

# 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).

## In This Issue

Page 2  
Tactical Exports vs. International Brand Building

Page 7  
Plan to Thrive in 2025

Page 15  
A New Export Road Map

Page 28  
New Country Expansion Prioritization

Page 32  
What is Your Perfect Store?

Page 36  
USA: Bigger than BRIC?

Page 49  
Distributor Types:  
Different Experts for Different Situations

Page 57  
10 C’s – Cooperation Model

## Export Strategy – 2025 Business Destination

Strategy 2025 begins with the simple question of “Where do you want your business to be by the end of 2025?” This action plan should reflect aspirational goals combined with a realistic road map. Our *Export Strategy Guide* reflects insights and processes from some of our industries leading brand manufacturers from Europe and the Americas.

Strategy is not a once a year event. All business development activities should ultimately sync with your strategy. The first step is to review your existing strategy document. How are you doing? Based upon 2019 results, are there adjustments in tactics required?

Export Solutions’ goal is to make life a little easier for Export Mangers. Our *Export Express* newsletter, distributor database, and other publications provide a forum for sharing “Best in Class” learning. The industry can no longer rely on traditional techniques for



building international businesses. Increased competition, demanding global retailers and the emergence of the internet shopping channel make dependency on current markets a risky bet. The future is dependent on our ability to source new consumers from outside our home base. This *Export Strategy Guide* will stimulate ideas and discussion for formulating your strategy to achieve your 2025 business goals. Export Solutions can help!

## 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?

## 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
	Middle East	USA
	Caribbean	Western Europe
	Malta, Cyprus, Portugal	Mexico
	Central America	China
	Hong Kong, Singapore	Japan
	Taiwan	India
	Nordics	Russia
	Baltics	Turkey
	Chile, Peru, Ecuador	Brasil

## 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 Turkey USA
<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 Japan
<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 3.5 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.

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

## 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

## Lessons Learned



‘Tis the season for business reviews. Most of us will dust off last year’s presentation, update the charts, and supply conservative estimates on why this year’s 10% export shipment increase won’t be repeated. Impress your executive team with some hot new charts and Lessons Learned analysis for your business review document. Leadership tends to display laser focus on “just the numbers.” Tremendous business intelligence can be gained through a structured review of Lessons Learned: what’s working, what’s not, and what needs to change.



Listed below are a few hot button topics to include in this year’s review.

### Strategic Services

#### Contact Us for Export Solutions

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

#### 1. Business transition from Established markets to “New Frontiers.”

Export Solutions segments markets into three groups: Established Countries (mature), Developing (Growing Countries, low per capita sales) and New Frontiers (new / future markets). How does your business split by these three groups? What are the trends? This is a key measure for multinationals. See our chart on page 19.

#### 2. BRIC Performance

Shipments alone do not tell the whole story. Look at per capita consumption, percent distribution penetration, market share, and geographic reach. Extend approach to other high potential countries such as Indonesia, Mexico, and Saudi Arabia.

#### 3. Global Retailers

Walmart, Carrefour, Amazon, Auchan, Casino and Costco exhibit strong growth trends outside their home markets. Compare your progress with global retailers versus the balance of the markets. What retailers and countries are leading the way? Why? What’s working? Sales through local distributors or direct shipments?

#### 4. Shipments versus GDP

An important metric is shipment performance compared to a country’s GDP benchmark. Flat shipment levels in struggling countries such as Italy, Spain, or Portugal may reflect better organizational results than a 5-10% increase in booming areas such as China or India.

#### 5. 20/20 Analysis

Markets tend to be judged by the same standards. Look at countries ranked in your top 20% in shipment performance. What are the common threads and Lessons Learned? Are leaders all in the same region, distributor sold, high investment, or have more competitive pricing? Similarly, do the bottom 20% of your markets experience common characteristics? Remember, there is no shame in admitting “problem” markets. All brands feature a regional mix of high achievers and low performing markets. Consistent under performers limit our ability to meet and exceed our own personal objectives.

#### 6. Pricing, Promotion, and Proximity

Brand results are directly proportional to your fundamental investments in competitive pricing and brand building. Can you cluster markets based upon price gaps versus local competition? Is there a correlation between high spend markets and results? Is promotion paying out? Some of our industries’ greatest international success stories result when the brand moves to local manufacture through their own plant, joint venture, or contract packer.

Involve your distributors in the process. Normally, a one-two page template requesting feedback will reveal critical, market based insights. Create a culture of sharing positive success stories. All sales forces are competitive and want to be identified as the source of the next great idea.

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

## 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 all mid- 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.

*continued on page 8*

## Plan to Thrive in 2025

*continued from page 7*

**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 45 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.

### 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.

### 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!

## 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?

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

## 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. 57 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 2022, 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 24 million to 350 million

*continued on page 10*

## The World in 2025

continued from page 9

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.

### 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

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	2017 Population	2025 Population	Decrease
Germany	83	80	-3
Italy	60	57	-3
Japan	127	123	-4
Russia	144	139	-5
Ukraine	44	41	-3

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.

### 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).

## Crawl, Walk, Run, Wait, Halt!

Successful export managers can be compared to roulette experts. You need to spread your bets around many countries in order to achieve your sales budget. Winning reflects luck in the countries where you place big investments and avoiding high risk regions. Export Solutions has recently completed projects in 31 countries across 5 continents: China, Philippines, Brasil, Mexico, UK, Russia, and of course, the USA. There's lots of potential new business if you know where to look.

The "loud" conclusion is that most brands should consider an Asian pivot focusing on high growth countries with large populations and expanding middle class. This includes priority countries like China and southeast Asian Tigers like Indonesia, but also Saudi Arabia and Gulf countries. The USA opportunity is "Bigger than BRIC" for international brands. Favorable exchange rates make this an excellent time for international brands to invest in taking their USA business to the next level.

### Country Segmentation Definitions

All countries are not created equal, with population and GDP representing just starting points. Category development, retail fragmentation, and cost of entry also signify key filters. Historically, Export Solutions' one page strategy grids have segmented countries into three groups. First, Strategic countries such as China, India, and Mexico that boast large populations and require focused investments in marketing and human resources. A second group of countries is identified as Priority countries. Priority countries are mid-size, with populations between 10-50 million and require more modest levels of investment and management oversight. Our third group can be considered Opportunistic countries. These are small countries which can be important profit generators with minimum resources deployed.

### Crawl, Walk, Run, Wait, Halt

Export Solutions is adding five incremental segments to assess market potential. Crawl, Walk, Run, Wait, and Halt refine our market development recommendations based upon commercial realities of the countries today. These comments reflect the position the countries may be in the development curve combined with current economic and retail dynamics.



### Crawl

Crawl countries are markets where it's time to get started! This may include an initial market assessment and a small first order. Crawl countries have an emerging retail structure supported by a network of professional distributors.

The objective in crawl countries is to establish a brand presence, gain learning, and secure some first mover advantage benefits before the "rest of the crowd" arrives and listing fees escalate. Maintain modest expectations, even in giant countries like India.

### Walk

This signals a second phase in country development. It is likely that your brand has already established a beach head and may be experiencing impressive year on year results from a small base. These countries warrant more attention and investment. In the walk phase, you may change your partner from a small distributor who is really a "buyer" to a more powerful partner capable of building your brand at another level. Philippines, Indonesia, Colombia, and Saudi Arabia are all excellent examples of "Walk" countries.

### Run

Now is the time for brands to invest in these high potential countries. China and the USA (foreign brands) top the list of strategic countries where your senior management must commit to incremental resources. This includes local teams, small factory (or copacker/jv), research, and marketing investments. Evaluate your China and USA shipments and validate that you are

content with your current shipment trajectory. More than likely, you will need to revise your strategic plan to better access these benchmark countries. The Gulf, Korea, and Panama are smaller countries that offer exceptional growth opportunities.

### Wait

I am a big believer in Brasil. However, the current recession coupled with existing market complexities make Brasil a country for only the most seasoned multinationals to compete. Africa's one billion citizens represent the last, great untapped consumer market for most consumer brands. Each month, I receive two types of calls on Africa. The first requests help, as no one seems to have cracked the code. The second type of call relates to another diversion problem from Nigeria, Kenya, or Ghana. I never receive calls on any success stories. South Africa is the exception, a "Crawl" or "Walk" country for most.

### Halt

Newspapers and financial indicators accurately identify these countries. Some exporters with "poor eyesight" continue to pursue these countries despite the obvious risks. This month, I took a call from a mid-size Italian company, where the export manager had lost his job over a \$400,000 default from a well known Russian distributor. I recently completed a \$20 million project for Argentina where the big issue was not brand building capabilities but access to capital and ability to clear foreign goods through customs. Most hope that the fourth

*continued on page 12*

## Crawl, Walk, Run, Wait, Halt!

Country Segmentation (*actual country input will vary by brand)			
	Strategic (Focus)	Priority (Manage)	Opportunistic (Profit)
<b>Crawl</b>	Brasil, India, Russia	Ukraine, Vietnam, South Africa, Thailand	Myanmar, Cuba, Sri Lanka, Mongolia
<b>Walk</b>	Indonesia, Mexico	Philippines, Malaysia, Saudi Arabia, Colombia	Guatemala, Bolivia, Ecuador
<b>Run</b>	USA, China	South Korea, Taiwan, Peru	Gulf, Israel, Panama, Costa Rica
<b>Wait</b>	Africa	Argentina, Turkey, Iran	Libya
<b>Halt</b>		Ukraine, Venezuela	Yemen

*continued from page 11*

quarter election results in Argentina will break down protectionist import barriers and resume normal trade with one of my favorite countries.

### What About Europe?

Most European producers find Europe excruciatingly difficult, let alone the possibility for premium foreign brands to enter. Opportunities always exist in Europe, particularly for innovative brands or pursuing ethnic channels like the market for "Made in the USA" or Asian products. However the high cost

of entry in Europe coupled with declining populations signals that you will likely enjoy a higher ROI elsewhere. Proceed cautiously and profitably!

