CASCADIA

STRATEGY • BRAND MANAGEMENT • SALES EXECUTION

GUIDE TO THE US MARKET

Cascadia Managing Brands' Guide to Navigating the US Food and Beverage Landscape
A Diverse Market Shaped by History

The United States has been a beacon for global traders for over four centuries, drawing waves of immigrants to its shores. The rich tapestry of American culture began with early settlers from the United Kingdom and France and was further woven with the arrival of over 600,000 Africans through slavery between 1700-1820. The Industrial Revolution attracted individuals from Italy, Germany, Ireland, Greece, and Sweden. In the past half-century, the demographic landscape of the US has evolved once more, now including nearly 60 million people of Hispanic origin and over 21 million of Asian descent. This mosaic of cultures fosters an unparalleled culinary curiosity and appreciation for global cuisines.

The US Consumer Market: A Realm of Opportunity

The United States stands as the largest consumer market in the world, home to 330 million people and retail sales surpassing one trillion dollars. Contrary to some perceptions of the US as a 'mature' market with limited growth prospects, the reality speaks differently. With a significant portion of the population under 25, the US market is vibrant, characterized by a wealthy demographic with adventurous eating habits and a retail sector teeming with international food options.

Cascadia Managing Brands “Guide to the US Food and Beverage Market" is designed to arm international brands with strategic insights, valuable contacts, and essential facts to succeed in this dynamic environment. We aim to unlock the door to substantial sales growth in the US for brands around the globe, overcoming common barriers and leveraging the unique opportunities the US market offers.

Navigating the US Market: Opportunities and Strategies for International Brands

Economic Power and the US Market Expansion

California is an economic powerhouse globally, ranking as the world's 8th largest economy, surpassing even India and Italy. Since 2000, the US population has grown by 48 million, a figure that exceeds the entire population of Canada. Americans are inherently inclined to spend, with 85% regularly purchasing supermarket brands. While all international companies aim to penetrate the US market, their sales per capita often remain modest compared to the vast potential available. Cascadia Managing Brands states that international brands could achieve a higher return on investment by strengthening their presence in the US, market rather than waiting for opportunities in "BRIC countries" to materialize.

The American Consumer: A World of Choices

The American market is characterized by its abundant food choices. An average supermarket in the US can offer over 40,000 unique products within a 50,000-square-foot area, presenting a wide array of global products. American families regularly enjoy a diverse diet that includes Italian, Mexican, and Asian cuisines alongside traditional meals of meat, vegetables, and potatoes. This blend of international and American cuisines underscores the US's ethnic diversity and opens doors for global brands. Americans' openness to new and emerging flavors sets the US market apart from the BRIC countries, which often adhere to more traditional food preferences.

US Fast Facts

Population	330 Million
GDP/Per Capita	$63,922
Number of Supermarkets	40,000
Number of Convenience Stores	110,000
Gross Margin Supermarket Average	28%
Supermarket Slotting Per Sku Per Store	$50-$75
Convenience Store Slotting Per Sku Per Store	$110-$150

Diverse Retail Channels and Strategic Entry

The US retail sector boasts over 1 trillion dollars in sales across 13 distinctive trade channels. Around 40,000 supermarkets dominate the food sector, making up 52% of the business. Supercenters and high-volume Club stores follow this. Gourmet and ethnic supermarkets are pivotal for international brands, while online sales offer a rapidly growing channel that provides widespread visibility. The food service industry represents a significant segment, though it primarily focuses on commodity products from the US.

Strategic Market Entry: A Phased Approach

Many international brands prematurely leap toward large retailers like Walmart or Kroger without first establishing a solid presence in the market. A more effective strategy involves a phased approach, focusing on ethnic and gourmet retailers such as Whole Foods and Fresh Market. Success in these channels can pave the way for expansion into upscale supermarkets like Wegman's and Harris Teeter. The final phase involves leveraging a proven track record to engage with mass retailers, setting a foundation for sustainable growth and presence in the US market.

Good Supermarket Chains for International Brands

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

Mastering U.S. Market Entry: A Comprehensive Approach

Retail buyers and distributors are notably open to forming partnerships with multinational brands, mainly because these brands have a proven track record of launching their products effectively. According to Cascadia Managing Brands, this success can be attributed to meticulously following critical steps for a proper market introduction, enabling brands to maximize impact even with constrained budgets. Striving for a high score on the "Optimal Launch Framework" checklist is critical to this strategy.

Product Innovation and Strategy

- Launch genuinely innovative products, avoiding the trap of imitating competitors.
- Positively impact category sales, margins, and profitability.
- Utilize insights from consumer market research to inform product development.
- Ensure product differentiation is backed by technical evidence.
- Price products at a premium yet accessible level.
- Test marketing in comparable markets or with similar retailers to gauge product viability.
- Engage key retail decision-makers and senior executives from brokerage or distribution firms.

Dynamic Marketing Initiatives

- Prioritize social media in your all-encompassing marketing strategy, alongside in-store promotions, public relations, and television advertising.
- Host launch events at memorable locations to make a lasting impression.
- Drive engagement through targeted product sampling and strong social media campaigns.
- Leverage celebrity endorsements to enhance product visibility and credibility.
- Ensure products stand out with strategic placement, including end-of-aisle displays and dedicated shelf space.
- Implement high-value promotional events and support community causes to solidify the brand presence.

