

# 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 9,200 distributors in 96 countries. Our database features extensive coverage of leading food, confectionery, and beverage distributors. New! Export Solutions’ retailer database now tracks 2,700 retailers in 96 countries. Order now at [www.exportsolutions.com](http://www.exportsolutions.com).

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## Money Matters: Finance and Logistics Tips

“Turnover is Vanity, Profit is Sanity,  
but Cash Flow is Reality!”

The purpose of an export program is to deliver incremental, profitable sales for our companies. Too many times, this fundamental fact is blurred in pursuit of sticking more pins in our export coverage map. Our activities focus on the glamorous aspects of export: new country entry, distributor selection, and marketing plans. However, the real work is in the details. This involves creating a realistic price calculation and financing marketing investment. Many underestimate the complexity of effectively managing a global supply chain. 2021 currency fluctuations reminded us of the need not to just sell more, but to sell more profitably.

The goal of our *Money Matters Guide* is to share practical insights on financial and logistics aspects of managing an export business. Export Solutions desires to add more value to your



company than just providing lists of distributors in 96 countries. Export Solutions’ goal is to share strategies, ideas, and best practices that have helped other brands succeed in building export sales. Delivering and invoicing the requested order to our distributors and customers represents the critical point where export dreams translate to a tangible sale. Export Solutions can help!

## Greg’s Guidance – Finance & Logistics

- ✓ Maintain copies of each distributor’s price calculation. Rough margin estimate: Retail price minus your delivered price. Split balance between retailer and distributor.
- ✓ Ship directly to distributors, avoid diverting risk!
- ✓ Monthly (quarterly?) retail price surveys and warehouse inventory reports
- ✓ Track currency fluctuations in Top 20 Countries
- ✓ Distributors need to make money too!



## Distributor Economics

Do you speak the same language as your distributors? I am not talking about English, Italian, Arabic, or Chinese linguistic skills. I am speaking the language of money. Most export managers discuss business with their distributors in terms of cases and containers. Many distributors are entrepreneurs that measure their business in terms of profit contribution and cash flow, just like your company CFO. Understanding distributor economics can position you and your company as preferred suppliers.



## 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 and Launch Plan
6. Personal Distributor Introductions: 96 Countries
7. Walmart International
8. Distributor Contracts, Margins, and Fees
9. Meeting Speaker
10. International Strategy Expert

### 1. Distributors deserve a reasonable profit for their efforts.

Many achieve a net profit margin of only 3-5 percent plus various owner benefits. A financially stable partner invests in people and technology to advance your mutual business. A solid balance sheet allows the distributor to weather the storm in a political or financial crisis.

### 2. What is the "salary" you pay your distributors?

Calculate cash flow generated by your company by analyzing distributor net sales to customers multiplied by the distributor margin excluding any promotional bill backs. Margin is one metric, but cash generated pays the bills. How does the distributor salary compare to the work required to service your business or the cost of maintaining a local subsidiary?

### 3. New Business = Bonus

Distributors are constantly searching for new brands. The next piece of new business entering a distributor generates incremental sales while better utilizing fixed assets like the sales team and warehouse. Brands with existing sales in a country are very attractive as they contribute immediately to the distributor, even if they require a lot of effort during the initial transition.

### 4. Pioneering is tough!

Would you work for a company for one year without salary? That is the scenario when a distributor is challenged to pioneer a brand in a country for the first time. The cycle of distributor selection, business plan, new product launch, marketing activation and customer repayment may take one year or more before the distributor receives his first "paycheck" for his efforts for your company. Of course, there is a long term pay out for the distributor when the brand works. This is one of the primary reasons that distributors are reluctant to start to represent a new company without a strong USP and investment program.

### 5. What is the "size of the prize?"

Distributors appreciate export managers that frame their partnership in terms of mutual profit development. Brand owners that understand the intricacies of distributor cost to serve will be rewarded. Measure your profit contribution to a distributor and request that a fair share of their resources be invested in your brand development. A profitable distributor is a healthy distributor!

Good luck!

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## Price is Right?

Consumer pricing is one of the famous “Four P’s” of product marketing. Many export managers spend countless hours negotiating wholesale price lists with distributors and retailers. However, this intensity frequently disappears when the discussion shifts to the point of pricing to the consumer. This is unfortunate, because retail pricing is at the critical point where our marketing dreams and distributor inventory are translated to tangible sales.



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I recently conducted a seminar where I presented a full day program on Export Strategy, Distributor Economics, and Getting More Than Your Fair Share of Your Distributors Attention. In the Distributor Economics module, I surveyed the group on how many maintained copies of each distributor's price calculation. This is the fundamental formula that tracks each brand's pricing inputs from factory gate to supermarket shelf. None of the participants had copies of their distributor's actual price calculation or requested a market wide retail price survey. As the norm, busy export managers focus attention on the myriads of details required to process orders such as importation paperwork and product registration. However, retail pricing is a critical element to add to your “to-do” list.

Listed below are Export Solution's Tips for managing your retail price guidelines.

#### 1. Review Suggested Retail Price by Market.

Is your pricing realistic based upon 2022 market dynamics and your cost calculation?

#### 2. Conduct Market Wide Retail Price Survey

How do your prices compare versus your suggested retail price and competitive set?

#### 3. Obtain Distributor Price Calculations

Most distributors openly share this information with their brand partners. If a distributor is hesitant, it's usually easy to figure out if you have retail prices.

Retail price - distributor cost - sales taxes and import duties = gross margin.

This gross margin is divided by the retailer and distributor.

#### 4. Examine Each Line Item of a Price Calculation

Distributors and Retailers are entitled to a fair return for their work on your brand. They maintain profit targets just like your company. In some cases, price calculation transparency leads to breakthrough changes in business development. I remember a situation where the distributor established an 8% currency benefit at the start of a price calculation to hedge against fluctuation. The export manager agreed to sell in the common currency, absorbing the risk, but translating to an 8% positive benefit to the brand price. In some cases, distributors may place “average” numbers in a calculation for logistics services or trade discounts which may not be representative for your brand.

#### 5. Evaluate Relationship Between Everyday Pricing and Promotional Pricing

Price analysis should reveal typical price paid by the consumer. For example “everyday” prices are not as relevant if the consumer habit is to wait until product is on promotional discount to purchase and “stock up.”

#### 6. Supermarket E-Commerce Sites Offer Instant Desktop Price Surveys

Lately, I have checked online web sites for retailers in the UK, Australia, Panama and the USA to get an immediate snapshot of market prices and assortment. It's not perfect, but a free and easy way to begin to understand market pricing dynamics.

Pricing is a cornerstone of your brand proposition. A little emphasis and investigation will determine if your “Price is Right” to optimize sales in a country.

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## 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 Stickering		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.

## Money Matters 2022

Today's export managers devote more time to finance issues than their historical role as international brand builders. Global managers are turning grey from problems in Russia, Ukraine, and Venezuela. It's virtually guaranteed that this month a new crisis will evolve somewhere.

Few money issues should come as a complete surprise. Watch for clues in distributors' operations and organization. Study country benchmarks published by *The Economist* or other financial tracking services. Listed below are a few tangible steps to consider to minimize risk and optimize your financial results in 2022.

### Update Credit History

2021 financial reporting should be completed by all distributors. Now is a good time to request an updated credit history for all partners. Recommend that your group finance manager handle the request to create joint ownership of the issue and to avoid sensitivity. Run a Dun & Bradstreet report for all distributors. Track days outstanding trends for the last 24 months.

### Review Pricing Calculation

Brand owners and distributors dedicate significant time to wrestling over the pricing calculation prior to establishing a relationship. As the years go by, the calculation may "drift," although input costs usually shift significantly. Why not take a fresh look at your pricing model?