### Next Steps

The Crawl, Walk, Run, Wait, Halt assessment model provides a framework for all exporters. However, actual grid output may will vary for each company based on brand dynamics and existing export footprint. For example, Mexico or Philippines may be "Run" countries for certain USA brands, but less important for European companies. I would argue

that China and USA development focus would be a long term "Gamechanger" for most companies. Please excuse our pessimism on "Wait" and "Halt" countries, as it is our hope that these important countries recover to create new business in the future. Export Solutions works in 96 countries, with relevant field based, insights based upon projects for many mid-large size USA and European brands. Contact Greg Seminara at [gseminara@exportsolutions.com](mailto:gseminara@exportsolutions.com) to help you define your Export Strategy Road Map.

**200 Free Articles**

**Export Strategy**

**Distributor Management**

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



**Export Solutions**  
Distributor Identification Experts

*Export Lessons Learned Template*

**Why are Countries Leading or Lagging?**

(Complete based upon your company performance)

	<b>Leading Countries</b>	<b>Lagging Countries</b>
<p><b>Country Performance:</b> Measure: sales per capita</p>		
<p><b>Brand Development:</b> Measure: market share</p>		
<p><b>Biggest Opportunity Countries:</b> Measure: category size/growth</p>		
<p><b>Promotion Effectiveness:</b> Tactics creating incremental sales</p>		
<p><b>Distributor Performance:</b> Measure: sales increase, commitment</p>		

## *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)

## 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 4.5 billion people, more than 61% of the world's mouths. China and the VIPs represent the best potential, with India a

*continued on page 16*

## 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 Saudia Arabia, UAE

*continued from page 15*

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 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 2,519 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: 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

## 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, Sobeys, 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 the 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

*continued on page 18*

## Hot Countries 2020: China or Canada?

*continued from page 17*

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 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 2019, 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	37
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
- 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 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.

## “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

## 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)



**Export Solutions**  
Distributor Identification Experts

## 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.

**NEW!**

## Retailer Search Made Simple Canada Example

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

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

Keywords:

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

Country	Retailer	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?

**ORDER NOW!**

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

## 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).

# Can We Help You?

## Distributor Search Helper for:



Your  
Logo  
Here



Procter & Gamble



SEEBERGER



## Recent Distributor Search Projects

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



**Export Solutions**  
Distributor Identification Experts

### Call the Export Accelerator!

Contact Greg Seminara at [gseminara@exportsolutions.com](mailto:gseminara@exportsolutions.com)  
to discuss your business development project.

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

## Finding Our Next Billion Consumers

One Billion consumers reside in stable markets of Europe and North America. These established countries represent 14% of the world's population, but account for 70% of all retail sales and 90% of the volume for most supermarket brand producers. Growing sales in our current selling universe of one billion people is exceedingly difficult. It requires true innovation (which may be quickly copied) or costly investments in marketing and trade spending to steal share from your competition. Most established markets achieved 2019 GDP growth rates of 0-3%. Forward thinking brand owners search for new growth regions to offset mature categories in current markets.

### Size of the Prize

Our industry is fortunate that all 7.8 billion of the world's citizens require food products. Current reach extends to one billion consumers for most companies. Two billion people live on less than \$2 per day, surviving on the basics. This leaves manufacturers with a potential untapped market of 4.4 billion people that will eat more and better in the future. This will create new demand for our food, confectionery, household, and personal care products. Emerging Middle Class populations are blossoming everywhere from the legendary BRICS to previously forgotten Sub-Saharan Africa countries.



### New Holy Grail

A new Holy Grail of "selling to the next one billion consumers" has been adopted by industry leaders. The next billion effectively doubles the size of the prize for brands. Success with this lofty goal requires marketers to teach consumers new habits and practices or convert consumers from local brands. This represents a case of "Back to the Future" for global brands. We must adjust our sophisticated category management approaches tailored for global retailers to

shift to the fundamentals of penetrating fragmented markets. Plant managers will wince at the request to shift production from Costco sized packages to "pouches, packets, and other pint sized portions" required to gain trial and attractive opening price points.

### Rethinking Market Segmentation

Export Solutions segments markets into three groups. "Established" markets represent evolved markets such as the

*continued on page 27*

	Total Population	Potential Next Billion
China	1.41 billion	225 million
India	1.34 billion	200 million
Africa	1 billion	100 million
Latin America	600 million	150 million
South East Asia	600 million	100 million
Russia/East Europe	300 million	115 million
Middle East	300 million	75 million
Turkey/Central Asia	160 million	35 million
Total Population	5.71 billion	1 billion people

## Finding Our Next Billion Consumers

Country Segmentation 2020			
	Established	Developing	New Frontiers
<b>Markets</b>	Western Europe USA/Canada Japan/Australia	Central/East Europe Latin America (ex Brazil) Saudi Arabia/Gulf China/Korea/Taiwan	Africa Brazil India/Turkey Balance Middle East Balance Asia
<b>Population</b>	1 billion	2.2 billion	4.6 billion
<b>Share Global Population</b>	14%	30%	56%
<b>Share Global Retail Sales</b>	70%	20%	10%
<b>2020 GDP Growth</b>	0-3%	3-7%	3-7%

*continued from page 26*

USA, Western Europe, Canada, and Australia. “Developing” markets indicate markets such as China, Russia and Mexico where many companies do business, but per capita consumption levels are low. “New Frontiers” reflect countries (Africa) with no existing sales for a brand, or tiny businesses relative to the size of the population. (India/Brazil). See page four article for more analysis.

### High Potential Regions

China leads the list due to a reported middle class of 175 million people. India’s middle class of 150 million is expected to double in the next five years. Latin America also looks promising due to strengthening economies in Brazil & Mexico plus proximity to the USA. Population explosion in Southeast Asia could allow Indonesia to reach 300 million people and the Philippines and Vietnam to each surpass the 100 million population threshold. Middle East and Russia will remain attractive, as long as the price of oil is \$80 per barrel or higher.

### Follow the Global Retailers

Brand owners can quickly identify priority countries by following the lead of global retailers. Leaders such as Walmart, Carrefour, Metro, and Tesco spend millions analyzing market potential. Look at China, where every global retailer has battled for the last 10 years. Retailers are all planting small flags in India, quietly creating infrastructure and “wholesale based” presence in advance of the eventual opening to foreign supermarket operators. Walmart’s blockbuster purchase of Massmart in South Africa represents a transformational event in the history of our industry in Africa. Walmart’s exceptional results in Mexico and Brazil offset stagnant performance from their USA business. Global retailer presence is smaller in Southeast Asia, the Middle East, and Russia. However, my bet is that the giants are watching local supermarket chains sweat to build critical mass before sweeping in to acquire once the initial footprint has been created.

### Distributors – Local Experts

Most manufacturers prefer to partner with a distributor versus creating a local subsidiary in “New Frontier” markets.

This allows brands to test their way into a market and focus investments on brand building versus infrastructure. Companies instantly benefit from the distributors long standing relationships with local supermarket buyers and can gain valuable “lessons learned” from the distributor’s other brands. Seek distributors with experience pioneering other premium, international brands. Export Solutions’ distributor database covers 96 countries, tracking more than 100 distributors each in China, Brazil, Russia, Mexico and 98 in India.

### Next Steps: Management Commitment

Selling to the next billion consumers requires familiar strategies and tactics. Brands tap into their learning base of best practices across the globe. Most companies know how to gain product trial in emerging markets and how to penetrate countries dominated by small shops. The key is to secure senior management commitment to the vision of selling to one billion new consumers. The real investment is in people required to execute the plan. Export Solutions can help!

## New Country Expansion Prioritization

There are 196 countries in the world. How many is your company selling to? International expansion to new countries is a strategic imperative for most exporters. The challenge is to determine which countries will deliver the greatest financial return for your investment of time and resources. Listed below are some practical considerations for determining where to sell next.

**Determine Category Size:** Data exists to allow you to capture the size of your category in target countries. Syndicated data suppliers such as A.C. Nielsen and Euromonitor sell category sales information and trends. Government agencies track sales for core categories impacting their local producers. Category size may be estimated by sourcing the information from a friendly retailer and projecting country level sales based upon that retailer's market share.

**Population: Just One Factor:** A logical conclusion would translate that large countries like China and India would represent the greatest opportunity. Population levels are relevant, but not the only factor. A classic case study is the story of Colombia and Puerto Rico. Most USA based consumer goods manufacturers sell more product to Puerto Rico, a commonwealth of 3.5 million people than to Colombia, a country of 52 million people.

**GDP: Follow the Money:** Per capita, gross domestic product (GDP) is an important consideration. International exporters are known for marketing premium, value-added brands. The higher the countries purchasing power, the more likely that middle income citizen's can afford our brands. This appears as one reason that European markets such as Germany, France, Italy, & the United Kingdom may create a larger opportunity than countries such as Pakistan, Indonesia, or Bangladesh that have far more people.

**Growth Rates: Think to the Future:** Export development often represents an investment for the long term. Your country prioritization analysis should look at population and GDP growth rates. I worked in Saudi Arabia in the early 90's when the population was around 14 million, but growing at 8%. Today, Saudi Arabia's population is more than 34 million. Which countries will be the largest in 2025 versus 2020?



**Proximity to Manufacturing Plants:** Transportation costs contribute one of the largest line items in your pricing calculation. Logically, shipping to a neighboring country is likely to cost less than shipping half way across to the world. Citizens of adjacent countries have probably visited your country and may have seen your brand or a commercial for it. Canada occupies the northern border of the USA and is the single largest export market for USA consumer goods manufacturers (and vice versa).

**Extend Current Retailer/Distributor Partnerships:** Global retailers such as Carrefour, Metro, Walmart, and Costco operate in many countries (and continents.) Asia and Europe feature regional distributors. Your brand has established a track record with these leading players. Your company is already proficient at working with their operating models. Leverage these relationships to enter new markets. Warning: this can be a risky strategy when you base your plan on a large global retailer that happens to have a small presence in your target market. Examples: Whole-Foods UK, or Walmart-Argentina.

**Cost to Enter:** There is a cost of doing business in each market. Markets such as Italy and Hong Kong maintain notoriously high cost of entry into the supermarket channel. Latin American/Asian markets require investment, but at more modest levels relative to Europe or the USA.

