com/distributorDirectory.aspx) for more information.

## 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](http://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

## *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](mailto:greg@exportsolutions.com) for a free copy of our 34 page *Distributor Cooperation Model Guide*.**

## *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](http://www.exportsolutions.com)

# 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!

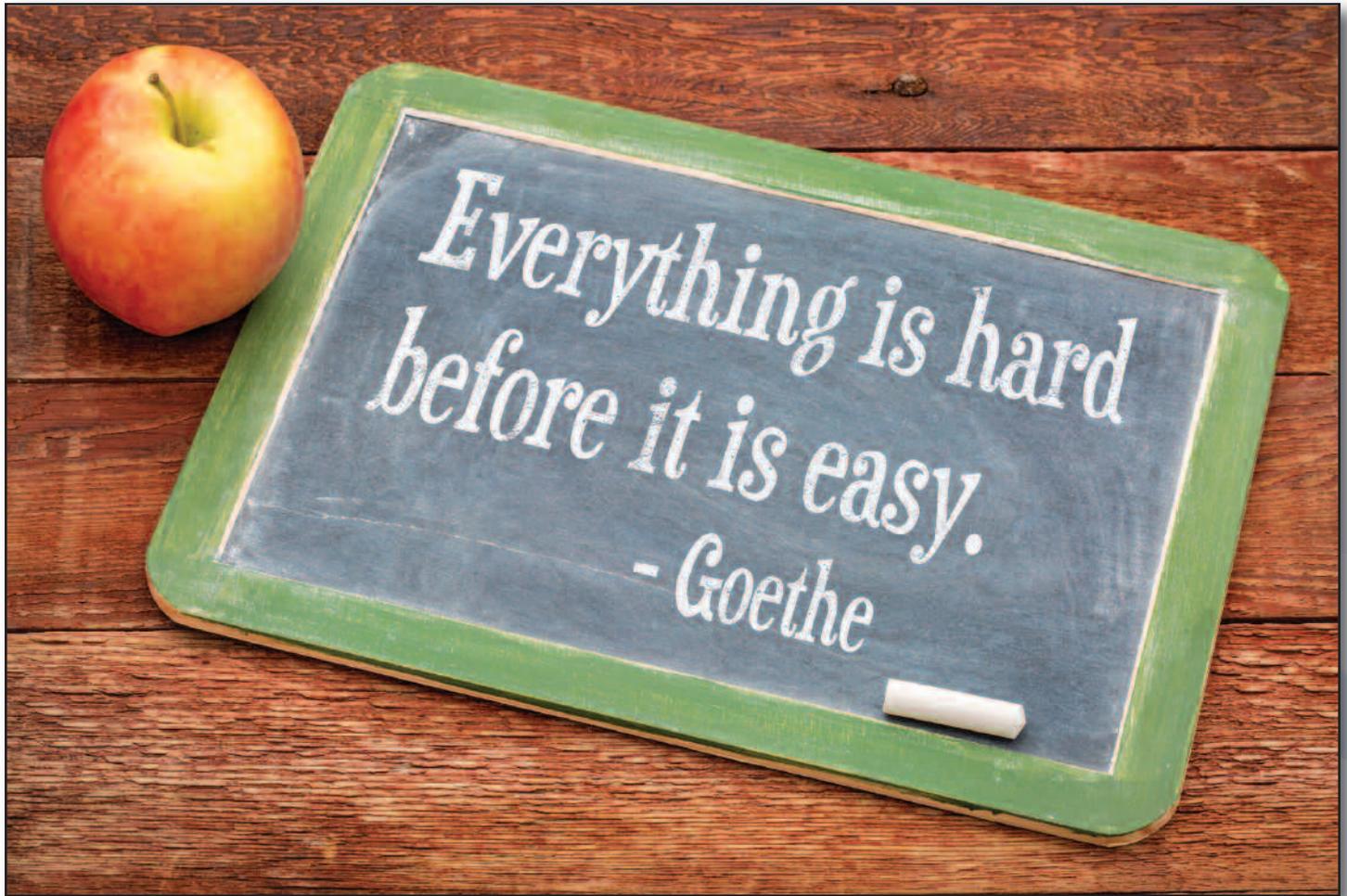
**Contact Us for Distributor Search Help in 96 Countries**



**Greg Seminara • [greg@exportsolutions.com](mailto:greg@exportsolutions.com)**

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

# Are You Ready for Export?



## Export Boot Camp by Greg Seminara



**Export Solutions**  
Global Experts, Local Solutions

*There are 196 countries in the world.*

*How many are you selling to?*

# Export Boot Camp Overview

- One day program to get your company Export Ready
- 8 Export Development & Distributor Management Modules
- 25 Common Export Problems work session
- 150 Export topics available for tailored workshop
- Includes annual subscription to Export Solutions Distributor Database



“At our ESMA annual convention – the summit of the distributor industry in FMCG in Europe – we share thoughts and invite speakers of significance. Greg Seminara was invited to speak about his view on the development of distributors and the elements in the marketing mix of relevance to this business sector. Greg impressed his audience with his vast knowledge, his ability to communicate and some clear thoughts about the drivers behind results. The feedback to his speech was excellent and participants highlighted his hands-on understanding about our business.”