### Time for a Price Increase?

Raw material prices and transportation costs have surged in recent months. Many brand owners have taken cost justified price increases. Retailers may complain, but they understand the reality of changes based upon their own private label and transportation costs. In many cases, the retailer may benefit from a price increase if consumption remains stable and competition follows the price hike.

### Inventory Levels: Important Benchmark

Measurement of inventory through the supply chain is an important indicator. The key metrics should always be in terms of number of weeks supply on hand at the distributor and retailer's warehouses. Evaluation should be based upon trailing 12 week sales velocity or seasonal trends. Low inventory levels could indicate cash flow problems. High inventory levels could suggest sell through issues. Look at trends versus historical levels and contractual agreements.

### Retail Pricing Survey

When was the last time that you requested a market wide audit of retail prices? Your competition may have adjusted their pricing higher or lower without your notification. A price survey is also valuable in advance of a price increase to measure "pre" and "post" prices for your brand and category.

### 10% Challenge

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

### Distributors Need to Make Money Too

Distributors are squeezed, dealing with increased transportation costs and demanding retailers. Calculate the gross dollars earned by the distributor to represent your product. Consider the financial implications of your requested activity to build your brand. A healthy relationship is when both the brand owner and distributor are making money.



**Evaluating Distributors?**  
***We can help!***  
**Export Solutions performs**  
**Distributor Search in 96 countries.**



## Can We Help You? Distributor Search Helper for:



Your  
Logo  
Here



Procter & Gamble



Johnson & Johnson



## 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	North America	Mexico
Singapore	Africa	Canada	Panama
South Korea	South Africa	United States	Peru



**Export Solutions**  
Distributor Identification Experts

### Call the Export Accelerator!

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

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



## Let's Talk About Salaries

Shhhhhh. Salary discussions are taboo. Not here! I am actually opening the door to a conversation on distributor compensation or "salaries." All business people are focused on their personal salary and attainment of available bonuses. Discussions with our distributors measure movement of containers or cases, without a whisper of distributor profit implications or "salary." Many brand calculations were created in a different era, with details now buried under



an unexamined grey cloud of secrecy. Exporters may be surprised at distributor sophistication in understanding the cost to serve details of their supply chain.

A natural and necessary cultural change must occur from brand owners and distributors to bring compensation discussions to the forefront. This advancement will position producers to accelerate their business to the next level as "profitable preferred partners." Distributors will benefit too. Financial transparency should sustain the distributor model, validating the fundamental right to earn a reasonable return for their efforts.

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### 1. Analyze Your Profit Contribution to Each Distributor

Export Solutions identified 20 factors for consideration. A good idea is to complete our template that helps you evaluate your company contribution to distributor profit. How profitable is your company for your distributors?

### 2. Distributor Salary: Beyond Profit Margin

Distributors maintain multiple profit centers, just like manufacturers. Each supplier maintains a unique cost to serve. Brands that deliver high sales and profits with a limited range of SKUs are most attractive to a distributor.

### 3. Compare Outsourcing to Distributor Versus Direct Employees

The distributor model is an integrated solution, capable of serving as your "outsourced subsidiary" in a country. Larger companies should compare the model versus the cost of direct employees. Include backroom functions like HR and IT, as well as overheads such as offices and telecommunications. Distributors are usually a "bargain."

### 4. Is Your Distributor Compensation Model Relevant for 2022?

Global customers, online shopping, central delivery, field teams, currency swings, and a hundred other factors have changed since original agreements were created. When was that the last time that you reviewed your distributor pricing calculations?

### 5. Calibrate Distributor Work Demands to Compensation

Big company profit contributions may warrant dedicated resources. Smaller brands may need to think twice about mountains of paperwork requests.

Brand owners must adopt 2022 strategies for investing in the continued financial health of their top performing distributors. In other cases, lagging distributors may not be delivering value for your compensation. Most salary discussions can be difficult, with one party always feeling that they are "under paid." The reality is that distributor organizations generate positive cash flow for their owners. Brand owners that dedicate the time to understand their contributions to a distributor's profitability can reach a new level of partnership alignment and business development.

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## Analyze: Your Contribution to Distributor Profit

Export Solutions: 20 Factors Driving Distributor Profitability

Assessment Criteria	Considerations	Result	Rating: (10 = Best)
Annual Sales Revenue	• Percent total distributor sales		
Annual Margin Generated (\$)	• Net sales times gross margin		
Distributor Percent Margin	• 10 percent to 50 percent		
Brand Owner Investment Level	• Percent of distributor purchases		
Distributor Margin Re-Investment	• Distributor promotion spending		
Category Adjacency	• Distributor portfolio synergies		
Brand Market Share	• Niche versus market leader		
Payment Terms	• Pre-pay versus 120 day terms		
Safety Stock Requirements	• Two weeks to four months		
Typical Customer Order	• One case to full truck		
Shelf Life	• Two weeks to five years		
Case Cube/ Case Cost	• "Low cube, high case cost best"		
# Brands/ Items in Range	• "High sales, fewer items valued"		
Logistics/Storage: Temp?	• Ambient versus chilled		
Damage/Expired Goods	• None to 20% of sales		
Category Competition	• Niche to highly competitive		
Labor: Battle for Shelf Space	• None to intense fight		
Brand Manager	• Shared or dedicated		
Admin Requirements	• Orders only to multiple reports		
Manufacturer Visit Frequency	• Never to weekly		

## Six Questions Regarding your Distributor Pricing Calculation

Pricing is a critical element of our marketing strategy. The "calculation" defines all pricing inputs from a designated port to the retail store shelves. Brand owners and distributors invest significant energy developing a pricing model during initial negotiations. My experience reveals that the calculation tends to drift over time, fluctuating from the original guidelines. This is natural, given changes in cost to serve inputs. However, the calculation represents a fundamental ingredient to brand success. Brand owners should review current models to ensure an understanding of pricing for each country.

### 1. Do you possess your current pricing calculation from each market?

Many brand owners do not have current price calculations. In some cases, distributors are reluctant to share them. The price calculation, with suggested retail price, should be matched with a retail price survey. This will allow you to compare (not control!) the official model with "retail reality."

### 2. What inputs are included in the price calculation? Any extra costs?

There are no standard price calculation models, even within the same country. All distributors employ unique methodologies. The key is to understand what is included and what inputs are not included. You will also need to request definitions for some line items. For example, financing in one model could be based upon a Bill of Lading date in one scenario and delivery date in another.

### 3. What services are included in the Distributor Margin?

A financially healthy distributor is a good partner. Distributors are entitled to fair compensation for their work on your brand. It's critical to understand what services are included in a distributor margin. For example, in some scenarios, a distributor offers a flat, "all inclusive" margin. In others, they may offer a lower margin, but add an "admin" fee or profit allocation in addition to the distributor margin. Are distributor margins the same for all products in your portfolio? Does the distributor margin change if you double or triple your sales?

### 4. Who pays for Trade Discounts and Promotions?

In many cases, the manufacturer covers 100% of these brand specific investments. In other models, the costs are covered by



the distributor or split. The key is to understand who is responsible and what is the planned investment. There is a big difference in a distributor funding 1-2 small promotions per year and funding monthly, high value, deep discount promotions.

### 5. How are price increases managed?

Price increases are a common activity in our business. Manufacturers need to adjust prices to reflect fluctuations in raw material costs, promotional support, and competitive activity. Manufacturers should understand that some distributors act as "single vendors" to a retailer. In some cases, distributors can only implement pricing actions once per year. In other cases, distributors may apply price increases (or decreases) against all the brands in their portfolio.