**Market Complexity:** How difficult will it be to enter the market? Certain markets are consolidated with a few major retailers and many qualified distributors. Other

markets are complicated, with multiple trade channels, fragmented retail environment, and a disparity in usage profiles for your category. Larger markets are challenging to enter. However, a 5% market share in a large country may deliver greater long term dividends than a 50% market share in a small country.

**Competitive Environment – Get Ready for Battle:** Evaluation of the competitive landscape in your target market is critical. Does the market represent virgin territory? Or will you face 2-3 major, multinational competitors? In competitive markets, existing market combatants will typically spend heavily to defend their brand position to blunt a competitive introduction. It is likely that you face competition in every market. However, it is important to calibrate the existing competitive environment.

**Availability of Enthusiastic Local Partner:** Selection of a qualified, local partner is another key factor. Strong distributors and importers exist in every market. Pro-active contact from a leading distributor indicates that this market expert sees potential in your product. This is favorable and may encourage you to prioritize this type of market. However, you must conduct due diligence to insure that this enthusiastic distributor (that you meet at a trade fair) maintains the critical mass and skill set required to succeed in building your brand.

These factors all play an important role in determining the "Size of the Prize" in new markets. Veteran exporters will weigh each factor to establish the right path forward for their export development plan.

# Take Your Export Business to the Next Level

## Export Solutions Services

Current Business Assessment

Opportunity Gap Analysis

Customer/Channel Prioritization

Broker, Importer, Distributor Identification

USA Entry Plan

Measures: Concept to Shelf

Consumer/Trade Promotion Plan

Connect with Channel/Retailer experts

Team staffing and recruitment

Double Your Business Plans



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

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



**Export Solutions**  
Distributor Identification Experts

## Distributor Performance: 20/20 Business Analysis

The start of a new year is an appropriate time to review distributor performance. This process starts with the evaluation of the usual metrics such as shipment results, market share, and success delivering new item placement. Normally, distributor performance ranges across the spectrum from outstanding results delivered by top distributors to under-achievers who fail to meet their shipment budget. Each scenario warrants a different approach in terms of managing for the future.

Distributor Segmentation		
	Results	Next Steps
<b>Leaders</b> 20% of total	Shipment increase of 10% or more. Growing Market Share. Innovative Strategies.	Recognition: Public & Financial. Invest in team generated ideas. Share learning with other markets.
<b>Performers</b> 60% of total	Shipments + 5% and in-line with overall market growth. Consistent results over many years.	Support current growth trajectory. Challenge to reach "Leader" status.
<b>Laggards</b> 20% of total	Flat/declining shipments. Poor results for 2+ years. Low energy/innovation.	Probation status for existing partner. Evaluate different representation options. All markets have alternatives!

### Distributor Segmentation Analysis

A valuable exercise is to segment your existing distributors into the three groups: Leaders, Performers, and Laggards. Look at the organizational models of your "Leaders" and Laggards." Are there consistent threads between the business specialization of your distributor network? For example, do you find that your "Leaders" are all Large Distributors (versus small), Big Brand Distributors (vs. niche), Category/Ethnic specialists (vs. all types of Food), technologically savvy versus "old school"? A similar analysis should cover your "Laggard" distributors. Are under performers small organizations that fail to meet your requirements? Or alternatively, large distributors where your brand is too small to gain sufficient attention? Your analysis may reveal that one type of model works well for large or adjacent countries while another approach works best for smaller or remote countries. Look for the trends!

### Lessons Learned

Completing the distributor segmentation exercise described above should yield some important conclusions on the best partner models to pursue for your brand. For example, an Italian manufacturer of candy may confirm that his best performing distributors are international confectionery experts, versus distributors specializing only in Italian products. On the other hand, an ethnic Asian food producer may find that the best candidates to represent his brand are Asian channel specialists versus distributors that represent all types of fine food categories such as Tea & Olive Oil.

### Next Steps

Honor your leaders and drive them to higher levels. Recognition such as Distributor of the Year, visits with your company CEO, or requests to deliver a presentation on their "success story" are inexpensive motivators. "Laggards" impact our own ability to achieve our personal objectives. We often like the people who work at "Laggards", but at times, you must act to protect the long term interests of your company and pursue a change in distributors. It is important to recognize that all companies have distributors that are "Leaders" and "Laggards." Proactive attention to fix the "Laggards" will only improve your results versus suffering through another year with a poor performing partner.

### Export Solutions Can Help

Our industry leading database has been used by more than 3,000 brands to locate partners in 96 countries. This includes an average of 79 unique distributors per country. There are always many alternatives to consider in every country when you have access to the Export Solutions database.

Export Solutions serves as a consultant to European and American brands of all sizes. Our work includes analysis of distributor networks and development of strategies for motivating, measuring, and rewarding distributors. Export Solutions has helped companies identify, interview, and sign distributors on every continent. Contact Greg Seminara at [gseminara@exportsolutions.com](mailto:gseminara@exportsolutions.com) to discuss your project. Our motto is "Spend time Selling to Distributors vs. Searching for Distributors."

## *Distributor Market Review*

<b>Criteria</b>	<b>Rating</b>	<b>Evaluation Factors</b>
<b>Shipment Results</b>		Overall growth for our industry in your market? Distributor company wide sales performance (all brands)? Distributor sales results for my brand? Change vs. benchmarks?
<b>Brand Performance</b>		Key brand performance versus overall category. Shipment growth, market share, weighted distribution. New item success.
<b>Key Account Results</b>		Results at top 3-5 accounts (or channels). Improvements: new items, shelf presence, merchandising. Are we getting "fair share" of retailers growth?
<b>What Worked?</b>		Strategies or performance that achieved results. Ideas that delivered incremental sales.
<b>Key Issues?</b>		Problems or barriers to achieving results. Pricing, investment, competition.
<b>People</b>		Performance by key people touching our business. Organizational changes? Who made a difference?
<b>Financial</b>		Distributor's financial health. Planned investments. Efficiency opportunities in Partnership.
<b>2020 Requirements</b>		Resources required to achieve 2020 shipment expectations. Critical activities, timelines, changes to structure/plan.

### *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.

## What is Your Perfect Store?

Retail stores serve as showrooms for our products, the destination where supply chain inventory is translated to a sale. Leading multinationals such as Unilever, Coca Cola, Mondelez, and Kellogg's are placing renewed emphasis on in-store execution through "Perfect Store" initiatives. Basically, perfect store programs seek to optimize supplier and store sales through improved brand visibility and an enhanced consumer shopping experience. The concept of a Perfect Store or improved in-store presence applies to manufacturers of all sizes.

### Cultural Shift

Successful execution of Perfect Store programs mandates a cultural shift. Today, most companies exhibit laser focus on volume and headquarter based product listings. This same attitude and determination must be applied to key performance indicators (KPI's) on store presence for your brand. This shift requires an organizational realignment around roles and responsibilities, time allocation, and performance measures and incentives.

### Define Your Perfect Store

The first step is to ensure that each member of your sales team is "crystal clear" on your brand's in-store objectives. Create a store conditions resource guide, including photos that can be distributed or shared online. I'll always remember a store visit in Cordoba, Argentina when I was a sales 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 commanded 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 before.

### Focused & Fact Based

Perfect store programs should concentrate on your highest volume and profit items, not every product in your range. Establishment of Perfect Store criteria should be logical and demonstrate that successful execution translates to increased sales and profits for the retailer. Normally, manufacturers share test data based upon similar store sizes or formats.

### The Right Stuff

Mondelez speaks of four components to retail execution:

Right Assortment

Right Pricing and Promotion

Right Location

Right Displays

What attributes form the "Right Stuff" for your brand?

### Secondary Placement

A recent project revealed that my client's category was found in seven distinct store locations. Sales grow exponentially through placement in multiple store sections. Examples include off-shelf displays, secondary shelf placement, or cross merchandising with related products. Capture secondary placement in your Perfect Store vision.

# PERFORMANCE

Excellent

Good

Average

Poor

### What's Measured is Treasured

In-store KPI's can be measured via mobile devices. Normal tracking creates objectives that can be counted by a numerical response or a yes or no answer. Core measures focus on items available (assortment), retail pricing, share of shelf space, and incremental displays. Distributors and export managers must create systems to evaluate results and track progress just as we do shipment performance.

### Incentives & Excitement

Perfect Store programs require the same energy and excitement as other strategic initiatives. Leaders have aligned compensation bonuses to attainment of goals. Others have supported the initiatives with contests and media support. Google "Perfect Store" to see instructional videos from multinationals.

### Emerging Market Weapon

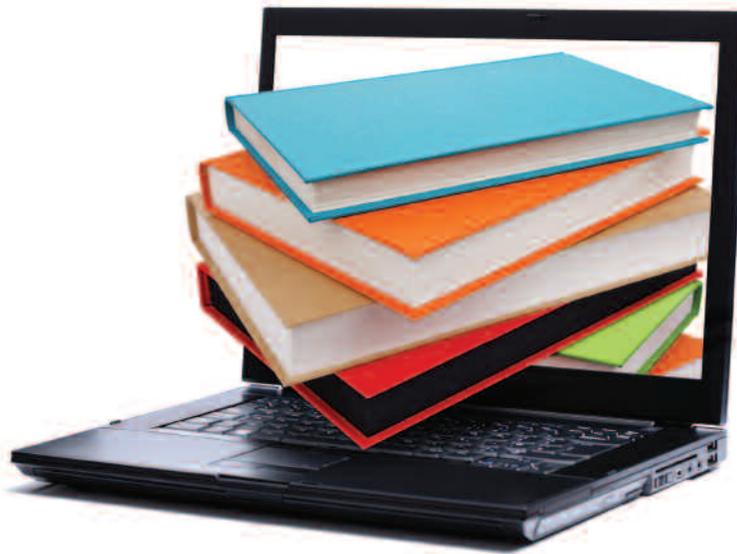
Many emerging markets are transitioning from small urban shops to modern retail. These countries offer greater flexibility to make changes at store level than tightly controlled Western markets. These new markets often serve as lead markets for Perfect Store rollouts due to acceptance of point of sale materials and ability to establish a firm foundation for the future.

### Future – Amazon and Online Retailers

Amazon's web pages represent a change in dynamics where new brand visibility strategies may revolve around web placement and cross promotions. What is the perfect store for an online environment? The future is today.