Building Strong Industry Relationships and Performance Assessment

- Establish premier partnerships with brokers and distributors, emphasizing the importance of solid relationships in the industry.
- Outline a clear financial trajectory: initial investment in year one, reaching breakeven in year two, and aiming for profitability by year three.
- Appoint a local manager to oversee the launch, ensuring dedicated leadership.
- Collaborate with marketing, social media, and PR firms to extend your brand's reach.
- Involve brand and technical experts from the headquarters for authentic brand representation.
- Guarantee full engagement from the distributor's team, from front-line sales representatives to the CEO, creating a cohesive launch effort.
- Monitor progress with a comprehensive scorecard, tracking sales volume, market share, retail distribution penetration, and team enthusiasm during the initial launch phase.
- Adhering to these principles ensures a solid entry into the U.S. market and cultivates lasting relationships with brokers, distributors, and retailers, laying the groundwork for enduring success.

Essentials for New Distributor Engagement

- Agreement Documentation
- Pricing Strategy Framework
- Strategic Business Outline: Goals, Marketing Strategies, Budgets, Critical Timelines
- Competitive Category Analysis: Pricing Strategies, Shelf Placement, Product Range Promotional Activities
- Compliance with Labeling Regulations
- Product Expiry Dates
- Lead Times for Orders
- Minimum Quantity Requirements
- Designated Collection Points
- Terms of Payment
- Currency for Transactions
- Guidelines on Product Damages
- Procedures for Product Registration
- First-Year Sales Projections
- Initial Order Quantities and Stock Levels
- Essential Brand Information
- Provision of Product Samples
- Official Appointment Notification
- Entry of Brand Details in Distributor and Customer Systems
- Training Programs for Sales Representatives, Retail Partners, Office Staff, and Warehouse Personnel
- Retail Execution Standards: Pricing, Shelf Organization, Promotional Techniques
- FAQ Document for Common Queries and Challenges
- Presentation for Key Accounts
- Schedule for Meeting Key Customers
- Custom Reviews for Each Major Account
- Retail Motivation Initiatives
- Regular Progress Check-ins
- Scheduled Market Evaluation
- VComprehensive Performance Reports: Distribution Metrics, Price Monitoring, Shelf Space, Promotional Effectiveness

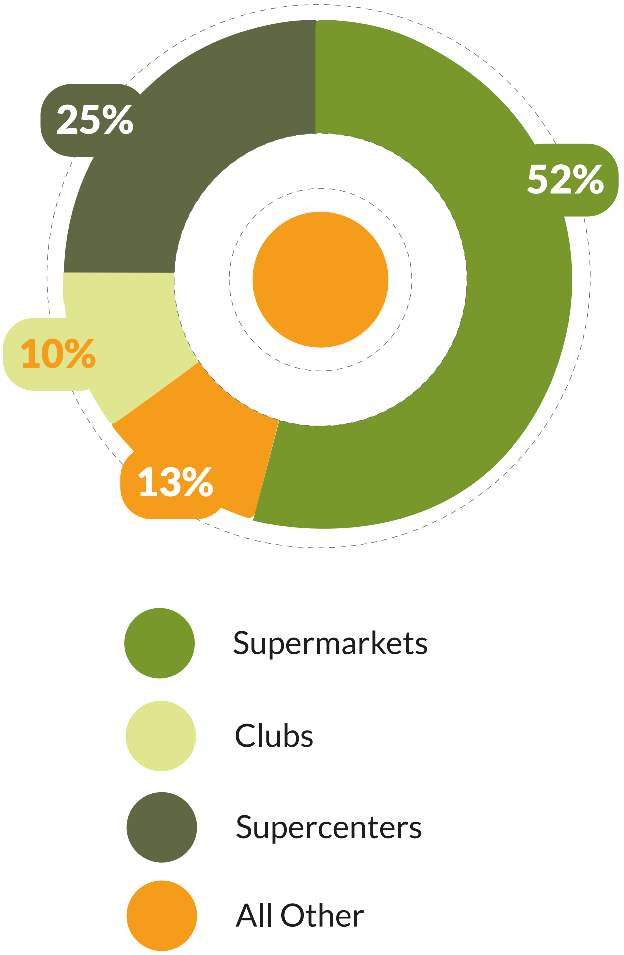
Five Key Queries for Future Growth

1. Is our organization open to exploring acquisitions in the USA?
2. Would we consider domestic contract manufacturing in the USA as an alternative to exporting?
3. Are we prepared to trial an intensive investment approach in a specific USA market segment?
4. Does our strategy include a forward investment in personnel in the USA ahead of sales achievements?
5. Can we deploy the USA strategy playbook, incorporating a local production facility, broker network, competitive pricing strategies, dedicated USA team, channel marketing approaches, and significant investment in trade promotions?