### 6. How do you handle Currency Fluctuation?

This represents a critical point in certain countries and at times emerges as an issue with worldwide implications. For example, the euro / dollar exchange rate has fluctuated from .83 to 1.60, settling around 1.12 as of today.

## Create Your Own Export Library



*Distributor Search Guide*



*Export Handbook*



*Selling to USA Handbook*



*Distributor Management Guide*



*Finance & Logistics*



*Idea Guide:*

*New World – New Business*



*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.

## Distributor Margins & USA Broker Commissions: What's Fair?

### Short Answer – Prevailing Rates\*

12-20% Distributor Margin	Leading companies with sizable budgets: consumer marketing and trade promotion
20-30% Distributor Margin	Mid-size companies with some investment: marketing and trade promotion
30-50% Distributor Margin	Niche brands or start-ups with little or no upfront marketing investment
2% USA Broker Commission	Leading companies/brands – full service (HQ sales + retail)
3-5% USA Broker Commission	Average size brands – full service (HQ sales + retail)
5- 10% USA Broker Commission	Niche brands or “start-ups” requiring full service
Distributor margins do not include optional distributor contributor to trade promotion	
*Distributor margins and broker commissions can vary based upon local factors such as retail requirements, logistics costs, financing fees, and complexity of servicing a manufacturers business. Contact Export Solutions to discuss typical margins /commissions for a specific country or brand.	

### Cost to Serve: 5 Factors to Consider

Manufacturers must perform self analysis to understand the costs required to service their business:

#### 1. How complex is your product line?

One category with 3-5 items is relatively simple to manage. Or is your company in many categories with 50-100 items to sell, inventory, deliver, and merchandise in-store?

#### 2. Logistics: Single largest cost for a distributor.

Freight and warehouse handling complexity can vary widely by manufacturer. Key factors include product cube, shelf life, sales turnover, and typical order. Temperature controlled logistics usually adds 5-10 points of margin.

3. *Retail Intensiveness.* Certain brands compete in large categories (confectionery/ drinks) with fierce competition for shelf space. This demands constant attention by the distributors/brokers sales force on every store visit. Other brands require little ongoing retail attention. In these cases, distributor personnel must simply verify that authorized brand sizes are available at each store.

#### 4. Seasonal Brand versus Year-Round Sales?

Naturally, it is easier for a distributor to service a brand that has a narrow selling season (Christmas Holiday) than a brand requiring year-round focus.

#### 5. Manufacturer Involvement and Visibility.

Does the brand require a dedicated brand manager in the distributor to handle day-to-day activities? How involved is the brand owner? Do you speak to him daily or several times per year? What is the frequency of brand owners request for information/reports and market visits?

### Pioneering New Brands is Expensive

Brands new to a country bring no immediate income and are risky for a distributor. As a result, brands requiring pioneering frequently experience higher margins for distributor services. This surcharge is driven by the fact it may take up to a year from start until the distributor derives a meaningful sales level and is paid for his shipments of your new product. Market entry planning can take 3 months, followed by another 3-4 months to sell in to retail availability. Marketing activities begin and may take 2-3 months to generate meaningful sales levels followed by retailer payment 30-90 days later. Thus, a distributor may be investing his organization's resources for one year before he gets paid! In some cases, a manufacturer will offer the distributor or broker a small, monthly fixed retainer fee during the launch planning period. This supplies income for resources allocated before your partner receives payment.

### Marketing Investment:

#### How Much and Who Pays?

Brands with a strong financial commitment to marketing should generate higher sales for the distributor. Marketing investments include spending for consumer awareness activities such as advertising and sampling, as well as trade development events such as listing fees, special displays, and in-store campaigns.

Brands with strong marketing budgets typically enjoy lower margin structures. In some cases, the distributors agree to share the marketing costs as part of their margin calculation. This practice may apply to large brands or new products. Distributor sharing of marketing expenses may result in a slightly higher margin, but also in increased accountability, efficiency and a unique sense of partnership.

### What is the Size of the Prize?

Margins and commissions represent your partner's "salary." Brands with existing business deliver immediate and reliable cash flow. Most distributors' costs are fixed: sales force, warehouse, management, administration, etc. Brands with current sales deliver incremental profits for the distributor by leveraging the distributors' existing infrastructure. The distributor must offer a competitive margin to attract these brands to deliver a cost savings versus the brands current organizational strategy. Manufacturers with significant existing business are in a strong negotiating position.

### Bonus Incentives Versus Scale Discounts

Supplemental compensation schemes may be used to incent distributors/ brokers or to obtain cost savings once certain volume thresholds are reached. One approach is to pay a bonus based upon reaching critical annual sales targets. In other situations, manufacturers may structure margin calculations to receive rebates/margin reductions once business reaches a certain sales level. For example, reduction of margin from 25% to 23% once 3 million in sales are reached, 20% once 5 million in sales are reached. Other plans call for a reduced margin only on levels exceeding the thresholds. For example 25% margin on first one million in sales, 22% margin on sales above one million.

## *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 / Stickers	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>	

# 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 9,200 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"

**NEW!**

## Retailer Search Made Simple Canada Example

**Export Solutions**  
Distributor Identification Experts

About | Distributor Database | Retailer Database

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

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

Keywords:

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

Country	Retailer	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 2,700 retailers

### Search By Format

Supermarket  
Convenience  
Drug Store  
Natural Food  
Club, Cash & Carry

### Search by Retailer Name

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

### Combo Search

Example 1: Who are supermarket retailers in Canada?

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

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## FAQ's – Retailer Database

### Why did you create the retailer database?

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

### What is your geographic coverage?

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

### What is your format coverage?

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

### Retailer database: featured info

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

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

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

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

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

### How is your coverage of global retailers?

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



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

- Obtain an instant snapshot of an average of 24 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 2,700 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 9,200 distributors in 96 countries and has been used by more than 3,000 clients. Our *Export Express* newsletter has a circulation of 9,900 and is viewed as an important source of insights, strategies, and templates for international development. [www.exportsolutions.com](http://www.exportsolutions.com).

## Retailer Benefits: Purchase from Local Distributors

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

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

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

### 2. Brand Building vs. Availability

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

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

In-store merchandisers or distributor appointed "shelf stockers" represent an essential function across Latin America, Asia, and the Middle East. Large distributors maintain armies of merchandisers to fight for shelf space and brand presence for the brands that they represent. Retailers typically offer "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.