Achievement of our sales targets requires a new attitude towards in-store execution. Every member of your distributor network should maintain a clear understanding of whether each store is an A, B, C, or D or a Perfect Store and Why? Export Solutions works with brand owners on a program called Next Level Sales Management which creates specific measures for improving your in store performance.

# *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).**



**Export Solutions**  
Distributor Identification Experts

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

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



## *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 4-6 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 (and warehouse) provide clues on company culture, scale, and capabilities.



### **Prepare Interview Questions and Assessment Grid**

Create a list of key questions to ask each candidate. Topics could include local category dynamics, cost of entry, and Distributor success stories. Create a standard grid to evaluate and compare all candidates on a common platform. Export Solutions' website contains ten sample questions for every distributor interview.

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

Visit target stores 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.

*300 Free Articles*

*Export Strategy*

*Distributor Management*

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



**Export Solutions**  
Distributor Identification Experts

## *Recipe: Best in Class Partnerships\**

Ingredient	Brand Owner	Distributor
<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>	Constantly 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*

## USA: Bigger than BRIC?

The state of California ranks as the world's 8th largest economy, larger than India or Russia. USA population expanded by 48 million people since 2000, an increase greater than the population of Canada. Americans are spenders by nature, with 85% of the population able to regularly purchase supermarket brands. All international companies export to the USA, but per capita sales levels are usually very small relative to potential. Export Solutions believes that many international brands would see a higher return on investment through efforts to build a stronger franchise in the USA versus waiting for "BRIC dreams to come true."

### Global Marketplace

Americans are spoiled with an overwhelming assortment of food options. An average USA supermarket stocks more than 38,000 unique items in a 48,000 square foot store. Shelves showcase products from around the world. During one week, a typical family would enjoy a mix of Italian, Mexican, and Asian food to supplement meals based upon meat, vegetables, and potatoes. American cuisine has assimilated into international cuisine reflecting the rich heritage of ethnic diversity. This creates an open gateway for brands from every continent. Americans are receptive to new and emerging flavors which is a significant point of difference versus BRIC markets which tend to remain glued to traditional eating habits and choices.

### 13 Different Trade Channels

USA retail business exceeds 1 trillion dollars, through 13 unique trade channels. Each USA trade channel maintains a unique set of buying practices and selling experts. 40,000 supermarkets account for half of the food business, followed by 4,000 Supercenters (primarily Walmart), and 1,400 high volume Club stores. Gourmet food stores such as Whole Foods and ethnic supermarkets represent core outlets for international brands. Sales via the internet are an emerging, high growth, channel offering visibility and availability. Homesick expatriates and food enthusiasts now discover hard to find products instantly online versus the historical approach of hauling overweight suitcases from trips overseas. Foodservice is an enormous channel, but focused on commodity products produced in the USA.



### Three Phase Approach: Crawl, Walk, Run

Too many international brands are misaligned with a focus to sell to Walmart or even Kroger before they have established a meaningful track record with other retailers. A key insight is a finely tuned strategy focused on winning with a few high potential, trend setting retailers prior to approaching the "Giants." Normally, we recommend initial focus on ethnic and gourmet retailers such as Whole Foods and Fresh Market. After success, consider expansion to upscale supermarket chains such as Wegman's and Gelson's. Phase III should provide a track record and investment base to approach mass retailers such as Walmart, Kroger, and Safeway.

### Who is Your Food Broker?

Food brokers dominate sales through the USA supermarket channel. Brokers provide critical mass and local relationships. Services include key account sales, category analysis, trade marketing, and essential retail coverage. Store level representation is mandatory to insure compliance with headquarter authorized plans. Brokers range in size from the massive "Big 3" which feature more than 20,000 employees each to smaller specialists focused against one retailer. Export Solutions' database tracks over 536 brokers covering all markets and

channels. Leading USA importers partner with brokers to provide the local expertise and store merchandising services required to succeed.

### Calibrate Expectations to Investment

Imagine approaching Carrefour, Metro, or Tesco with a new brand with "net, net pricing" and limited marketing support. The USA market is no different, with a menu of account specific programs required to build your brand. If you don't invest, you will always be anchored to niche status at best. Retailers such as Costco with their demo programs and Shop Rite retain good reputations for delivering incremental cases for your trade spending.

### Success Stories:

#### Barilla, Bonne Maman, and Walkers

Case studies exist for international brands to successfully develop the USA market. Barilla is the USA's leading pasta brand. Success strategy included building a USA factory to offer competitive pricing, highlighting their Italian heritage, and alignment with a leading USA food broker. Bonne Maman and Walker's trajectory followed patient paths. Both brands built a base in the upscale retail sectors, before moving mainstream to mass availability.

*continued on page 37*

## USA: Bigger than BRIC?

*continued from page 36*

A core message was the ability to upgrade category sales and profits with a high quality, premium option. Both companies invest in having USA based sales managers versus managing via remote control from Europe. Other European brands have developed massive businesses through unique programs dedicated to Costco.

### USA Business – Next Level Strategies

European brands frequently hire Export Solutions to provide insights on taking their current USA business to the “next level.” Our sales oriented approach involves market analysis, “lessons learned” and recommendations of sensible options to grow your business. Suggestions normally include laser focus on brand building at high potential customers plus best route to market partners (importers/brokers) by

trade channel. The USA still offers tremendous growth opportunities for many international brands. USA success requires the same formula as BRIC markets. Higher levels of investment may be required to win in the USA. However, market dynamics are more transparent than BRIC and purchasing power ranks among the highest in the world. Contact Greg Seminara at [gseminara@exportsolutions.com](mailto:gseminara@exportsolutions.com) for more information on taking your USA business to the next level.

## Good USA Chains for International Brands

Retailer	Type	Sales (billions \$)	Stores
Ahold-Delhaize	Supermarket	45	1,971
HEB - USA	Supermarket	25	345
Meijer	Supercenter	20	247
Wakefern/Shop Rite	Supermarket	17	352
Whole Foods	Gourmet	15	480
Giant Eagle	Supermarket	10	216
Wegmans	Supercenter	9	100
Harris Teeter	Supermarket	7	260
Sprouts	Gourmet	5	340
Price Chopper	Supermarket	4	133
Raleys	Supermarket	3.3	129
Fresh Market	Gourmet	1.8	159
World Market	Gourmet	1.0	276
Gelsons	Supermarket	0.8	27
Kings	Supermarket	0.5	25



## *Selling to Walmart – When and How?*

Everyone wants to sell to Walmart. This is logical, as they rank as the number one retailer in the USA and Latin America, plus good presence in the UK, China, Japan, and South Africa. Walmart's International business (outside the USA) is bigger than the total turnover of Carrefour or Tesco. Selling to countries where Walmart has stores makes sense for USA producers.



However, Export Solutions always

advocates a strategy of making export decisions based upon what's best for the entire country, versus the preferences of an individual retailer, even if it is Walmart.

Walmart's Central American buyers have been speed dialing leading brands pursuing direct purchase agreements. These offers may be hard to resist, but manufacturers must be fully aware of the implications. Selling direct to Walmart International allows you to bypass the "distributor system." This provides Walmart with a cost advantage at store level of around 15%. This may create a situation where it is difficult to sell to other market customers, because their list price resembles Walmart's shelf price.

I visited Guatemala and Costa Rica recently. Walmart places many Direct Import brands in one aisle, away from the product's normal category placement. These Direct Import brands are not supported by the armies of in-store merchandisers that are common in Latin America. I remember the story of when I served as Director of Sales for Clorox in Buenos Aires, Argentina. Someone from corporate sold my favorite Hidden Valley Ranch salad dressing to Walmart International and it magically appeared on the shelves of my Walmart. I was thrilled, but apparently was the only happy customer. Most in Argentina had never heard of Hidden Valley Ranch. Without advertising, promotion, and distributor support, the brand gathered dust and was discontinued.

I am an advocate of partnering with distributors to sell to Walmart's international divisions. These local companies sell and merchandise at Walmart and all market customers everyday. Distributors focus on brand building and can provide the muscle at store level to push your brand. Retailers benefit because they can reorder any day versus waiting for the container to arrive from the USA. In my opinion, the distributor model is usually the preferred route to market to create a sustainable business in these fast growing countries.

Many European companies are anxious to sell to Walmart's 3,570 USA supercenters. Slow down! Walmart's USA supercenters specialize in category leaders and fast moving brands. Their consumer base consists of middle and lower income customers who have limited spending power to purchase super premium brands from overseas. Also, Walmart tends to be the "low price" leader. This may damage your ability to sell to upscale supermarkets, as they may be hesitant to stock an item that Walmart is carrying and selling for 15-25% less. My humble advice for European brands is to create a base business with mid-upscale USA supermarket chains. Approach Walmart at a later stage with your track record of market success.

Walmart is the world's number one retailer and will serve as a major factor in our strategic decisions. It is flattering and encouraging that Walmart wants to sell our brands. The key is to devise the optimal route to market that builds your brand equity and facilitates your business development to all market customers, including Walmart.

**Greg Seminara**  
[gseminara@exportsolutions.com](mailto: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**

## Ten Tips for Foreign Brands: USA Growth Strategies

The USA represents the world's largest market. A small market share in the USA can represent a bigger business than owning a 50% market share in a smaller country. Many international brands fail to reach their potential in the USA as they treat it as just another export market. Listed below are Export Solutions' ten tips for improving your results in the USA, a consumer market of 330 million people.

### 1. Develop a Channel Strategy

The USA Food business is segmented into 13 channels, with supermarkets claiming an average of 52% of the business. Other important channels include Supercenters, Mass, Foodservice, Value, Club, Convenience, Natural, Gourmet, Internet, Military, Gift, and Ethnic. One strategy is to concentrate efforts on winning in one channel to gain traction, versus spreading efforts in too many areas.

### 2. Optimize Results at Top 10 USA Retailers

Think Walmart, Kroger, Publix, and Food Lion that all operate more than 1,000 stores. Many companies claim that they "sell to Walmart." The key question is to identify a chain's store count and measure how many of those stores your brand is available in. Last year, an important European beverage brand told me that they were "selling to Walmart." Turns out that his follow up investigation revealed that he was selling to only 46 of Walmart's 3,570 supercenters.