CEO – ESMA

European Sales & Marketing Association

*Testimonial*

## About Greg Seminara

Greg Seminara founded Export Solutions in 2004 after a career with Procter & Gamble, Clorox, and the leading USA Food Broker. This included positions based in the USA, Saudi Arabia, and Argentina. Credentials include:

- Creator of industry distributor database: 96 countries, 8,600 distributors  
Categories: Confectionery/Snack, Gourmet/Ethnic, Beverage, Italian Foods
- Author/Publisher of *Export Express Newsletter* (circulation: 8,700)
- Author/Publisher: *Export Strategy Guide*, *Distributor Search Guide*, *Selling to the USA*, *Distributor Management Guide*, *300 Tips for Export Managers*, and more than 200 articles on export development and selling through distributors.
- Completed 300+ Distributor Search projects in 48 countries - 5 continents



Dear Greg

“I am very grateful for the excellent training we were able to set up with your support in Parma last month. The program proved extremely helpful, rich with insights and experiences that we were striving to deliver to our key people in international markets.

The session allowed us to cover broad & strategic issues, such as country segmentation & prioritization, as well as very specific and practical issues, such as the distributors’ business models, drivers of distributors’ performance and how that can be influenced by the brand owner, to how to improve performance in the “moment of truth,” with the “more in the store” section.

I therefore wish to take the occasion to thank you again for your important contribution, and am also very glad to mention that, as we do for all trainings done in the Barilla Lab Learning Center, your program was subject to a post evaluation from all participants, and that it scored among the highest programs taken in these past few years.”

Barilla

Director, Export Markets

*Testimonial*

# Sample Boot Camp Agenda

Topic	Core Themes
Strategic Export Development	<ul style="list-style-type: none"> <li>• Country Prioritization</li> <li>• Entering Emerging Markets</li> <li>• Different Partner/Spending Models</li> </ul>
Export Ready	<ul style="list-style-type: none"> <li>• Best Product Prospects</li> <li>• Labeling/Registration</li> <li>• Government Resources</li> </ul>
Finding New Distributors	<ul style="list-style-type: none"> <li>• 10 Step Distributor Search Process</li> <li>• Best In Class distributor versus Average</li> </ul>
Distributor Economics	<ul style="list-style-type: none"> <li>• Distributor Financial Model/Watch-Outs</li> </ul>
Creating Your Export Plan	<ul style="list-style-type: none"> <li>• Developing a target country list and action plan</li> </ul>
Export Plan Implementation	<ul style="list-style-type: none"> <li>• Distributor contact plan and technique</li> </ul>
25 Common Export Problems	<ul style="list-style-type: none"> <li>• Anticipating and handling issues</li> </ul>

Dear Greg,

“We would like take this opportunity to thank you for the good quality result of the export development seminar hosted by Italia del Gusto. The workshop has received an enthusiastic response from all the participants. We have really appreciated your expert information on core topics of strategic export development, distributor identification, and getting more out of current partner relationships. Based on the seminar’s success, we look forward to further collaboration.”

General Director, Consorzio ITALIA DEL GUSTO

*Italia Del Gusto is a consortium of many of the leading food & beverage brands of Italy: Auricchio, Bauli, Barilla, Bolton Group, Colussi, Filippo Berio, Lavazza, Ponti, San Benedetto*

*Testimonials*

## Export Boot Camp *Details*

- Boot Camp produces realistic Export Development plan: Priority Countries, Distributor Candidates, Pricing, Launch Strategy.
- Participants may include export manager or your entire team.
- Includes annual subscription to Export Solutions Distributor Database. Export Solutions database covers 96 countries and 8,600 distributors of supermarket brands.
- Program offered to companies of all sizes. Export provides new, incremental sales in high growth countries with large populations.
- Basic Boot Camp fee is \$3,500. Extra travel fee may apply.
- Options for ongoing export support.
- Contact Greg Seminara at [gseminara@exportsolutions.com](mailto:gseminara@exportsolutions.com) for more details.



# Your Key to **New** Export Sales

### Export Solutions Can Help!

- Export Workshops
- Motivational Speeches
- International Strategy
- Find Distributors in 96 Countries



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

[www.exportsolutions.com](http://www.exportsolutions.com)

# *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"  
[www.exportsolutions.com](http://www.exportsolutions.com)