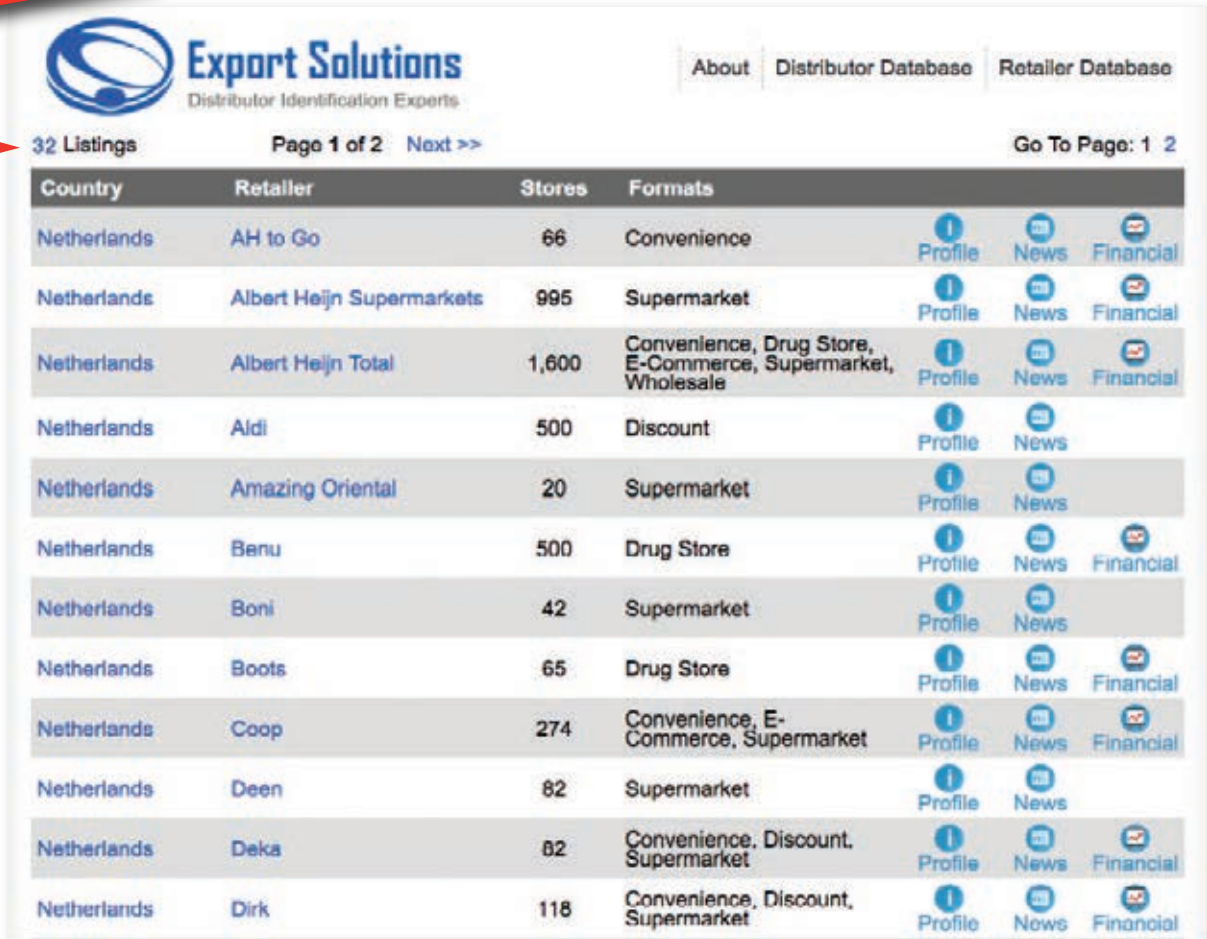
## *Reduce Export Diverting*

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

**NEW!**

## Netherlands 32 Retailers



**Export Solutions**  
Distributor Identification Experts

About | Distributor Database | Retailer Database

32 Listings Page 1 of 2 Next >> Go To Page: 1 2

Country	Retailer	Stores	Formats	Profile	News	Financial
Netherlands	AH to Go	66	Convenience			
Netherlands	Albert Heijn Supermarkets	995	Supermarket			
Netherlands	Albert Heijn Total	1,600	Convenience, Drug Store, E-Commerce, Supermarket, Wholesale			
Netherlands	Aldi	500	Discount			
Netherlands	Amazing Oriental	20	Supermarket			
Netherlands	Beni	500	Drug Store			
Netherlands	Boni	42	Supermarket			
Netherlands	Boots	65	Drug Store			
Netherlands	Coop	274	Convenience, E-Commerce, Supermarket			
Netherlands	Deen	82	Supermarket			
Netherlands	Deka	82	Convenience, Discount, Supermarket			
Netherlands	Dirk	118	Convenience, Discount, Supermarket			

### Search by Country

Coverage: 96 countries and 2,700 retailers

### Search By Format

Supermarket  
Convenience  
Drug Store  
Natural Food  
Club, Cash & Carry

### Search by Retailer Name

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

### Combo Search

Example 1: Who are supermarket retailers in the **Netherlands**?

Example 2: How many stores does **Albert Heijn** operate by banner, in the Netherlands?

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## Ten Tips – Distributor Compensation Analysis

Everyone knows their own salary. But have you given much thought to the compensation structure for your distributor partners? Distributor compensation is often a “murky” issue, buried in a calculation created years ago focused on a combination of distributor margin plus other income for services rendered. Brand leaders periodically review their distributor compensation structure and compare it to the requirements to service their business in 2022. Listed below are Export Solutions “Ten Tips” for analyzing your distributor compensation model.

### 1. Convert Distributor Margin to Gross Dollars Earned

Margin percentages are important, but another critical measure is absolute income derived from representing your brand. This simple calculation of gross margin multiplied by invoiced sales provides a baseline number. If applicable, manufacturers should add bonuses or subtract retailer rebates. This is the first step to understanding your true distributor compensation.

### 2. Shared Service Model

Typical distributor services may include importation, warehousing, delivery, selling, merchandising, invoicing, and collections. In some cases distributors reinvest a portion of their margin in trade discounts or in store marketing activities. Another major distributor expense is people, including senior management and a brand management team. Income from your brand margin buys your company a share of total distributor resources.

### 3. Value Equation:

#### Distributor vs. Local Subsidiary

An important exercise is to evaluate the services received from the distributor relative to what they would cost if you needed to create your own independent subsidiary in a country. Your analysis should include subsidiary allocations for buildings, information technology, telecommunications, travel, and entertainment. Normally, the result demonstrates that the distributor model is an efficient outsourcing alternative. The key is to balance your many company objectives versus the requirement to function in a “shared services” environment where you are “buying” only part of the distributors time.

### 4. Pay For Performance

Most food and consumer goods industry executives operate in a compensation structure which includes a bonus incentive for achieving and exceeding assigned goals. Some brand owners have extended this approach to distributors so that the entire team is aligned on a common plan. All distributor bonus schemes should reward cases moved into consumption versus warehouse inventory.

### 5. Price Increases mean Distributor Pay Raise

Many suppliers were fortunate enough to execute price increases. In a margin driven structure, this often translates to a pay raise for the distributor, with little incremental effort other than implementing the price increase. On the other hand, a price decline means a reduction in distributor compensation and the distributor needs to execute his own “salary” reduction!

### 6. Contracts and Margins from the 1990's

Many distributor contracts and margin calculations date back to the 1990's or many years earlier. These agreements are rarely revised or reviewed based upon the realities of competing in today's marketplace. When was the last time that you reviewed your Distributor contract, margin, and service requirements? Does it still make sense?

### 7. I don't know my distributor's margin

This happens more frequently than you might imagine. In many arrangements, the distributor buys your brand at a dead net price and applies their own internal methodology for margin development. Some distributors are protective of this practice with a rationale that manufacturers should not “pry” as long as shipments maintain a positive trajectory.

### 8. Best in Class Distributor Compensation

Leading Distributors offer an open book approach based upon a cost to serve model. Financially astute distributors provide new suppliers a detailed



template identifying key services and manufacturers requirements to operate the business. Smart manufacturers will benchmark their distributor margin versus similar brands in the market. Key inputs include complexity of your product line, logistics inputs (temperature requirements, case weight) and size of your business.

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

Examine every line item in your market price calculation to understand total distributor revenue sourced from your brand. Distributors may increase their income through promotional funds, added margin for logistics services, or periodic bill-backs.

### 10. Distributors have Profit Targets Too!

Distributors are in business to make money too! It is quite reasonable to expect that the distributor should realize a net profit of 3-5 percent. Everyone hopes to grow their salary base and receive bonuses for excellent performance. Winning long term relationships exist when both parties profit from business success.