### 3. Think Beyond New York

None of the top 5 grocery retailers maintain a presence in metro New York. The USA has experienced a population shift to the South and West, with the Northeast actually representing the smallest of the four regions. Visit Atlanta, Houston, Los Angeles, or Miami to get a more accurate gauge of industry dynamics.

### 4. Use a Broker

In the USA, the brokers play a unique role, touching virtually every brand in the supermarket aisles. Even importers use brokers to supplement their own efforts. Export Solutions' database tracks 536 USA brokers, including the "Big 3."

### 5. Retail Services are Required

Great news! You just received a listing at Kroger or Albertsons. Your work has just begun. Planogram integrity is an enormous issue in the USA. Compliance levels of new items at store level may reach only 60% without a broker at store level to "cut in" your product and monitor its availability.

### 6. Data Driven Decisions

The USA market is blessed with the most sophisticated analytic tools that are used on a daily basis. This includes availability of point of sale data at the chain (and sometimes store) level to measure everything that scans. Business building and selling incorporates use of post promotion analytic tools, market basket studies, and brand sales by demographic cluster.

### 7. Try a Coupon

USA Sunday newspapers are jammed with coupons offering consumers small discounts (.25 - \$1.00) to purchase a product. Many supermarkets up the ante, by doubling the value of the coupons. This is a proven strategy to drive listings, generate trial, and repeat purchase. A coupon can force a retailer to carry your product, as he does not want to disappoint a customer with a coupon.

### 8. Hire a Sales Manager

An international company should place at least one person in the USA to manage their interests. Hire a veteran sales person and locate him in a home office in a city with a great airport like Atlanta or Chicago. This role will allow him to manage your distributor and broker network. You can also hire a contract sales management group like Ram to perform this function. Hiring an employee based in the USA signals that you are serious about building your business in the USA.

### 9. TPR

This stands for Temporary Price Reduction. USA supermarket aisles are filled with hundreds of these tags. The consumer recognizes these tags to signal a special discount and "time to buy." TPR's are normally 10% of everyday price and can be an efficient spend particularly on a "scan down" program.

### 10. Ethnic Channel: First Stop

Your product will be well received in channels specializing in your country's products. There are well established retailers specializing in Hispanic, Asian, British and Italian Foods. Whole Foods and Cost Plus World Markets offer good assortments of international brands.

## Good USA Chains for International Brands

Retailer	Stores
HEB	345
Ahold-Delhaize	1,971
Meijer	247
Wakefern/Shop Rite	352
Whole Foods	480
Harris Teeter	260
Giant Eagle	216
Wegmans	100
Price Chopper	133
Raleys	129
Sprouts	340
Fresh Market	159
World Market	276
Gelsons	27
Kings	25

## Ten Tips: From Homesick Shelf to Category Captains

Many supermarkets offer sections dedicated to products from foreign countries. The “Homesick” shelf allocates one meter, mini departments, represented by iconic niche brands from the USA, Germany, Italy, UK, Brazil, or Mexico. Despondent expatriates rush to this section hoping to find their favorite candy or “sauce” brand from back home. Often, this represents a “foot in the door” and a starting place for your business development. However, most brands soon become frustrated with this remote shelf location and plot strategies to enter the main fixture to compete side by side versus local competitors. Read Export Solutions *Ten Tips* to gravitate from “Homesick Shelf to Category Captain.”



### 1. Analyze the Data

Government census data (and embassies) can reveal the number of your citizens in a foreign country. For example, in the USA there are many Italians and Brits in New York, Germans in Pennsylvania and Mexicans in California. Tourism statistics also supply guidance where to find your current customer base overseas. Current sales per capita figures indicate countries where your brand has traction beyond your core expatriate base. This analysis provides you with the first clues on where to focus your investments.

### 2. Research Local Preferences

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? 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.

### 3. Test “Higher Spend” Marketing Plan

Everyone knows the fundamentals of brand building: sampling, billboards, radio, and social media. Usually, exporters may be hesitant to invest in advance of sales. However, it may be “low risk” to pick one small-medium size country to test a targeted marketing support plan.

### 4. Hire a Local Manager

It’s tougher and tougher to manage exports via remote control from company headquarters. Smart exporters are

opening offices in regional centers like Shanghai and Dubai for placement close to the action. You have a choice to send a missionary from company headquarters or a local hire who understands the language, market, and how to get things done at store level.

### 5. Focus on Upscale Supermarkets

Identify the “upscale” supermarket chain in a country. Their consumer base is likely more adventurous and boasts higher purchasing power. Invest to be a category leader at these high profile customers. Often, middle income supermarkets look to these upscale chains for assortment inspiration. In the USA, think of HEB and Whole Foods first, not Walmart. In the UK, look to Waitrose vs. Morrison’s. The same analogy applies to every market.

### 6. Manufacture in Country

Eliminating overseas freight charges and duties may allow you to compete more effectively on a price basis. Labeling in the local language may be a plus. A small factory also establishes you as a member of the community with employees that will create goodwill. A manufacturing site may be complex and expensive, but co-packers may represent another option.

### 7. Move to a Bigger Distributor

Frequently, a new brand will align with a small distributor consolidating brands from one country. This is a logical and viable strategy to get started. However, I’ve witnessed countless cases where the brand’s aspirations and requirements outstrip the capabilities of the small distributor. Brands may consider moving

to a more powerful distributor, with deeper brand building capabilities. Warning: be prepared to invest more with a big distributor or you risk losing ground as unsupported brands may get lost in the mix. Export Solutions’ database tracks an average of 79 distributors per country.

### 8. Sponsor a Sports Team or Charity

Fans everywhere love their teams. Alignment and support of a local sports team yields dividends. Pick a charity 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.

### 9. Bring Your Team

Retailers are desperate for fact based consumer insights. Bring your research and technical experts from headquarters to visit overseas retailers and distributors. Let them “wow” them with their category knowledge. Note: you may need to coach your experts on appropriate messages as sometimes foreign buyers don’t care how you operate in Chicago or London.

### 10. 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.

## Prime Prospects 2020

There are 196 countries in the world. How many are you selling to? In the past, export managers impressed management with claims of sales to 20, 50, 100 countries or even more. Welcome to 2020, when export success is tracked by countries where your brand captures tangible market share, not opportunistic sales measured in pallets. Emerging markets and e-commerce have created strategic opportunities for “new sales to old markets.” Middle class population now exceeds three billion worldwide, with emerging market consumers living better and eating healthier. E-commerce provides an exciting channel to kick start new sales, as online retailers remain open to accepting your entire product range. E-commerce has no physical space limitations and costly entry fees of traditional supermarkets.

### Prime Prospects Defined

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

### Success Recipe

Prime prospect countries are open for business, receptive to international brands. The key is to identify one or two prime prospect countries as 2020 focus markets. Match the priority with a stronger investment plan, more frequent visits, and distributor alignment on your higher aspirations and scorecard objectives. In some cases, you may need to upgrade to a stronger partner, with broader brand building and customer penetration capabilities. Simply asking a distributor to “sell more” with the same resources will not yield the desired results.

### United States

The USA opportunity is bigger than all BRICs combined for most international brands. USA population exceeds 330



million people and features big stores open to new brands that are willing to “pay their way.” Amazon represents a new growth customer for all international brands. USA consumers are adventurous, with most families regularly consuming Italian, Mexican, and Asian food.

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

### Mexico

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

### Vietnam

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

### Colombia

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

### Prime Prospects

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

*continued on page 42*

## Prime Prospects 2020

continued from page 41

### Spain

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

### Saudi Arabia

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

### Philippines

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

### Japan

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

### Peru

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

### Poland

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

### Watch List

Qatar is surviving its regional isolation and is building full steam ahead in preparation for the 2022 World Cup. Ireland is doing well, helped by a Brexit scare bounce. Ireland also has the most to

## Watch List

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

lose from a disruption in trade with their biggest customer. The Dominican Republic and Panama remain bright spots in the Caribbean basin. Everyone dreams of big business in Africa. Ethiopia's population is now 112 million, with another year of eight percent growth. Still tough to access, but probably some first mover rewards for the pioneers.

### Find Distributors – Prime Prospect Countries

Export Solutions' distributor database covers 96 countries and more than 8,600 distributors and importers of supermarket products. The database features filters which allow subscribers to search by country, category, or brand. Export Solutions completed more than 200 consulting projects across Asia, Americas, Middle East, Europe, and of course the USA. Brands work with us as an "export accelerator" to quickly partner with leading distributors. Contact us to learn more about how Export Solutions can leverage our distributor contacts for your benefit in 2020.

## 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)

## Why Mexico: 132 Million Reasons

Many brands appear exhausted by chasing BRIC dreams in China and India. Along the way, some have missed the “miracle called Mexico.” Mexico is blessed in many ways: beautiful beaches stretching along 5,600 miles of coastline, rich mineral resources (oil) plus a convenient location just south of the USA border. Mexico’s population of 132 million ranks 10th in the world, equaling the UK and France combined. GDP per capita of \$9,600 signals a good level of purchasing power, eliminating comparisons with poor countries like Indonesia and Vietnam. Another attraction is more than 2,500 large format stores including Walmart, Costco, and HEB.

### NAFTA = USA Supply Depot

The USA conducts over \$550 billion in trade with Mexico, facilitated by the North America Free Trade Agreement (NAFTA). This reflects a relatively balanced 55/45 split between imports and exports. Many multinational companies locate factories south of the 1,954 mile border to supply the USA market. This strategic location reduces long lead times and lengthy freight journeys from Asia. Monterrey, a booming metropolis of 5 million, is situated only 143 miles from the Texas border. A key issue for 2020 is implementation of USMCA, the new free trade agreement.

### Consumer Habits

Thank Mexico for “Taco Tuesday” and the global popularity of their special cuisine. As you stroll the aisles, other categories are stocked with familiar global names. In fact, categories like



cereals, snacks, and carbonated beverages enjoy some of their highest category development in the world. A recent trip revealed mainstream acceptance of natural and organic food products, with broad assortments, at least in Mexico City. Club stores like Sam’s and Costco serve as showcases for most leading USA brands.