Sales By Channel: USA Brands vs. Imported

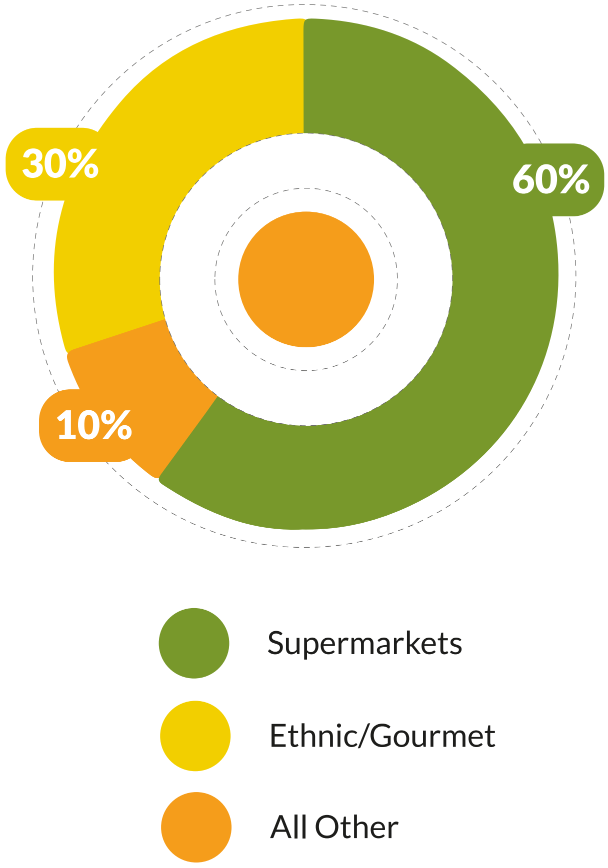
Sales By Channel

USA Food Brands



Sales By Channel

Imported Brands



Branding and Distribution of U.S.-Made Food Products

Food products made in the USA navigate through 13 distinct trade channels, with supermarkets traditionally being the primary avenue, accounting for 52% of sales. This figure marks a decline from the 85% share supermarkets held in the 1990s. Walmart Supercenters emerge as a pivotal outlet for most established U.S. food brands, appealing to cost-conscious shoppers. Kroger stands out as the leading supermarket chain that serves a broad income range, often perceived as a suburban choice. Costco and Sam's Club are key players for leading brands in major categories.

Market Dynamics for Imported Food Brands

Supermarkets remain the primary sales channel for imported food brands, capturing 60% of their sales. These brands often thrive in different supermarket chains compared to domestic ones, with notable success in premium supermarkets like Wegman's. With its 352 stores, ShopRite is known for its high volume and affinity for international brands. Specialty retailers such as Whole Foods and Fresh Market are essential platforms for showcasing imported goods. While Eataly and Specialty retailers such as Whole Foods, Sprouts, Fresh Market, Fairway, Gourmet Garage are essential platforms for showcasing imported goods. While Eataly and others cater to a niche market in Manhattan, ethnic groceries are vital in serving expatriates craving foods from home. Amazon has become an increasingly popular avenue for purchasing international foods online.

Pathway to the U.S. Market for International Brands

Typically, international brands gain initial traction within ethnic markets. Success in this arena paves the way to entering gourmet and upscale regional supermarkets. A significant presence allows expansion into major supermarket chains like Kroger, HEB, and Publix. Ultimately, the goal is to generate demand for entry into Walmart Supercenters and other mainstream supermarkets. Brands attempting to bypass this progression and directly target significant retailers like Walmart or Kroger risk being quickly delisted, which could obstruct future opportunities.

Distribution Channels for Non-Food Brands

Channels for non-food items, including household, personal care, OTC, and general merchandise, exhibit a different distribution pattern. The mass channel, encompassing Walmart and Target, often constitutes 50% or more of sales for these categories. Pharmacies are crucial for OTC and personal care products, contributing about 30% of sales, while supermarkets account for at least 20% of sales, especially for paper goods, laundry, and cleaning products.

National vs. Regional Retail Dynamics

The U.S. lacks national supermarket chains, with the top 10 retailers operating across several states, posing challenges for targeted marketing. This scenario underscores the importance of focusing on regional chains where new entrants can explore different marketing strategies.

Key Issue	Solution
Difficult to manage USA from abroad.	Hire one national sales manager to manage business. Or consider contract sales management team like Cascadia.
Headquarter authorization for my brand, but I can't find it at retail.	Hire a broker for store level coverage. Store level distribution may be 60% or less without broker coverage.
My brand sells well in New York, but not elsewhere.	New York is unique and represents only 7% of USA population. Markets like Atlanta, Dallas, Phoenix & Seattle are more representative.
Slow sales from the shelf for my product.	Try a coupon (Sunday insert or on-pack). Increase TPR allowance level from 10% to 25%.
Walmart doesn't want my product.	Walmart sells basic items for value conscious consumers. Recommended focus: upscale retailers Whole Foods, Publix.
My broker is a "one man" organization.	Large Brokers (Advantage or Crossmark) have 20,000 employees. Find a broker offering retail coverage and category analysts. It is a balance between focus and size. Smaller brands need focus.
My Importer (or Broker) claims sales to Kroger or Albertsons, but sales are low.	Check number of chain stores where your brand is authorized. Kroger has 2,759 stores. How many are you in?
Importer/Broker is not achieving objectives.	Cascadia provides independent guidance on assessing your business and providing realistic solutions.
Secure distribution without paying listing fees.	Target the ethnic channel and non-slotting retailers like World Market & Trader Joes.
Fancy Food Shows not generating quality buyer contacts.	Try Exhibitions focused on your Category. Sweets and Snacks for Confectionery, Expo West, Fancy Food Shows, NACS for Beverages etc.
Importer/Broker achieves results at East Coast supermarkets, but struggles elsewhere.	Appoint channel and customer specialists. No one importer or broker is successful everywhere.
How do I secure distribution at Costco?	Great quality, large size pack, and commit to demos.
Is Private Label or Foodservice worth the effort?	Private label/foodservice dominated by local producers. Focus energy on upscale supermarkets first.
I know a guy with connections at Kroger, Walmart etc.	200,000 + sales people in USA with customer relationships. Partner with a "company" with valid business track record.
Brokers are not interested in representing my brand.	Offer to pay a minimum pioneering fee, with a success bonus.