## 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 9,200 distributors looking for opportunities. Good luck!

## Introducing



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View our activities for export managers – [www.usafoodexport.com](http://www.usafoodexport.com)

## International Expansion – Shoestring Budget

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

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

### 1. Tap into Government Export Programs

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

### 2. Leverage Relationships with Global Retailers

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

### 3. Joint Venture with Local Manufacturer

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

### 4. Build Marketing

#### Costs into

#### Distributor Margin

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

### 5. Free Goods May Fund Trade Marketing

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

### 6. Private Label

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

### 7. Foodservice Channel

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

### 8. Specialty Retailers

Each country has specialty retailers that serve as alternate channels for your brands. This could include diverse



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

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

### 9. Co-promotion with Other Brands

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

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

### 10. “In & Out” Packs/Gift Baskets

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

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## Distributor Search Made Simple

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

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

Keywords:

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

Location	Company	Website	Category	Specialties/Brands
Finland	Admico	<a href="http://www.admico.fi">www.admico.fi</a>	Gourmet and Specialty Food	Gourmet /FineFood:Fiddes Payne/Jamie Oliver
Finland	Aduki	<a href="http://www.aduki.fi">www.aduki.fi</a>	Natural Food and Personal Care	Natural and Organic Food Specialists
Finland	Alfmix	<a href="http://www.alfmix.fi">www.alfmix.fi</a>	Grocery, Italian Food and Beverage, Confectionery and Snack	Confectionery:Bertolli, Chuch & Dwight, Danecake, Guylian, Energizer, Fascini, Poco Loco, Toms, Rocky Mountain, Interfood

### Search by Country

Coverage: 96 countries and 9,200 distributors

### Search By Category

Confectionery & Snack

Gourmet/International Foods

Beverage (Ambient & Hot)

USA, German, UK, Italian Food

Health & Beauty

### Search by Brand Name

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

### Combo Search

Example 1: Who are Beverage Distributors in Germany?

Example 2: Who is the Pringles Distributor in Saudi Arabia?

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## Ten Tips – Managing a Credit Crisis

There are 196 countries in the world and there is always a financial crisis somewhere. Recently, Western European countries have suffered issues. Emerging markets display a history of “boom-bust” cycles. A friend from Argentina explained this story. “I do not worry when things are bad and the country is suffering. At least, I can face my problems directly and I know that recovery is ahead of me. I am more afraid in good times, when business has been growing for a few years. In these cases, I know that a new crisis is around the corner and surprises are tougher to deal with.” Recapped below are Export Solutions’ Ten Tips for dealing with countries experiencing financial instability.

### 1. Assume every market will be affected.

Naturally, certain emerging markets carry a higher degree of risk versus others. However, even large countries such as the USA and the United Kingdom have been burned through the bankruptcies of Bruno’s and Woolworth’s. Total risk should be measured by the amount of credit outstanding as well as each country’s risk factor.

### 2. CFO to CFO discussions make sense.

Bring in the financial experts. Let your company CFO or financial manager speak with your Distributors (or Key Retailers) financial manager. These financial experts speak the same language and will allow your financial team to accurately gauge the situation. It also spreads out the responsibility beyond the sales and marketing department for potential problems.

### 3. Request New Distributor/Retailer Credit Information

– Most of this information was submitted years ago in advance of the credit crisis. It is timely to request new information every year. 2021 year end financial reports should be available from every distributor.

### 4. Watch Distributor/Retailer Inventories

Shipments to retailers may not correlate to consumer demand. Inventory levels measured in terms of weeks supply on hand should be monitored at both distributors and retailers. Higher inventory levels signal slowing consumer demand. Reduced inventory levels may indicate a cash flow/potential credit problem.



### 5. Connect with Peer Non-Compete Suppliers

– Every retailer and distributor trades with a myriad of suppliers. I recommend setting up formal or informal groups of peer, non-competes, suppliers. These valuable contacts facilitate the exchange of benchmarking information on shared retailers and distributors.

**6. Track Leading Indicators** – Most of us are not economists, but it is still easy to develop a simple tracking form of leading metrics for distributors in key countries. We suggest measuring trends in shipments, accounts receivable, inventory, as well as country level data on GDP, stock market, unemployment, and currency exchange rates.

**7. Payment Terms** – Some suppliers are implementing additional safeguards to protect themselves. This includes moving towards “brokerage style” arrangements where the manufacturer still maintains ownership of the goods. Other strategies include offering discounts for early payment or requesting cash on delivery.

### 8. Run a Dun & Bradstreet Report on Partners

– On the surface, business may appear normal. A Dun & Bradstreet Report (or similar) creates a rating based upon a thorough examination of financial records, statements and dealings of the business with its customers, clients, investors and shareholders.

### 9. Beware of Unusual Shipments or Billback’s

– Unfortunately, there are too few examples of unusual, “best ever” promotional success stories. Look carefully at order patterns or promotional allowance reimbursement (billback) requests that appear out of sequence or abnormal.

### 10. Commit to Open Dialogue with Long Term Partners

– Many exporters enjoy relationships with their international distributors that extend 20, 30, 40 years or more. Current financial issues likely reflect overall country level financial status versus poor decisions taken by a long term distributor. Distributors need to understand that manufacturers hate “surprises”. Best bet is to create an environment that facilitates open communication supported by data to solve any credit issues.

## Currency Exchange – Tough Tactics for Tumultuous Times

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

### Higher Prices Mean Lower Volume

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

### Prices Only Go Up, Never Down

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

### Conduct Monthly Price Surveys

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

### Retailers: Once Per Year Price Increases

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



JAPAN	1	0.00400	0.01200
CANADA	1	5.36340	6.02430
INDONESIA	1000	0.48450	0.70620
NEW ZEALAND	1	4.83290	5.55370
VIET NAM	1000	0.29640	0.43330
SWITZERLAND	1	7.20540	
UNITED STATES	1		

### What's Fair? – Peg Rate

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

### Bank Rate Versus Distributor Rate

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

### Sell in Local Currency

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

### Competitive Activity

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

### Document Price Change Rationale

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

### Watch Credit/Receivables

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

### "Helpers" are Heroes

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

## 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.

## Preferred Supplier Scorecard

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

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

## Ten Tips: Distributors Need to Make Money Too!

Export managers rarely think about how much money a distributor is making from representing their company. Big mistake! How often do you think about your own salary? How do you feel when you get a raise? Or no bonus or a reduction of salary? Most distributors are family owned operations, relying on net profit margins in the 3-5 percent range. Distributors make money on scale, always looking to attract companies with existing sales versus pioneering risky new product ventures.

### 1. Calculate how much revenue your distributor sources from representing your company.

A quick estimate can be generated from net sales multiplied by the distributor margin.

### 2. What is the work required to build your brand?

How much of the distributor's resources will you need to achieve your mutual objectives? Is your brand a tough sale, or growing a popular item? Dedicated brand manager or shared?

### 3. How much complexity is involved with your business?

Number of items in your product portfolio? Shelf life? Temperature control logistics? Highly competitive category or "niche?" Every day low price or frequent promotions? Average order size? How much help (pressure!) from manufacturer? Marketing budget? These inputs directly impact distributor profitability.

### 4. Distributor margin is the first place where they generate income!

Distributor executives receive salaries and "owner-operator" benefits like travel, cars, and jobs for family members. Country level price calculations are usually based upon the most expensive customer. A distributor gains income when other customers do not receive similar discounts and rebates.

### 5. All distributor margins are not equal!

The key is to examine "what's included." Some margins appear high, but could include periodic trade price promotions. Others margins may be lower on the surface, but then allocate separate line item add-ons for logistics, administrative overhead, or distributor profit margin.

### 6. Pioneering is extremely difficult!

It may take one year from the time of your first discussion with a distributor to the time he receives trade payment for his first shipment. Normally, a distributor must allocate his team resources for up to a year, with hope for a long term payout. This is a difficult gamble. Manufacturers must remember this fact, and understand when distributors refuse to partner with a company with no existing sales.