### Walmart = \$24 Billion Leader

Walmart operates more than 2,500 stores across 5 formats, registering an impressive \$24 billion in sales. Some may be surprised to learn that Bodega Aurrera is their leading banner with more than 2,000 value oriented outlets. They also operate 93 upscale

supermarkets called Superama, the first destination for many overseas products. Watch out: a standard service in Mexico includes dedicated merchandisers responsible for shelf stocking. Walmart may tempt some companies with direct purchases, but your brand may not escape the back room without merchandisers.

### 190 Distributor Options

Export Solutions’ distributor database covers 190 distributors in Mexico. This includes a broad assortment of category specialists of all sizes. Many enjoy large portfolios of USA or European favorites. Another option is to partner with a large Mexican producer who may be willing to pioneer your brand. Note: most distributors are based in Mexico City or Monterrey, close to leading customers. Beware of border “traders” with elaborate stories and an appetite for English language packaging.

### Lessons Learned

Many brands fail in Mexico. Postmortem analysis usually shifts blame directly to the manufacturer. Mexico is a large country that politely requires an amount of TLC. Cost of entry is rational, with a discount structure built in the price list.

Mexico Fast Facts	
Population	132 Million
GDP per capita	\$9,600
Population under 25	45%
Supermarkets	2,500
Distributors	190

*continued on page 44*

## Why Mexico: 132 Million Reasons

*continued from page 43*

However, manufacturers should hire a local manager or at least commit to visit four times per year. A year-round, in-store activation plan is required. It is not an extreme challenge for a good brand to gain access to the shelves of the retail giants. However, without investments in marketing and “pull” activities, your brand will soon disappear. This all sounds fundamental, but you will be shocked by the number of overseas brands that sell to a Mexican distributor at dead net price and never visit and wonder why their sales are so low.

### 132 Million Reasons – Next Steps

Mexico is a growth country, tied to its USA neighbor “for better or for worse.” Its 132 million consumers represent an attractive target, as they have purchasing power and familiarity with many global brands from cable television or relatives living in the USA. Export Solutions has conducted more than 10 distributor search projects in Mexico and can assist with your market entry plans. We speak Spanish and maintain good relationships with leading distributors. For more information, contact Greg Seminara at [gseminara@exportsolutions.com](mailto:gseminara@exportsolutions.com).

## Top 10 Mexican Retailers

(source: Export Solutions’ retailer database)

Retailer	Owner	Format	Stores
Bodega Aurrera	Walmart	Discount	2,000
Sams Club	Walmart	Club	163
Walmart Supercenter	Walmart	Hypermarket	277
Superama	Walmart	Supermarket	93
Soriana	Soriana	Super/Hypermarket	672
La Comer	La Comer	Supermarket	71
Oxxo	FEMSA	Convenience	18,500
Chedruai	Chedruai	Supermarket	300
Costco	Costco	Club	39
HEB	HEB	Supermarket	64

## 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 by 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.

## Europe: Cracking the Code

Europe is not easy, with 50 independent countries, 750 million people, and 24 official languages. Within Europe, you have the European Union of 28 countries, including 18 who use the Euro currency.

The supermarket business includes a few multi-country players such as Carrefour, Tesco, Rewe and Auchan. However, each country tends to have its own dominant retailers with unique operating practices and distributor communities. Europe appears to be bouncing back, with strong GDP growth in Germany, United Kingdom, Nordics and improved conditions elsewhere. Europe appears attractive for USA exporters due to the size of the prize and respect for innovation. American lifestyle and products are appreciated by many. Export Solutions provides Ten Tips on cracking the code to develop new business in Europe.

### 1. What is Your USP?

Europe shares many eating habits with the USA, creating a difficult environment to compete with higher priced, “me too” products. Success stories typically involve categories such as Peanut Butter, Microwave Popcorn, or Tex Mex that are viewed as “uniquely American.”

### 2. Labeling & GMO

Most European countries require labels with nutritional information in the native language. A frequent approach is to create a “Euro Pack,” with multiple languages crammed on the back of the package. There are only a few countries that accept the “stickered” approach. Most European retailers do not accept products with GMO ingredients. This is a hotly debated issue that we will not solve here. Bottom line is to offer non GMO versions or don’t waste your effort in the strict countries.

### 3. Define Your Ambition

Are you looking to become a player in your category, prepared to invest in marketing support and trade activities? Or are you just looking for incremental shipments based upon an “America’s favorite” platform? Either option is acceptable, but you should align expectations and choice of partner with your investment model.

### 4. First Stop UK, Then Nordics

Made in the USA brands should consider the UK and Ireland as their initial point of entry. Common language, familiarity with USA brands, and organized trade structures enhance your chances of success.

American retailers such as Walmart (Asda), Costco, and Whole Foods may be charmed to add your product to their UK shelves. Nordic countries are worth consideration. Many food brands are imported into the region from other European countries, so the price gap for American brands is not as great. An educated consumer base with strong spending power add to the attractiveness. Cost of entry is modest, at least compared to Germany or France.

### 5. Distributor Model – Best in Class

The European distributor model provides an integrated solution of key account sales, country level marketing, logistics, and financial services. These exclusive partners service all country retailers and actually serve as your primary “bill to” customer in country. The USA broker model is not common in Europe, as most brands require financial and logistics services, not just “selling.”

### 2,840 Distributors – 34 European Countries

Export Solutions database covers 2,575 European distributors across 34 European countries. This provides an average of 75 distributors per country of various specialties: Gourmet Food, Confectionery, Beverage, Natural Food, HBC, and other supermarket categories. We also cover 238 “Americana” distributors handling primarily “Made in the USA” products.

### 7. Investigate ESMA

ESMA is the European Sales and Marketing Association. This is an organization of 80 of the top distributors across Europe. These best in class distributors are serious companies, with a history of brand building for companies with unique products and a willingness to invest. ESMA features an annual conference (Prague in June), that provides a venue for manufacturer members to network with leading distributors across Europe. For more information, visit [www.esma.org](http://www.esma.org), and tell David O’Neill, ESMA CEO, that Greg sent you!

### 8. Trade Shows: SIAL, ISM, and CIBUS

Participation in European industry trade shows is a must. These shows attract from 50,000 to 150,000 visitors including most European buyers and distributors. In 2020, SIAL in Paris will be the best show for most brands. ISM is Europe’s version of the USA’s Sweets and Snacks show. Biofach is important for natural foods and PLMA for private label. Each country also features an



exhibition such as CIBUS in Italy, IFE for the UK, and Alimentaria for Spain. The USA features a pavilion at each of these shows. Rent a booth and test reaction and interest for your product line.

### 9. Americana Strategy

Each European country has retailers and distributors that specialize in America’s favorites. Dedicated stores like Taste of America in Spain or Gray’s in Sweden offer a broad assortment of USA brands to fans of American lifestyle and homesick expatriates. Other leading supermarket chains offer dedicated sections of American products. This approach is about availability and visibility not pricing and slotting allowances. An Americana strategy may appear as a low cost way to test market acceptance of your product.

### 10. Cracking the Code – Look in the Mirror

USA exporters considering Europe should think about what it takes to get on the shelf at Kroger or Stop and Shop: innovative product, slotting fees, promotion plan, competitive pricing, and a strong broker. The fundamentals for entering Europe are not that much different, other than you are the “new guy,” with the added expense of freight from the USA. Start slowly, with realistic expectations of starting in a handful of European countries versus selling across Europe. American products are well received, but Europe is not the destination for those just looking to sell a few extra cases.

## Looking for Top Distributors?



Finding the right distributor is tough work! Why waste time? More than 2,700 companies depend on our database to quickly find reliable distributors. Export Managers call us everyday to obtain our personal insights, advice, and comments on the 8,600 distributors in our database.

Export Solutions launched a new “**Top 5**” help desk service. **Top 5** service customers receive recommendations on the best distributor candidates for your brand in 96 countries. Contact us and we’ll tell you the **Top 5** distributors per country that are a “fit” for your brand and **Top 5** distributors to avoid. We’ve completed more than 300 distributor search projects in Asia, Middle East, Europe, and throughout the Americas (Brazil/Mexico). Distributor Identification is our core business.

### Top 5 Program Details

Export Managers submit list of countries where they require a distributor. Greg Seminara researches request. Phone meeting in 72 hours to discuss **Top 5** candidate results. Purchase Premium subscription to Export Solutions database for \$2575. Includes one year unlimited access to entire database plus 12 **Top 5** phone meetings. Other distributor search packages begin at \$150 through our *Talk to an Expert* program.

Contact Greg Seminara for Top 5 service.

(001)-404-255-8387

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



**Export Solutions**  
Distributor Identification Experts

## Pros & Cons: Route to Market Models

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

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

### Local Subsidiary

Companies create their own offices in large countries and locations where they maintain factories. All producers require the same portfolio of logistics, sales, retail coverage, and financial services.

A manufacturer must generate a certain threshold of sales volume to provide the depth of services to efficiently operate a local subsidiary. The clear benefit of this option is that your entire team is 100% dedicated to your brand's priorities.

### Universal Model: Distributors

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

### Distributors: Different Services

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

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

### USA Supermarket Brokers

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

### Problems with Joint Ventures

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

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

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

### Consolidators: Opportunistic Volume

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

### Direct to Customer Challenges

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

## Distributor Types: Different Experts for Different Situations

All distributors are not created equally! Most exporters recognize obvious differences based upon the size of distributor and breadth of service offering. Export Solutions has identified six common types of distributor business models. Global brands maintain a mix of distributor relationships. Some partnerships are new while others have evolved for thirty years or more. With time, requirements for servicing our industry have changed. While some distributors have remained generalists, handling many brands and channels. Others elected to focus against a specific market segment. Which model delivers the best result for your brand?