USA Retails 30 Channel Specialists

Channel	Customer	Dollar Sales (billions)	Comments
Club	Costco	112	Revenues from 546 USA stores
Club	Sams	59	Revenues from 599 USA stores
Club	BJ's	13	219 stores. Primarily North/Florida
Distributors	UNFI	24	Supplies Whole Foods, Stop N Shop etc.
Distributors	Kehe	3	Supplies Publix, HEB etc.
Distributors	DPI	1	West/Mid-Atlantic
Dollar	Dollar General	27	16,400 stores
Dollar	Dollar Tree	12	7,300 USA stores
Dollar	Family Dollar	11	7,800 stores
E-commerce	Amazon	130	Online USA sales (ex. web services)
Foodservice	Sysco	42	National, USA sales
Foodservice	US Foods	24	National
Foodservice	Performance Food	20	South/East/Midwest
Foodservice	Gordon Foodservice	16	USA & Canada sales
Foodservice	Smart & Final	5	327 cash & carry outlets
Gourmet	Whole Foods	15	480 USA stores
Gourmet	Trader Joes	15	500 stores
Gourmet	Sprouts	6	340 stores
Hard Discount	Aldi	18	1,900 stores
Hard Discount	Save A Lot	4	1,100 stores

USA Retails 30 Channel Specialists

Channel	Customer	Dollar Sales (billions)	Comments
Pharmacy	Walgreens	104	Revenues from 546 USA stores
Pharmacy	CVS	88	Revenues from 599 USA stores
Pharmacy	Rite Aid	21	219 stores. Primarily North/Florida
Supercenter	Walmart	300	Supplies Whole Foods, Stop N Shop etc.
Supercenters	Target	78	Supplies Publix, HEB etc.
Supercenters	Meijer	20	West/Mid-Atlantic
Wholesalers	C & S	27	16,400 stores
Wholesalers	Associated – Kansas City	10	7,300 USA stores
Wholesalers	Spartan Nash	8	7,800 stores
Wholesalers	Bozzuto's	2	Online USA sales (ex. web services)

Strategies to Engage U.S. Retail Buyers

Retail buyers are tasked with optimizing sales and profits within the finite confines of their shelf space. Each product they consider must offer the potential to outperform the existing selection. Amid a deluge of new products vying for attention, each touting its benefits, it's essential to stand out. Enhance your prospects by adopting Cascadia Managing Brands' ten-step guide to captivate category buyers with your new product offering.

In addition, it's crucial to recognize the significance of the independent channel, particularly in markets like New York City and others, which contribute significantly to the overall volume in the United States. Unfortunately, specialty and natural foods distributors and wholesalers often overlook and deprioritize these accounts. They typically lack sales personnel who actively engage with these independent retailers. Instead, customers in this segment traditionally procure goods from Direct Store Door (DSD) distributors such as Anheuser Busch, Molson Coors, Coca-Cola, Pepsi Cola, DPSG, and numerous other independent distributors.

Buyers New Product Assessment

	High Interest	Low Interest
Category Opportunity	Large or High Growth	Declining or Small
Brand Owner	Multinational or proven local. Category expert	New foreign supplier or start-up
Innovation	Something new, supported by consumer research	“Me Too Product”
Profit Margin	Enhance current category margin	Equal to or less than current category margin
Sales	Generates incremental sales	Cannibalizes Existing Business
Marketing Investment	Sampling, Social Media, PR	None
Trade Programs	Invests in retailer “push” programs	Periodic discounts/rebates
Brand Track Record	Successful at other local retailers	Unproven
Terms/Conditions	Attractive deal structure	Typical terms/conditions
Representation	Reputable US Contact	Small, niche entrepreneur

Europe vs. USA—Vive la Difference!

The combined populations of Europe and the USA surpass one billion, creating a fertile ground for innovation and inspiring the global food and consumer goods industry. Despite this, it's a stark reality that most European manufacturers have minimal sales in the USA, and American brands are scarcely found in European supermarkets. Giants like Nestle, Unilever, Coca-Cola, and P&G are notable exceptions that operate on a different scale. A round of applause is due for brands such as Barilla, Tabasco, and Pringles, which have achieved significant success on both continents. Nevertheless, the roster of transatlantic triumphs is relatively short. This brochure delves into valuable lessons and strategies for penetrating the world's "First Billion" consumer market.