### 7. Marketing investment drives distributor income.

Funding required consumer and trade marketing investments stimulates sales. Higher sales generally translates to higher distributor profit. No investment leads to marginal sales and lower distributor revenue.



### 8. Price increases: tough to execute, but pay raise for distributor

Customers are reluctant to accept price increases, because they hate to raise prices to the consumer. However, currency fluctuations and raw material prices force manufacturers to take price increases. Many distributors are very open to a timely, competitive price increase. Higher invoiced case costs deliver greater returns at a consistent margin, except if volume suffers.

### 9. Consider direct talks on margin and compensation

Most employees enjoy an annual performance and salary review. Many distributors would welcome a review of compensation trends. This would include sales, resource allocation, currency fluctuation, trade payment and competitive activity.

### 10. Open dialogue on alternate financial models

A company with critical mass may operate on an "open book," cost plus model with a distributor. A large brand may benefit from margin rebates when certain volume thresholds are met. Another approach involves manufacturer funding of a dedicated "team within a team" at a distributor. For a small brand or new entry, consider a monthly retainer fee to cover six month start-up period. Another is an incentive program which rewards the distributor for achieving volume targets.

### 11. Helpers are heroes!

Many distributors literally write the check for your invoice from their own funds. Frequently it is difficult for small-mid size distributors to dictate payment terms to multinational retailers. This forces distributors to swallow price increases, extra retailer fee demands, currency impact etc. Large brand owners that serve as caring partners that "help" will be rewarded with a healthier distributor and more focus on their priorities from an appreciative distributor.

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

## 10 Tips: Distributor Contracts 2022

When was the last time you reviewed your distributor contracts? Fortunately, both brand owners and distributors only dedicate time to these documents at the start of a relationship or when the end is near. View our ten tips on handling distributor contracts.

### 1. Contract, Letter, or Handshake deal?

Most companies maintain a mix of these type of relationships. This is normal, although most wish to standardize the model. The rule of thumb is that the “more money you spend, the more detailed the contract you need.” A simple two page letter of understanding may be appropriate for a small business or a handshake commitment in situations where the distributor “buys and resells.” However, fully supported brand launches and business management of a global brand usually requires a detailed contract to protect both parties.

### 2. Sole Versus Exclusive Distributor

Most distributors demand country exclusivity. This is standard, but may cause problems if the region is subject to inbound shipments from global customers, e-commerce, or grey market traders. A compromise is to offer a contract as the “sole” distributor, providing protection from the manufacturer appointing multiple partners in a country.

### 3. Distributors are Customers

At contract time, some manufacturers fail to remember that distributors are customers, buying your product and reselling to all local retailers. Suppliers may forward “one way” contracts that are biased to terms favoring the manufacturer. Would you send a contract like that to Kroger, Carrefour, or Tesco? Key is to strike a reasonable balance favoring commercial sensibilities.

### 4. E-Commerce Implications

Many distributor contracts were executed before the advent of e-commerce. Revised agreements may be necessary incorporating e-commerce service requirements: items, pricing, inventory, metrics, channel exclusivity.

### 5. Local Law Dominates

Overseas companies should have their contract reviewed by a local law firm to guarantee compliance with local regulations. For example, in Puerto Rico and Belgium, distributor (agent) protection laws supercede any contract language.

### 6. Point of Arbitration

Normally, the brand owner automatically assigns his home country as a point of arbitration for any disputes. In some cases, both parties select a neutral country like Switzerland. A global corporate counsel once taught me that ultimately any dispute will need to be resolved in the distributor’s home country. For example, a USA company can sue a distributor in a USA court. It is unlikely that the distributor will hire a USA lawyer or even show up. The USA court may enter a judgement, but the brand owner still needs to go to the distributor’s country for enforcement.



### 7. Notification of Contract Termination

Standard contracts appear for two or three years with provisions for automatic renewal. Distributors fight for long lead times; a loss of brand can represent a major disruption. From a brand owner’s side, would you want a terminated employee working for you for six months or one year? I prefer three months notification, but that can also backfire if the distributor resigns your business.

### 8. Loss of Major Principal

Sadly, I have witnessed distributor bankruptcies because they were doing “too well.” A distributor grows the brand to a size where the manufacturer decides to take the brand back and form a subsidiary. The distributor scrambles, but sometimes they need to lay off more people and causes a rapid exit of other brands. 2022 contracts should require distributors to inform you within 10 days of notification (not effective date) of any loss of principal representing ten percent or more of their business.

### 9. Global/Regional Customers

Large players like Walmart, Costco, Amazon, and Carrefour can be difficult to manage. They demand best pricing system wide or threaten to trans ship from other locations. In some cases, these retailers may demand to “buy direct.” In this case, you can add an “indent” clause permitting this practice while compensating the distributor for local services such as merchandising.

### 10. Late Payments & Currency Exchange Rate

A distributor that pays late signals financial difficulties. Include a clause that allows you the option to consider the contract in default with payment delays beyond 45 days or with frequent problem payers. The benchmark for calculating currency exchange rates should be specified in the contract. I have seen cases where a distributor assigns a five to ten percent benefit in his favor to protect against the possibility of currency swings.

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## 10 Tips: Mandatory Distributor Warehouse Visit

How often do you visit your distributor's warehouse? Brand owners should inspect their distributor's warehouse at least once per year and always before the start of a new business partnership. Warehouses serve as the nurseries/creches for where our precious new products are stored while the commercial team generates sales. Warehouse managers are custodians of our sales inventory and companies need to insure that their brands are in good hands while awaiting sales.

Listed below are 10 Tips on productive distributor warehouse visits.

### 1. Confirm Accurate Stock Levels for Your Brands

Does warehouse inventory reconcile with distributor stock reports? How many cases are there versus agreed to weeks supply targets? Six to eight weeks of stock is typical for overseas brands. Walk down every aisle and check every one of your SKU's.

### 2. Identify Problems

A warehouse visit may reveal overstock or understock conditions. Similarly, you may spot a case of poor sales rotation or goods approaching expiration date. A common problem is the discovery that a warehouse may not adhere to a "first in, first out" method of stock rotation. Examine cases to look for damaged goods.

### 3. Warehouse = Window Into Distributor's Real Business

Warehouse inventory levels paint an accurate picture of the distributor's real business profile, not what the pretty PowerPoint presentation tells you. What brands are stocked? What are they selling? I remember one distributor interview included bold claims about representation of famous companies. The warehouse revealed one pallet of one small SKU from the famous manufacturer. Another interview for a distributor claimed representation of fifty world famous brands. The warehouse check showed that 50% of business was on a local commodity item and most of the foreign brands had only 20-30 cases of stock.

### 4. Outsourced Logistics Providers

In certain countries, distributors outsource logistics to another third-party provider. This is a mixed message for a manufacturer. From one standpoint, this frees up distributor management time to focus on brand building. Also, there are excellent logistics providers that specialize in "best in class" practices. On the other hand, the distributor has sold his logistics contract, sourcing a fat fee for his business. Also the external logistics provider needs to make a profit, so you wind up with another margin line item in your calculation. Request a warehouse inspection, even if it is managed by a third party.

### 5. Get to Know the Warehouse Manager

Every business runs into supply chain problems at some point in time and its positive to know the person in charge. Bring him a shirt or other gift with your company logo and he will be your friend for life (or at least until the next problem!).



### 6. What are Distributor's Service Levels?

Most buyer's first concern is sales rotation. Their second metric is service levels such as stock levels, fill rate, and inventory turns. Your distributor's adherence to retailer's supply chain scorecard objectives reflects on your brand, sales performance, and distributor's reliability as a provider. What are the distributor's KPI's? Are they tracked automatically or manually? How are they doing?

### 7. Appearances Count!

Is the warehouse clean or dirty? Does it appear to be logically organized? Is it busy or "asleep?" These clues send an important message on the overall status and culture of your distributor partner.

