



Export Solutions
Distributor Identification Experts

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Export Express

Insights to Accelerate International Expansion



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

Looking for New Distributors?

How about 9,200? Export Solutions’ distributor database has helped 3,000 brand owners in 14 years speed up the process of finding qualified distributors. Our database covers more than 9,200 distributors of supermarket and drug store type products in 96 countries. Search by country, category, brand name, or country of origin. Experts for Europe, Middle East, Latin America, and Asia with complete regional coverage. “Spend time *selling* to distributors versus *searching* for distributors.”

In This Issue

Page 2
Oil Change

Page 4
Managing 4 Margins

Page 5
Retail Pricing Pyramid

Page 6
7 Scenarios – Country Segmentation

Page 8
Export Solutions’
New Distributor Checklist

Page 11
Are Distributors Interested
in Your Brand?

Costco Global Success Recipe



Costco sales outside the USA eclipsed \$57 billion in the last year. International accounts for 28% of sales through 256 clubs in 11 countries. Outlets in Canada, Japan, and South Korea enjoy sales per store levels similar to (or better) than the USA. Costco revenues surged 16% last year, with high expectations for continued acceleration as consumers seek value in this inflationary environment.

International Formula

Americans will recognize a familiar layout navigating a Costco in Seoul or Mexico City. The international assortment reflects a mix of America’s favorite brands and local category leaders. Retail pricing is competitive, with gross margins averaging 12 percent. Costco expands methodically, typically opening only one new store per year in each country (ex. Canada). Global Club penetration is low outside the

USA. This supplies Costco with a dynamic opportunity for future growth, particularly in Asia, home to 60% of the world’s consumers.

Watch-Outs

The practice of charging for membership to shop is not common in many countries. In emerging markets, consumers live in smaller dwellings and are reliant on public transportation. Handling and storing “Costco size” packs is not practical. Costco strictly adheres to local labeling requirements, difficult to navigate for USA vendors.

Low Costco retail pricing may disrupt your ability to serve all customers competing in a country. Will your brand sell without marketing? Selling to Costco International is attractive, but should be evaluated as part of a total country strategy.

Costco Global Success Recipe

Canada

Canada is a top performer, with sales exceeding \$30 billion. Market penetration and productivity per club surpasses Costco USA. Costco operates two Canadian divisions: East (Ottawa) and West (Vancouver). Sam's Club exited in 2009 with six stores after five years of futility.

Asia

Clubs in South Korea, Japan, and Taiwan have become destinations for upscale Asian consumers enjoying a treasure hunt as well as showrooms for Made in USA brands. Australia is doing well, after a modest start. Costco's Shanghai opening attracted crowds and set records. A second China store was christened last December with significant upside through future expansion plans. The first New Zealand store should open in August.

Europe

Costco has a measurable presence in the UK and a handful of stores in Spain, France, and Iceland. Progress has been limited, as Europeans prefer small packs and frequent visits to convenient neighborhood or discount stores. Costco has faced difficulties in site identification and securing building permits. Europe is not a priority growth engine for Costco.

Mexico

Costco was late to scale in Mexico, dwarfed by Sam's Club's 165 outlets and burdened by a troubled 20 year JV that was dissolved. Fortunately, sales have accelerated in the last five years with increased traction and positive outlook. Costco is a destination for upscale Mexican families.

	Sales* (\$ billions)	Stores	Sales/Store (millions)
USA	148	572	258
Canada	30	105	286
Japan	7	30	233
South Korea	6	16	375
UK	4	29	138
Mexico	3	40	75
Taiwan	3	14	214
Australia	2	13	154
Other	2	9	222
Total	205	828	248
*estimated: 52 weeks ending February 13, 2022			

Distributor or Direct?

Most local distributors supply Costco outlets in their country. Frequently distributors add value through product stickering, creation of local packs, and 24-hour delivery. Distributors can also maintain market pricing equilibrium and help Costco grow through countrywide marketing efforts.

Selling to Costco International direct through their USA headquarters is possible and straight forward. However, this approach usually creates severe challenges when the brand attempts to sell to other market customers due to broad price gaps. In some cases, the USA brand suffers slow sales, as the brand is unknown in the new country.

Export Solutions Can Help

Export Solutions has executed more than 30 projects across Costco's 11 countries. This includes strong distributor contacts across Asia, a key growth area for Costco. Export Solutions' expertise helps companies execute a balanced market entry model. This allows brand owners to sell to local supermarket operators as well as Costco.

Export Solutions Can Help!

- Distributor Search helper in 96 countries

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