Euro–USA Market Significance

While some brands focus on the burgeoning markets of Asia, Latin America and the Middle East, Europe and the USA continue to represent highly lucrative markets due to their sizeable and prosperous populations housed within well-organized market structures. Consumers in these mature markets value innovation and have the disposable income to spend on international brands.

It's crucial to note that Europe and the USA share numerous consumer habits related to food, beverages, personal care, and home cleaning, which facilitates immediate consumer comprehension of new brand features and benefits, as opposed to markets like Asia, where consumer lifestyles and preferences may significantly differ.

The Challenge of 'Me-Too' Products

In the USA and Europe, supermarkets allocate considerable space to universal categories like biscuits, coffee, cake mix, and cereal. With global innovation cycles, it becomes a formidable challenge to stand out. Local manufacturing advantages, scale, and established consumer connections that brands enjoy in their home markets often vanish when entering overseas markets, replaced by costs such as shipping, duties, and distributor fees. These additional expenses can make your product priced significantly higher than local brands with long-standing heritage. Initially, your overseas customer base may consist mainly of expatriates willing to pay a premium for a taste of home.

Consumer Shopping Behaviors

In the USA, an average supermarket is around 50,000 square feet with an inventory of over 40,000 unique items, where private labels comprise just 19% of sales. This leaves ample space for international brands that can afford the entry costs. American consumers typically visit multiple stores weekly, seeking out the best deals.

European stores vary in size, but commonly, supermarkets are about half the size of their American counterparts, prioritizing space for fast-moving items and private labels. Securing shelf space in these compact stores can be challenging for foreign brands.

Strategies for Brand Listing and Sales

Upon securing a spot on a European supermarket shelf, brands may experience a satisfactory sales level simply due to limited product options available to consumers. However, sales are directly proportional to investments in consumer awareness and trade promotions. In the USA, gaining shelf space might be easier, but converting that to actual sales is more demanding due to the overwhelming choices presented to consumers, who decide in seconds. Success in the USA is closely tied to spending on coupons, advertisements, and price promotions.

Investment Considerations

Considering the vast consumer base in the USA and populations of countries like Germany, France, and the UK, brand owners must evaluate the reach of a $100,000 investment. This budget may suffice for meaningful initiatives in smaller markets or cities but is negligible for the entire USA or Canada. A strategic approach suggests focusing the budget on impactful promotions in select USA retailers or one or two European countries.

The Role of Brokers and Distributors

Food brokers play a central role in supermarket sales in the USA, offering services like key account sales, category management, and retail merchandising. Distributors like UNFI cater to specialty items and move slower. While importers have a role for international brands, they account for a minimal percentage of U.S. turnover. Conversely, in Europe, distributors are the primary partners for foreign brands seeking market entry.

USA Population by Region	Population (millons)	Percentage of USA Population
South	126	38%
Northeast	56	17%
Midwest	58	21%
West	80	24%

estimated 2018

Ten Tips for Foreign Brands—US Growth Strategies

The United States represents the largest market globally. Even a small market share in the USA can translate to a more significant business than a 50% market share in a smaller nation. Many international brands fail to maximize their potential in the USA because they view it as another export market. Below are Cascadia Managing Brands' top ten recommendations for enhancing your performance in the USA, a consumer market comprising 330 million people.

1. Craft a Channel Strategy:

The USA food industry is segmented into 13 channels, with supermarkets claiming an average of 52% of the market share. Other significant channels include Supercenters, Mass, Foodservice, Value, Club, Convenience, Natural, Gourmet, Internet, Military, Gift, and Ethnic. Concentrating efforts on winning in one channel can be more effective than spreading resources across multiple areas.

2. Enhance Results with Top 10 USA Retailers:

Consider significant retailers like Walmart, Kroger, Publix, and Food Lion, each operating over 1,000 stores. Merely claiming to "sell to Walmart" isn't sufficient. It's crucial to ascertain the extent of your brand's presence across its store network.

3. Look Beyond New York:

None of the top five grocery retailers are in metro New York. The population in the USA has shifted towards the South and West, with the Northeast being the smallest region. Visiting cities like Atlanta, Houston, Los Angeles, or Miami provides a more accurate understanding of industry dynamics.

4. Utilize a Broker:

Brokers play a pivotal role in the USA, impacting virtually every supermarket brand. Even importers leverage brokers to complement their efforts.

5. Leverage Retail Services:

Securing a listing at retailers like Kroger or Albertsons is just the beginning. Maintaining planogram integrity is critical, with compliance levels for new items often reaching only 60% without adequate support.

6. Base Decisions on Data:

The USA market boasts sophisticated analytic tools for daily use. These tools include point-of-sale data at chain (and sometimes store) levels, facilitating comprehensive measurement of scanning activities and consumer behavior.

7. Experiment with Coupons:

USA Sunday newspapers abound with coupons offering modest discounts to consumers. Supermarkets often double the value of these coupons, making them a powerful tool for driving listings, generating trials, and encouraging repeat purchases.

8. Employ a Sales Manager or Brand Management Company:
Having a dedicated presence in the USA is essential for international companies. Hiring an experienced sales manager or a Brand Management company located in a strategic city enables effective management of distributor and broker networks, signaling a commitment to building a presence in the USA.