### 8. Understand Distributor Value Added Services

Many distributors provide value added services in their warehouse. This may include creation of promotion packs, stickering or special pack displays. You may discover distributor capabilities that you were not aware of.

### 9. The Heat Is On?

Products require different storage conditions. Obviously frozen and chilled items require temperature control. Confectionery products require different climate standards. Health and personal care items may ship in units versus cases. In other situations products like insecticides cannot be stored (or shipped) with food products. What is the compliance level versus the storage standards for your products?

### 10. Alignment With Expectations

Ultimately, a successful warehouse visit should match your business and expectations. If business is good, the visit demonstrates your interest in the distributor's total company and team. Request a visit just to say "thanks." If your business is declining, the warehouse is a perfect place to dig into what the real situation is at the distributor. Sales to the customer begin the moment your brand leaves the distributor warehouse floor. A periodic inspection will insure that your brand looks its best in transit to the store shelf.

## Logistics-Distributor Capability Scorecard

Many retailers supply their distributors with service level scorecards. Our distributor's performance demonstrates their reputation as a reliable supplier to important customers. Benchmark results vary by country, reflecting unique requirements to serve local customers.

Assessment Criteria	Capability – Results
Warehouse: Distributor owned or outsourced to third party?	
Trucks/ vans: Distributor owned? How many, by type?	
Warehouses: Locations, size, pallet positions,temp.controlled?	
Special pack services: Stickers, promo packs, repack?	
Average stock on hand: number weeks supply, by SKU	
Annual inventory turns	
Order lead time: capital city, rural regions	
Minimum order size: cases, value, avg. order size	
Perfect order rate, case fill rate, SKU fill rate	
On time delivery rate	
Monthly orders handled? Unique customers?	
Damaged goods: Percent of sales	
Vendor Managed Inventory (VMI) customers	
Can distributor ship less than case quantities?	
Logistic cost: percent of net invoiced cost	

## 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

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

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

Avoid shipping product to foreign distributors with offices and warehouses in your own country. The goods have little incentive to leave local ports. Export Solutions Distributor Directory contains more than 9,200 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 2022 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!



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## Export Distributor Data Sheet: \_\_\_\_\_ (Distributor Name)

Key Contact:		Telephone:	
Web Site:		Email:	
Annual Sales:		Total Employees:	
Employees, by Function:			
Key Account Sales	Logistics	Marketing	Merchandising
Company Owned Warehouse:		Yes	No
If Yes	Warehouse Size:	Location:	
Channel Coverage (percent sales by channel):			
Supermarket	Convenience	Foodservice	Other
Top Five Manufacturer Clients:			
Company Name	Brands Represented		Years Service
1			
2			
3			
4			
5			
Manufacturer references:			
Company Name	Contact Name	Contact Telephone	Contact Email
1			
2			
3			
Why are you interested in distributing our brand?			
Why is your company the best candidate to represent our brand in the market?			
Feel free to attach your company credentials presentation.			

Export Solutions recommends creating your own one page Export Distributor fact sheet template. Insist that all candidates complete the template 100 percent prior to a phone interview or trade show meeting. Pay particular attention to the annual sales number, brands represented and manufacturer references. Qualified candidates will enthusiastically complete these sections. "Pretenders" or time wasters will leave these sections blank or disappear saving you time and money!

## Ten Tips: Best Practices for Using Consolidators

Most companies partner with consolidators to source incremental business from tough to reach geographies. Consolidators are local companies that group different products from one country into one container. The consolidator then sells to a list of customers that may include distributors and retailers. Consolidator business is typically easier to handle, as you ship existing packages to a warehouse in your home country and receive payment in local currency. This practice generally functions well, but you must balance additional shipments with “loss of control” and “diverting risk.” Below are Export Solutions’ “Ten Tips” for building your business through consolidators.

### 1. Use Consolidators!

Consolidators represent an efficient route to market for new exporters, niche brands, or for hard to access regions such as the Middle East.

### 2. Fee Structure

Consolidators need to make money too! Normally, their fee is built into a cost calculation to the retailer or offshore distributor. 10% is an average consolidator margin, but there are many variables. Note that the consolidator margin plus an extra logistics stop will ultimately drive your price 15% higher to the consumer than a “direct to distributor” model.

### 3. Avoid Region Wide Appointments

Consolidators serve as options for islands in the Caribbean or small countries in the Middle East. However, you should rarely give them responsibility for bigger markets like Saudi Arabia or Puerto Rico. Better to deal directly with distributors in strategic countries. Use the cost differential to invest in brand building or lower retail prices.

### 4. Pricing

Typical pricing to consolidators is around 90% of standard list price. This will provide a discount to compensate for promotion pricing activity, but not a wide enough gap to risk diverting. Good consolidator partners will share a transparent price calculation model from factory gate to overseas store shelves.

### 5. Which Distributors Form the Consolidators Customer Network?

Part of your assessment process will be to analyze representative distributors used by a consolidator. You need to decide if the consolidator’s typical partners are a good fit with your brand representation requirements. Note: some consolidators “guard” their distributor lists. However, understanding their customers is a critical step in assessing their capabilities.

### 6. Reference Check New Consolidators

It is a standard practice to reference check consolidators. Many will accurately claim representation of famous brands. However, the scope of partnership may actually be quite limited. Ask references about years of partnership, results, and countries/brands in the consolidator coverage agreement.

### 7. Mark Packages “For Export Only”

Diverting discussions are significant distractions for most export managers. Consolidators may be tempted to divert, as they



typically purchase standard packages and receive delivery in the home country. Labeling packages “For Export Only” or even “Export” diminish the likelihood that your brand will be diverted and reduce complaints and accusations from your national sales team.

### 8. Beware of Local Laws

Consolidators are an integrated solution, which eliminates measurable paperwork and stress from an export program. However, this does not release the brand owner from obligations to comply with local laws on labeling and distributor contracts. Naturally, you should also maintain a contract with your consolidator to guide terms and conditions of your relationship.

### 9. Request Listing Maps

A frequent complaint is that manufacturer’s lose control of their export business when dealing with a consolidator. Brands receive market level shipment reports at best, with limited or no data on listings by retailer, pricing, or merchandising activity. Request that your consolidator provide a “Listing Map,” by country at least twice per year.

### 10. Periodic Visits to Consolidator Territory

Export managers should conduct market visits to leading countries managed by their consolidator. Check stores, meet with distributors, understand growth opportunities. These programmed visits are likely to be positive, but send a signal to the consolidator that you are an active partner.

## *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.



**Italian Food & Sweets**  
1,397 Distributors



**German Food & Sweets**  
648 Distributors



**Spanish Food & Sweets**  
408 Distributors



**Latam Food & Sweets**  
543 Distributors



**UK Food & Sweets**  
682 Distributors



**USA Food & Sweets**  
1,189 Distributors

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## Incoterms

The INCOTERMS (International Commercial Terms) is a universally recognized set of definitions of international trade terms, defining the respective roles of the buyer and seller in the arrangement of transportation and other responsibilities and clarify when the ownership of the merchandise takes place. They are used in conjunction with a sales agreement or other method of transacting the sale.