Distributor Types: Different Experts for Different Situations		
Distributor Type	Model	Application
<b>Big Brand Distributor</b>	Large Distributors. Handles # 1 or # 2 brands. Multiple categories/channels.	Outsourcing solution. Option for Latin America, Middle East, Asia, Europe (excluding large countries)
<b>Category Expert</b>	Dedicated to one category	Specialists for Confectionery, Frozen, OTC, Beverages, Natural Foods, Dairy, Beauty
<b>Channel Expert</b>	Dedicated to one channel	Specialists for Foodservice, "small shops", or Pharmacy channels
<b>Country Expert</b>	Represents brands exclusively from one country/region	Specialist for Brands from USA, UK, Germany, Asia, Italy, or Spain
<b>Fine Food Importer</b>	Represents leading international gourmet/niche brands.	Handles brands like Tabasco, Maille, Bonne Maman, Twinings, Bahlsen, Ryvita
<b>Niche Entrepreneur</b>	Small distributor. Willing to pioneer new brands with limited marketing support	Option for small brands or countries where brand does not want to invest.

### Big Brand Distributors

Large distributors supply an economical alternative for leading brand manufacturers versus operating their own subsidiary. Normally, they handle multiple categories and offer critical mass. A potential issue is the struggle for attention among brands all vying for focus from one sales team.

### Category Expert

Buyers value partners that serve as category experts who can share insights and innovation for the sector. Distributors dedicated to one sector provide logistics efficiencies and capability to share best practices from complimentary products. Managing product conflicts is a frequent problem with distributors concentrated on only one category.

### Channel Expert

Many distributors built their business platform centered on servicing the supermarket channel. Incremental growth today is dependent on penetrating underserved channels such as foodservice, small shops, or pharmacy. In larger countries, it's possible to maintain one organizational approach for supermarkets

and then appoint a specialist for a different channel. Alternate channels normally feature smaller store footprints which can provide a barrier to entry for all but the leading brands.

### Country Expert

Some distributors have created viable businesses as the source for brands from one country. These distributors supply brands to consumers "homesick" for their favorite brands at a premium price. A benefit with this option is the distributor who can consolidate shipments from one country and is connected with the retailers and consumers for this "expat" segment. This approach works well for niche products or brands focused on availability without marketing investment.

### Fine Food Importer

Food enthusiasts everywhere are passionate about the gourmet experience. Fine dining restaurants are dependent on unique products and ingredients from around the world. The classic fine food importer fulfills this role. Fine Food importers seek brands of the highest quality, with unique attributes and

reputation. Not an option for commodities or "me-too" type products.

### Niche Entrepreneur

Pioneering a brand with no existing sales is tough in any country. While many brands would prefer partnering with a prestigious specialist, the reality is that a smaller distributor may be your best option to start. Niche entrepreneurs are hungry and flexible to work without significant resources supplied by the brand. It is important to calibrate your expectations when working with a niche entrepreneur and conduct due diligence on their financial situation.

### Evaluate Your Current Distributor Mix

A valuable exercise is to evaluate your current roster of distributors "by type." Which models are delivering superior results? Which models are lagging behind? Are there any universal conclusions which may apply when you expand to new markets or considering a distributor change? One type does not fit all scenarios. However, it is important to segment your partners and understand the inherent strengths and issues with different types of distributor partners.

## *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.



## 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.

## Strategic Services

### Contact Us for Export Solutions

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

#### 1. 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!

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

# *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”

## 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 "prefunctory" 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

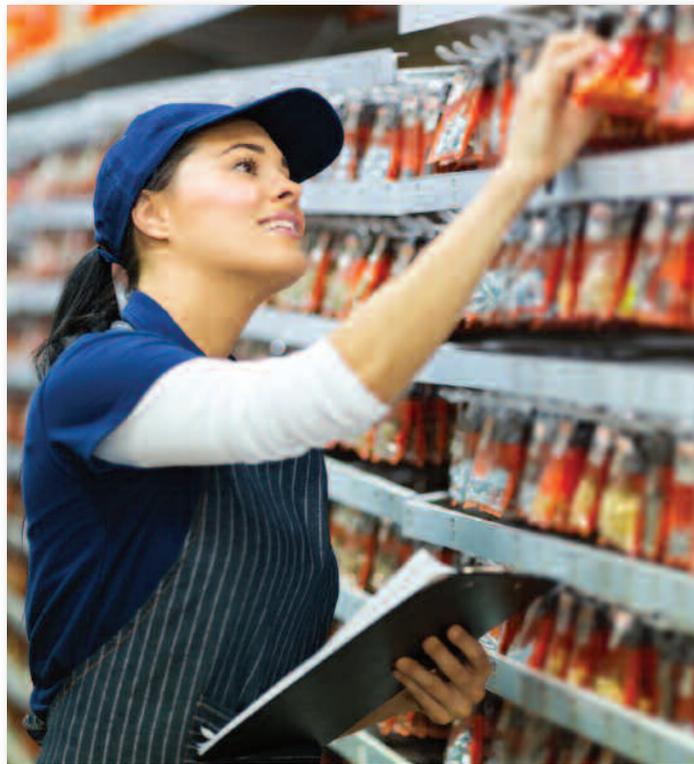
Distributors understand local taste preferences and share trends from other market customers. In emerging countries, normally there is a preference for smaller sizes than the family packs offered in USA or European supermarkets.

### 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.

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



## 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 Seminara**  
gseminara@exportsolutions.com  
404-255-8387

## Strategic Services

### Contact Us for Export Solutions

1. Identify Best in Class Distributors: 96 Countries
2. Best Practices Export Strategy
3. Distributor Management Workshops
4. Export 101: Let's Get Started
5. New Market Prioritization & Launch Plan
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?”		

## 10 C's – Cooperation Model

### 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.

## 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

## *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			

## Fixing the Problem: Small Shipments to Big Countries – Ten Tips

Selling more to Bermuda and Bahamas versus Brazil? More business in Hong Kong than China? Join the club. The long road to BRIC success is filled with dangerous curves and uncertain junctions. “Low hanging fruit” opportunities in these countries have long disappeared replaced by a scrum of category combatants from all corners of the world wrestling for market share in what could be small categories for a long time to come. There are no miracle solutions! Our ten tips apply to large emerging markets such as China and Mexico as well as companies having troubles penetrating Germany, Japan, Italy or the USA.

### 1. Apply Fundamental Lessons Learned from your Home Market

Think about the factors that drove your success in your home market: Unique product, Consumer Research, Local Production, Competitive Pricing, Marketing Budget, Strong sales team etc. The same fundamentals apply to entering large new markets. I always challenge the senior management of my clients with the following Business Case Study: What would you do if competing Global Brand “A” from another continent tried to enter your home market? The response is filled with aggressive plans to defend the home turf. My next question is “Don’t you think that the local competition will react the same way when you plan to enter their home market?”

### 2. Stop Treating Large Countries as Export Markets

Shipping small quantities of product thousands of miles and visiting twice a year will not win in a large market like Germany, the USA, Mexico, or China. Large markets need to be treated strategically, with a separate business strategy and resource commitment versus a small export market. In some cases, it is better to exit a large market if you can not commit versus potentially harming the brand image with lackluster shipments through a subpar effort.

### 3. Conduct Market Research

Extensive category research is required in strategic markets. Is your category developed or evolving? For developed categories, what unique characteristics does your brand deliver and how much do you plan to invest to source share from existing brands? In new categories, what does the consumer say about your brand?

Is the taste profile appreciated, even if it foreign versus the local cuisine. Syndicated data is available which will help you gauge the “size of the prize.”

### 4. Pursue Local Manufacturing

Export programs to large countries infrequently generate substantial businesses. The incremental overseas freight costs and duty structures normally translate to retail prices far higher than competition produced in country. Building a factory represents a long term commitment. Contract packing could provide a less costly, interim option.

### 5. Prepare Your Board for a Long Term Investment

Creating a meaningful new business in a large country is not a 1-2 year event. More realistic is a 5-10 year plan depending on existing acceptance of your category. Brands and habits and practices take years to create except in the case of true innovation. A significant investment in marketing is mandatory, even in the case of a true category innovation.

### 6. Buy a Local Competitor

The quickest way to gain a presence in a large market is to acquire a local competitor. Conduct a category review and see which competitor would be the best “fit” for your company from a product portfolio and cultural standpoint. Price is always a consideration, as you do not want to overpay for future growth in an emerging market or pay too much for market share in a mature market.

### 7. Don’t Tackle Many Large Countries At Once

Companies multi task. Morning meeting on Mexico and we’ll attack Russia after lunch. A better idea is to pick one major country and plan to focus the teams resources on winning in that country for the next 1-2 years. This includes deployment of human resources as well as investment dollars. Get it right and management will be pleased to fund a broader expansion. Spread yourself too thin and you may fail everywhere.

### 8. Invest in an Expatriate

Companies need a soldier from your head office on the ground in the country of focus. This facilitates the transfer of best practices



and company culture to the new country. The expatriate knows who to call at the home office to get things done. He can report the true status of initiatives and has a long term dedication to the company. Best bet is to partner the company soldier with an experienced local player who knows the local market, culture, customers etc. Language barriers can present a challenge, but the benefits far outweigh the issues.

### 9. Scorecard against In Store Fundamentals

Your sales team must be equipped and measured against the fundamentals of securing strong in-store presence at leading retailers. Too many times, a team’s progress is judged solely upon shipment numbers. Another scenario reflects positive reports regarding chain headquarter authorizations, but no follow up execution at store level. Our business succeeds with a team focused with winning the battle store by store.

### 10. Consider a Local Partner

Plans may be fast tracked through a local partner. Partnerships can take many forms including a joint venture, licensee, services contract, or distributor type relationship. Extensive due diligence is required as unsuccessful partnerships can be difficult to exit. Export Solutions has a thorough nine step process we deploy on our many partner identification projects. Lessons learned including alignment from your partners senior management to the retail merchandiser, as often the partners commitment gets diluted through the supply chain. It’s advisable to have your own representative “in house” at the partner to look out for your company interests. Partner results are directly proportional to your investment as even the best sales teams require the right financial resources to allow them to obtain optimal performance.

## Fifteen Tips: Achieve Preferred Supplier Status

A natural goal is to achieve “Preferred Supplier Status” with retailers and your distributors. Satisfied trading partners generate superior results. “Vendor of the Year” does not mean “Spender of the Year.” Listed below are 15 tips to be viewed as a Preferred Supplier with your distributors and retail customers.

### 1. Invest in Brand Support

Marketing activities drive incremental sales and cultivate the health of your brand and category. Supplier investments in consumer awareness and retailer development activities help everyone achieve their sales objectives.