9. Implement Temporary Price Reductions (TPRs):
TPRs, or Temporary Price Reductions, are commonplace in USA supermarkets. These tags signal special discounts to consumers, driving purchases. Allocating resources to TPRs, typically around 10% of everyday prices, can yield efficient results, primarily through "scan down" programs.

10. Explore Ethnic Channels:
Your product can find a receptive audience in channels specializing in your country's offerings. Established retailers focusing on Hispanic, Asian, British, and Italian foods and outlets like Whole Foods and Cost Plus World Markets offer diverse assortments of international brands.

Good USA Chains for International Brands

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

	USA	Europe
Store Size (avg.)	50,000 sq. feet	20,000 sq. feet
Unique Items/store	40,000	18,000
Private Label Value Share	19 %	25-50 %
Price List (wholesale)	Same pricing model for all retailers	25-50 %
Annual Negotiations	Category Review	Standard Practice
Organizational Model	Food Brokers	Food Distributors
Data Transparency	Account/Store Level Data	Country Level Data
Store Level Service	Merchandisers required for compliance	Conditions controlled by Chain Headquarters
Retail Coverage	National/Regional	Unique retailers by country
Sunday Coupons	Popular Practice	In-ad only

Note: Although markets vary, industry manufacturers worldwide share the common objective of increasing shelf presence, while retailers consistently seek more significant discounts.

Numerous European brands are dismayed by their limited advancements in the USA market. While some have achieved initial success with listings at World Market and Eataly (comprising 8 stores), they struggle to gain momentum with major chains boasting over 200 stores. Optimism from June's Fancy Food event often diminishes by October. Despite your boss's dedication to the USA market, they insist on improved outcomes before considering larger investments. What's the solution? Contact Cascadia Managing Brands!

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

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

Identify a Pool of Preliminary Candidates

Create a large group of potential candidates. This could include distributors, importers, brokers, or local producers of related products. Highlight companies that are specialists in the market sector that you are aiming at.

Cascadia Managing Brands streamlines this process with our database directory of distributors, importers, and brokers.

Establish Partner Selection Criteria

What are the critical attributes of your ideal candidate? Product specialization? Service portfolio? Existing results for current brands?
Choosing a Large, “Best in Class” partner versus a “Small, Hungry” company willing to pioneer a new brand is a significant preference.
Determine Candidates’ Preliminary Interest Level

Send a summary of your product proposition and company credentials to the 5-10 most promising candidates. A follow-up phone call to your top candidates is an appropriate personal connection. Brokers expressing an interest should complete a brief company overview recapping their corporate capabilities, such as Sales, Logistics, Marketing, etc.

Schedule a Meeting in the Candidates Office

Usually, we recommend interviewing at least three candidates, depending on the size and scope of a project.

Schedule the meeting 3-5 weeks in advance. Provide a specific agenda at least 2 weeks in advance, including pre-work such as category market analysis. Meet the broker’s team that would work on your business and senior management.

Prepare Interview Questions and Assessment Grid in Advance

Create a list of key questions to ask each candidate. Topics could include local category dynamics, cost of entry, and Distributor success stories. Create a standard grid to evaluate and compare all candidates on a common platform.

Conduct an Independent Evaluation of Candidates' Performance for Existing Brands.

Visit target outlets for your product to observe category conditions. Simultaneously, evaluate each candidate’s performance for his existing clients. Do his or her current brands maintain a strong presence in the market? Or are his brands hard to find? Conduct these visits to leading retailers independently, as an accompanying visit may lead you to select stores that may not represent marketplace reality.

Reference Checks Represent an Important Next Step

Request references of 5 of the broker’s top 10 clients. Call at least three references and request insights into performance and capabilities. Acknowledge that these are likely to be positive references, but they always provide significant value.

Run a Dun & Bradstreet or other credit report on leading candidates.
Cascadia Managing Brands is often hired to conduct independent, confidential reference checks.

Invite Top Choice to your Corporate Headquarters

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

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

Comparison between Brokers and Importers—The practice of outsourcing sales functions to specialized channels is a prevalent organizational strategy in the USA. These third-party service providers encompass Food Brokers (now officially termed Sales and marketing Companies), Distributors, Importers, and Merchandising Service Organizations. Different retail channels often necessitate unique approaches. How can you determine the most suitable strategy for your brand?

Assess Sales Projections by Trade Channel to Identify Volume Sources:
There are 13 trade channels in the USA, including Supermarkets, Supercenters, Mass, Clubs, Ethnic, Natural Foods, Convenience, Drug, Dollar Stores, Gourmet, Gift, Internet, and Military for most food products. Non-food products prioritize hardware and department stores over personal care brands. Typically, supermarkets contribute 52% of sales for food brands but only 30% for "non-food" categories like cleaners, personal care, or health care.

Evaluate Required Services and Ongoing Maintenance Complexity:
Specific categories demand intensive store-level attention and rapid deployment. In contrast, some categories only require selling at the headquarters level, allowing retailers' systems to manage store execution. Brokers and MSOs are the primary options for in-store activities.

Assess Your Internal Resources:
Consider how many dedicated individuals your organization can allocate to customer development and sales execution. Assess your organization's capability to handle tasks realistically, considering factors like proximity to retailers and experience with leading channels.