### TERMS FOR ALL TRANSPORT MODES

- **EXW - Ex Works:** Title and risk pass to buyer including payment of all transportation and insurance cost from the seller's door. Used for any mode of transportation.
- **FCA - Free Carrier:** Title and risk pass to buyer including transportation and insurance cost when the seller delivers goods cleared for export to the carrier. Seller is obligated to load the goods on the Buyer's collecting vehicle; it is the Buyer's obligation to receive the Seller's arriving vehicle unloaded.
- **CPT - Carriage Paid To:** Title, risk and insurance cost pass to buyer when delivered to carrier by seller who pays transportation cost to destination. Used for any mode of transportation.
- **CIP - Carriage and Insurance Paid To:** Title and risk pass to buyer when delivered to carrier by seller who pays transportation and insurance cost to destination. Used for any mode of transportation.
- **DAT - Delivered At Terminal:** Title and risk pass to buyer when seller delivers and unloads goods at named terminal. Used for any mode of transportation.
- **DAP - Delivered At Place:** Title and risk pass to buyer when seller delivers goods to named place ready for unloading. Used for any mode of transportation.
- **DDP - Delivered Duty Paid:** Title and risk pass to buyer when seller delivers goods to named destination point cleared for import. Used for any mode of transportation.



### TERMS FOR SEA/INLAND WATERWAY TRANSPORT ONLY:

- **FAS - Free Alongside Ship:** Title and risk pass to buyer including payment of all transportation and insurance cost once delivered alongside ship by the seller. Used for sea or inland waterway transportation. The export clearance obligation rests with the seller.
- **FOB - Free On Board** and risk pass to buyer including payment of all transportation and insurance cost once delivered on board the ship by the seller. Used for sea or inland waterway transportation.
- **CFR - Cost and Freight:** Title, risk and insurance cost pass to buyer when delivered on board the ship by seller who pays the transportation cost to the destination port. Used for sea or inland waterway transportation.
- **CIF - Cost, Insurance and Freight:** Title and risk pass to buyer when delivered on board the ship by seller who pays transportation and insurance cost to destination port. Used for sea or inland waterway transportation.

### Greg's Guide

- ✓ Recommend CIF (Cost including freight) model to distributors port. This eliminates diverting risk.
- ✓ Ex Works should only be allowed when your export pricing matches USA list pricing.
- ✓ Overseas freight management is another core export task. However, most of the "work" is straight forward. Find a carrier and complete "paperwork."

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## How We Help

- Export Solutions: Distributor Search Helper
- Identify and pre-screen a minimum of 5 quality distributor candidates
- Quickly schedule meetings with distributor top management
- Guide and participate in proven 10 step distributor assessment process
- Serve as a team player and sounding board throughout the distributor search project
- Detailed understanding of distributor's cost calculation, able to help client obtain fair value margin structure from distributor
- Distributors provide strong consideration to Export Solutions' client projects due to our visibility on more than 300 distributor search projects and ownership of the industries distributor database



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Logo  
Here



Procter & Gamble



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# Export Catalyst

by Greg Seminara



## New Sales from Old Markets



**Export Solutions**  
Global Experts, Local Solutions

Catalyst: **spark** to stimulate  
new growth strategies.

# Introduction

- Your company has export footprint in most key countries
- Current distributors are adequate, but growth has slowed
- Good export team, but too much repetition of old strategies and inefficient promotions

**Challenge:** Team requires new ideas to propel existing business to next level

**Solution:** *Export Catalyst* stimulates new sales through innovative strategies for your current distributor network



## Overview

### Four Core Program Pillars

1. Distributor Segmentation: "Capabilities and Alignment"
2. More in the Store
3. People Power
4. Distributor Economics

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

CEO – ESMA  
European Sales & Marketing Association

*Testimonial*

# Export Catalyst Best Practices



Topic	Core Themes
<b>Distributor Segmentation</b>	<ul style="list-style-type: none"> <li>• Distributor capability and specialization assessment</li> <li>• Segmenting distributors: “leaders, performers, laggards”</li> <li>• Motivating different classes of partners</li> <li>• Distributor change management</li> </ul>
<b>More in the Store</b>	<ul style="list-style-type: none"> <li>• Defining a good store versus a bad store</li> <li>• Trade promotion effectiveness: creativity, KPI’s</li> <li>• Culture change: managing in-store merchandising metrics</li> <li>• Tool kit: listing maps, perfect shelf, etc.</li> </ul>
<b>People Power</b>	<ul style="list-style-type: none"> <li>• Distributor CEO/MD engagement in your business</li> <li>• Distributor brand manager: veteran or trainee?</li> <li>• Gaining support of total distributor team</li> <li>• Your role: doctor, coach or babysitter?</li> <li>• Creating brand champions</li> </ul>
<b>Distributor Economics</b>	<ul style="list-style-type: none"> <li>• How distributors make money</li> <li>• Calculation Diagnostic: from factory to store shelf</li> <li>• Analyzing your profit contribution to distributor organization</li> <li>• Distributor profit centers</li> </ul>

# Export Catalyst Options

- Organize as a Work Session or Training Workshop
- Flexible Program: 1 day and 2 day options
- Schedule with annual sales meeting or trade fair.
- Combine Export Solutions' workshop with your own company presentation
- Additional modules: *Strategic Export Development*, *Finding Best in Class Distributors*, *Selling to the USA*, and *25 Export Problems (& Solutions!)*



**Looking for new sales from old markets?**  
**Contact Greg Seminara to schedule Export Catalyst**

## About Greg Seminara

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

- Creator of industry distributor database: 96 countries, 9,200 distributors  
Categories: Confectionery / Snack, Gourmet / Ethnic, Beverage, Italian Foods.
- Author / Publisher of *Export Express Newsletter* (circulation: 9,900).
- Author / Publisher: *Export Strategy Guide*, *Distributor Search Guide*, *Selling to the USA*, *Distributor Management Guide*, *300 Tips for Export Managers*, and more than 300 articles on export development and selling through distributors.
- Completed 300+ Distributor Search projects in 48 countries - 5 continents.  
Clients include Nestlé, Barilla, P&G, Starbucks, and Tabasco.
- Recognized by European Distributors Association (ESMA) for lifetime contributions.



Dear Greg

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

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

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

Barilla  
Director, Export Markets

*Testimonial*

# Where Do You Want to Grow?

## Asia/Africa/Middle East

	Australia – 274 Distributors
	China – 160 Distributors
	Hong Kong – 177 Distributors
	India – 109 Distributors
	Indonesia – 78 Distributors
	Japan – 176 Distributors
	Korea – 146 Distributors
	Malaysia – 128 Distributors
	Philippines – 109 Distributors
	Singapore – 163 Distributors
	Thailand – 94 Distributors
	Vietnam – 49 Distributors
	Israel – 61 Distributors
	Saudi Arabia – 115 Distributors
	U.A.E. – 195 Distributors
	South Africa – 106 Distributors

Plus 14 more countries

## Europe

	Austria – 68 Distributors
	Belgium – 85 Distributors
	Croatia – 78 Distributors
	France – 125 Distributors
	Germany – 188 Distributors
	Greece – 90 Distributors
	Hungary – 68 Distributors
	Italy – 105 Distributors
	Netherlands – 155 Distributors
	Poland – 90 Distributors
	Russia – 108 Distributors
	Spain – 157 Distributors
	Sweden – 103 Distributors
	Switzerland – 100 Distributors
	Turkey – 82 Distributors
	U.K. – 274 Distributors

Plus 19 more countries

## Americas

	Argentina – 61 Distributors
	Bolivia – 52 Distributors
	Brazil – 135 Distributors
	Canada – 205 Distributors
	Chile – 92 Distributors
	Colombia – 82 Distributors
	Costa Rica – 73 Distributors
	Ecuador – 55 Distributors
	Guatemala – 61 Distributors
	Mexico – 193 Distributors
	Panama – 63 Distributors
	Paraguay – 57 Distributors
	Peru – 82 Distributors
	Uruguay – 52 Distributors
	USA – 598 Distributors
	Venezuela – 38 Distributors

Plus 14 more countries

*Use Export Solutions Database  
to fill in the Gaps in your  
Export Coverage Map*