### 2. Innovate, Innovate, Innovate

The CPG/FMCG industry is fast paced, with frequent new product introductions. Companies which invest in research to deliver new product ideas out-perform and lead the category.

### 3. Keep the Supply Chain Filled

Short shipments cause a chain reaction of problems throughout the supply chain. Seek to attain a 98% case fill rate or better.

### 4. Distributors Need to Make Money Too!

Retailers, Manufacturers, and Distributors seek to achieve a reasonable profit. Distributors (Importers/Brokers) are often “squeezed” as middlemen. Distributor Margin reductions translate to cutbacks in sales personnel, customer service, investments in technology, and ultimately impact results for your brand. A financially healthy distributor is a productive partner.

### 5. Focus on Priorities versus Minutiae

All partners are guilty of getting absorbed in the details of the business. Maintain attention on the key elements which drive business success. Minimize “non-essential” reports.

### 6. Serve as Category Expert

It’s a challenge for Retailer buyers and distributors to master all the categories. Preferred suppliers provide fresh and unbiased insights into category trends, product development, and analysis of category data.

### 7. Visit the Market, But not Too Often

Distributors and Retailers welcome your periodic visits. Insights on market development and problem solving “face

to face” are invaluable. On the other, you need to provide distributors the time and freedom to build the business without distraction of preparation and management of frequent supplier market visits.

### 8. Calibrate Time Commitment to Compensation

A first step is to evaluate what your brand represents to a distributor (or retailer) in terms of annual revenue/profit contribution. Reflect on the activities requested to service your business in relation to your contribution.

### 9. Keep Your Commitments

Preferred suppliers are viewed as trusted partners. Reliable suppliers secure more than their fair share of retailer and distributor focus. Last minute cutbacks in marketing support are sometimes necessary, but damage your credibility.

### 10. Respond to Local Ideas

Distributors and Retailers know their markets. Give them the support they request on a new promotion idea or sales campaign. Let them build ownership of an idea and the ultimate results. Good ideas will build credibility and sales.

### 11. Pay Bill-backs on a Timely Basis

Many distributors are small businesses with tight cash flow. It is always positive to be viewed as a “Prompt Payer” of legitimate invoices.

### 12. Support Distributor with Corporate Headquarters

Many companies enjoy long term relationships with their distributor network. The Distributor depends on you to serve as their advocate with senior management of your company. Fight for



their ideas and defend their business performance, where appropriate. Remember that all organizations experience a mix of “good years and bad years.”

### 13. Share Best Practices

Industry participants are all “students of the game” and are generally open to learning about strategies from other markets/retailers. On the other hand, we must recognize that all markets have subtle differences and not all approaches are transferable.

### 14. Provide Proper Lead Time to Achieve Desired Results

The consumer goods industry is relatively organized with established protocols and timelines. Exceptions can be made in case of product recall or breakthrough innovation. Everything functions better when timelines are adhered to.

### 15. Recognize Achievement

Take the time to say “Thanks” or “Well done.” This acknowledgement may be in the form of a personal note, phone call, or public recognition.

## 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 2019

### *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 ten 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?

## 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.

### 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

Stickers are 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).

## Ten Tips: How to Minimize Listing Fee Payments

Slotting allowances, listing fees or as the Irish say “Hello” money are all real estate rental fees charged in advance by retailers for access to their limited shelf space. Many retailers assign their buyers “budgets” for this type of incremental fee income. Store owners seek to obtain maximum productivity from each shelf facing and fixed entry fees are a tactic to gain immediate income from new products without an established sales history. At the end of the day, it’s a cost of doing business. Our objective is to allocate as little money as possible to listing fees to redirect our investments to consumer awareness and trial generating activities. Recapped below are Export Solutions’ Ten Tips on minimizing listing fee payments.

### 1. Exclusivity

Some large retailers will waive listing fees in order to achieve first in the market status with an exclusivity arrangement. Normally, this extends for three to six months. Beware, you may upset other customers who become “locked out” during the exclusivity period.

### 2. Pay Fees Over One Year

This approach reduces your initial outlay and also increases the likelihood that the retailer will keep your product on the shelf for at least one year. This may also allow you to structure the payment as a percent of case cost versus a “lump sum” payment.

### 3. Free Goods

Our net cost of “Free Goods” may range from 30-50% of a product’s retail price to the consumer. The retailer recoups his listing fee when the product is sold. Some retailers are hesitant to accept this option, as a slow moving brand may force him to wait to receive his money.

### 4. Approach “Non-Slotting” Fee Retailers First

Every country includes retailers and channels that do not demand slotting fees. Create a success story with these customers first. Your track record may validate the larger investment in paying the fees at a bigger account or success may help you negotiate more favorable terms.

### 5. Create “All Inclusive” Annual Plan

Ultimately, the retailer has many “profit centers” to reach their internal financial targets. Customers respect a solid, year one plan, with investments in their other programs like advertising, sampling, shelf rental and display. You may secure your product listings as part of your annual agreement.

### 6. Negotiate Reductions – Multiple Items

My experience is that many retailers have published standard prices for listing fees. However, net payment often depends on your distributor’s clout. Big distributors, representing multinational’s and a wide variety of brands know the difference between what is requested and what is really paid on high profile brand launches where the retailer needs the new brand to be competitive. The most frequent “discount” is receiving a reduced fee for multiple items: example, paying a full listing fee on first two items and receiving authorization for two extra items as part of a group listing.

### 7. Retailer Entertainment

Most countries still permit buyers to socialize with suppliers. The cost of a few tickets to a high profile sporting event is far less than most listing fees. A VIP plane trip to view your factory or your category in a “resort” country is another way to gain access to the shelves without writing a big check.

### 8. Higher Everyday Margin

Total category margin is a key assessment metric for most buyers. Some may consider a lower listing fee, if your brand delivers a margin higher than the category average.

### 9. Distributor Contribution

Some “hungry” distributors may cover or co-fund listing fees. There are options to “case rate” fixed fees into the distributor margin calculation. Ultimately, distributors benefit from increased sales and margin contribution from a new product listing. However, many are reluctant due to short term contracts. Most maintain policies related to brand owners retaining 100 percent responsibility for listing fees and consumer marketing activities.

### 10. Beg! Claim Poverty

Buyers are human and realists too. They may “bend” in their demands if they like your brand and know that you represent a small company. Long term distributors can request the occasional “favor” from a friendly buyer. Most retailers have programs to provide “low cost” chances to entrepreneurial new or local suppliers.

## 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.

# 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
- 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 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*

## 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!

## Why do Export Managers Partner with Export Solutions for Distributor Search Help?

- ✓ **Industries Leading Distributor Rolodex**
  - Excellent relationships across 96 countries
  - Database tracks 79 distributors per country
  - 300+ distributor search projects completed.
- ✓ **10 Step Distributor Search Process**
  - Logical, thorough due diligence process
  - Professional approach yields positive results
  - Publisher: *Distributor Search Guide*
- ✓ **Independent Expert Assessment**
  - Expert partner to export managers
  - Focused on all aspects of distributor search
  - Working for you!
- ✓ **Results**
  - 90%+ success rate
  - Align with “Best in Class” distributors
  - Typical project takes 4 months from project brief to distributor selection
- ✓ **Make Your Life Easier!**
  - Identifies 5-8 qualified candidates per country
  - Organize meetings with top candidates
  - Sounding board during assessment process
  - Export Solutions participation sends positive message to distributors.



### Export Solutions Can Help!

- Distributor Search helper in 96 countries

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



## 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>
<b>Distribution Achieved with Above Spend Level</b>				
Customer	Stores	% Country	# SKUs	Volume (annual)
1.				
2.				
3.				

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

## *New Country Launch – How Long It Takes*

	Minimum	Typical
Research Distributor Candidates, Schedule Meetings with Lead Time	2 weeks	4-6 weeks
Distributor Meetings	2 days	1 week
Post Meeting Due Diligence	1 week	4 -8 weeks
Distributor Appointment	1 week	4-8 weeks
Labeling Compliance	already compliant	12-26 weeks
Product Registration*	1 week	4 -12 weeks
Business Plan Development*	1 week	4 weeks
Contract/Agreement*	1 week	4-8 weeks
Initial Order Arrives	3 weeks	4- 8 weeks
Key Account Calls	1 week	2- 4 weeks
Key Account Acceptance	1 week	4-8 weeks
Retail Placement	2 weeks	4-8 weeks
Marketing Starts	1 week after retail availability	4 - 8 weeks
Consumer Sales		
Repeat Purchase		
<b>Total</b>	<b>6 Months</b>	<b>One Year</b>

\* Some activities may be completed concurrently

## *Distributor Capability Assessment*

Export Solutions established 15 assessment criteria to identify “Best in Class” performers as well as “under achievers.” Many distributor relationships extend 10 years or more. Is your distributor network still a “good fit” for your current business requirements? Template can also be used as New Distributor Reference Check form.

Assessment Criteria	Rating: (10 = Best)
Category Expertise/Critical Mass	
Focus/Time Dedicated to your Business	
Joint Business Plan Development, Execution, Delivery	
Alignment with Brand Owners Vision. Relationship.	
Cost to Serve (fair margin, extra costs)	
Assortment/Shelf Space	
Promotion Creativity, Effectiveness, and Efficiency	
Key Account Relations (Senior level, buyer)	
Leadership/Owner (engaged & committed to us?)	
Brand Manager (seniority, clout,creativity)	
Multi Channel, Multi Regional Coverage	
Financial Stability, Payment Record	
Supply Chain Management & Forecasting	
Problem Solving: rapid response?	
Sales Results versus Budget, Market, Category (CY, PY, 3 Years)	

# Country Experts

Looking for distributors specialized in brands from your country? Search Export Solutions database to find overseas distributors handling food, beverage, and sweets brands from your country.



**USA Food & Sweets**  
1,077 Distributors



**German Food & Sweets**  
610 Distributors



**Italian Food & Sweets**  
1,239 Distributors



**UK Food & Sweets**  
597 Distributors

**8,600 distributors – 96 Countries**

**Subscribe now at [www.exportsolutions.com](http://www.exportsolutions.com)**

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

## 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.

## 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>	

## 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

## Category Review Template\* – page 1

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

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

# 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*