Identify Channel Specialists:
Many companies engage food brokers for supermarket channels (at minimum, retail services) while preferring direct engagement with Club, Drug, and Dollar Store channels. Importers and Distributors are suitable for natural food products, gourmet specialties, ethnic foods, and imported brands.

Consider a Hybrid Approach:
Walmart typically prefers direct negotiation with vendors. Manufacturers often hire brokers to provide retail services at Walmart to supplement headquarters activities. Merchandising Service Organizations excel in dedicated short-term projects and handling time-consuming reset work.

Understanding USA Distributors:
The USA distributor model differs from the international model, providing wholesale selling, logistics, and collection services but typically not importing and not necessarily working on an exclusive category basis.

Recognize the Value of Importers:
Importers offer an integrated service portfolio for international brands, often partnering with food brokers to penetrate supermarket channels deeper. However, an importer alone may not fully serve the needs of the USA supermarket channel, necessitating the expertise of a broker for local customer insights and retail services.

Avoid Sole Proprietors:
In a vast industry boasting over 200,000 salespeople, partnerships with broker organizations offering critical mass, category management, and retail services are preferred over individual relationships.

Leverage Big Brokers for Big Brands?

The "Big 3" USA brokers maintain substantial resources and are relied upon by major multinational corporations like P&G, Kraft, Nestlé, and Unilever. However, they may be less inclined to pioneer new brands or represent those with modest sales revenues.

However, this is applicable only if you are already a significant player. Smaller brokers tend to excel in representing products on a smaller scale. Regional brokers of smaller size are typically more agile and eager for business opportunities.

Navigating Broker Attention:

Outsourcing to third parties often involves a "shared services" approach, with manufacturers effectively renting a portion of the broker or distributor's sales force time. This can result in manufacturers vying for their fair share of attention, balancing performance expectations against compensation provided to the third party.

Conclusion:

The notion that "no one can execute better than yourself" is often challenged in the US consumer goods industry. Local specialists with significant critical mass can effectively execute well-defined brand propositions across various sectors. Manufacturers should prioritize direct relationships with global leaders like Walmart & Costco, while international brands may require a mix of outsourced partners to optimize results across distinct channels.

Selling to Walmart: Timing and Approach

The desire to sell to Walmart is nearly universal. This is understandable given its status as the top retailer in the USA and Latin America, with a significant presence in the UK, China, Japan, and South Africa. Walmart's international business outside the USA surpasses the combined turnover of Carrefour or Tesco, making it a logical choice for USA producers looking to expand abroad.

However, Cascadia Managing Brands consistently advises making export decisions based on what's best for the entire country rather than solely catering to the preferences of one retailer, even if it's Walmart. Walmart's Central American buyers have pursued direct purchase agreements with leading brands. While these offers may seem tempting, manufacturers must carefully consider the implications.

Directly selling to Walmart International bypasses the distributor system, providing Walmart with a cost advantage at the store level, approximately 15%. However, this may create challenges in selling to other market customers, as their pricing might align with Walmart's shelf price.

We advocate partnering with distributors to sell to Walmart's international divisions. These local companies focus on brand building and provide the necessary support at the store level, ensuring consistent availability and visibility of your brand. Retailers benefit from the flexibility of reordering as needed rather than waiting for shipments from the USA.

Many European companies are eager to sell to Walmart's 3,570 supercenters in the USA. However, it's important to proceed cautiously. Walmart's supercenters prioritize category leaders and fast-moving brands, catering primarily to middle and lower-income customers with limited spending power for premium overseas brands. Furthermore, Walmart's reputation as a low-price leader may impact your ability to sell to upscale supermarkets, which may be hesitant to stock items sold at a lower price by Walmart.

We advise European brands to establish a business with mid-to-upscale USA supermarket chains before approaching Walmart. Demonstrating a track record of success in the market can bolster your negotiation position and increase the likelihood of a fruitful partnership.

While Walmart's global influence is undeniable, it's essential to devise a route-to-market strategy that accommodates Walmart and prioritizes building brand equity and fostering business development across all market segments.

Top 20 USA Grocery Chains			
Retailer		Dollar Sales ($ billions)	Stores
1	Walmart SC.	300	3,570
2	Kroger	121	2,759
3	Albertsons	60	2,262
4	Ahold Delhaize	45	1,971
5	Publix	37	1,260
6	HEB - USA	24	345
7	Meijer	20	247
8	Shop Rite	17	352
9	Giant Eagle	10	216
10	Hy Vee	10	249
11	Wegman's	9	100
12	Southeastern Grocers	8	550
13	Winco	8	127
14	Demoula's	5	79
15	Save Mart	4	207
16	Stater Brothers	4	170
17	Ingles	4	200
18	Price Chopper	4	133
19	Weis	3	133
20	Raleys	3	129

Add Case Studies and our Shelfs.

What Every US Broker Wants to Know.

Critical Considerations for US Brokers:

Distinguished consumer goods brokers and importers are inundated with inquiries from around the globe. These inquiries typically include product catalogs and promises to send price lists. In the best-case scenario, such an approach may prompt a request for more information from a reputable broker. However, brokers often overlook these inquiries and move on to the next opportunity in their inbox. Here are Cascadia Managing Brands' tips for cutting through the noise and providing the correct information to spark excitement and interest within the broker and importer community:

1. Define Your Brand's Unique Selling Proposition (USP):

Your USP sets your brand apart, vying for the same shelf space. It could be based on quality, value, assortment, or packaging. However, it's crucial to substantiate your claims with market research or blind tests to validate your USP's authenticity. Moreover, ensure that your USP is relevant to both the purchaser and the consumer to resonate effectively in the market.

2. Conduct Market Research:

Familiarize yourself with the local market by visiting leading supermarket chains to understand category assortment, pricing, and merchandising practices. Syndicated data providers like Nielsen and Euromonitor offer valuable insights into category sales and trends. Understanding local market conditions will garner a positive response from brokers.

3. Demonstrate Financial Investment:

After defining your USP, the level of financial investment is paramount. Brokers expect adequate financial support, including trade development funds and consumer awareness activities, to achieve desired results. Acknowledge the fixed fees associated with entering a market and be willing to invest in your brand to incentivize broker support.

4. Highlight Past Successes:

Share your track record of successful brand-building endeavors, especially if they align with the target market or retailer. However, ensure that your success stories are relevant and replicable in the current context.

5. Assess Launch Difficulty:

Evaluate the competitive landscape and set realistic expectations for product availability and sales volume. Determine whether you're entering a competitive category dominated by multinational corporations or targeting a niche market.

6. Consider Broker Profitability:

Brokers aim to secure fair profits to support your brand, measured in dollars contributed rather than just a percentage of sales. While brokers may not profit significantly in the first year of a brand's introduction, new brands within existing categories can bring incremental profits with minimal effort. Present a compelling case outlining the incremental profits your brand can deliver to the broker's bottom line.

10 Questions You Should Ask Every Broker

1. Company Background

- How long has your company been established?
- Who are the company owners?
- What is the size of your direct, payroll-employed workforce?
- Can you provide an approximate annual sales volume?

2. Brand Portfolio

- What are the top 10 companies/brands you represent?
- Which channels do you represent each brand in?
- How long have you been representing each brand?
- Can you offer senior-level references from each brand owner?

3. Key Account Management

- Who are the category buyers at the largest retailers in your market?
- Which other brands do you sell to these buyers?
- How frequently do you engage with each major customer?

4. New Product Launches

- Could you share a recent successful new brand launch story?
- What was the critical retailer acceptance like?
- What was the cost of entry, and how long did it take to launch?
- What were the critical elements of the success strategy?

5. Innovative Sales Strategies

- Can you provide an example of a thriving local program created using an assigned marketing/brand support budget?
- How do you measure the success of such initiatives?

6. Retail Services

- How many full-time employees do you have dedicated to retail store visits?
- Are these employees spread nationwide or concentrated in specific regions?
- What criteria do you use to distinguish between a "good store" and a "bad store" regarding brand presence?
- Could you describe your retail reporting system?

10 Questions You Should Ask Every Broker

7. Point of Contact

- Who would be our primary contact person?
- Will this contact also handle the sales of our brands to major accounts?
- What other brands does this contact oversee?
- How can we ensure our brands receive adequate attention from your sales force?

8. Business Planning

- What would be your action plan if we were to engage with your company?
- What are the initial steps and the 90-day plan?
- How do you handle reporting requirements?

9. Cost Structure

- How do you determine broker commission rates?
- What is the range of commission rates for our brands?
- How do you manage trade spending budgets?

10. Commitment and Fit

- Why do you believe our brand is a good fit for your company?
- What makes you the ideal partner in the market for our brand?
- What level of commitment are you willing to make to our brand's success?

Considerations: What to Seek:

- Track record of successfully introducing other international brands
- Established retail presence for current brand portfolio
- Well-thought-out launch strategy, comprehensive category analysis, and transparent cost structure
- Favorable testimonials from current brand partners and Dun & Bradstreet
- Demonstrated enthusiasm for your brand and the partnership opportunity

10 Strategies for Reducing Listing Fees:

Slotting allowances, also known as listing fees or colloquially as "Hello" money in Ireland, represent retailers' upfront real estate rental fees for access to their limited shelf space. Many retailers allocate budgets to their buyers for such incremental fee income. These fixed entry fees enable retailers to generate immediate income from new products without an established sales history. Ultimately, these fees are an inherent cost of conducting business. We aim to minimize spending on listing fees to allocate our investments towards consumer awareness and trial-generating activities.

Outlined below are Cascadia Managing Brands' Ten Tips for minimizing listing fee payments:

1. Seek Exclusivity:

Some significant retailers may waive listing fees in exchange for exclusivity, granting your product a first-mover advantage. However, be mindful of potential repercussions on other customers who may feel excluded during this period.

2. Spread Payments Over One Year:

Dividing listing fees into yearly payments reduces initial financial outlay and increases the likelihood of the retailer retaining your product on the shelf for an extended period. This approach may also enable structuring payments as a percentage of case cost rather than a lump sum.

3. Offer Free Goods:

Providing "Free Goods" incurs a net cost of 30-50% of the product's retail price to the consumer. Retailers recoup listing fees upon product sale. However, some retailers may hesitate due to potential delays in receiving payment for slow-moving brands.

4. Target "Non-Slotting" Fee Retailers First:

Explore opportunities with retailers and channels that do not initially demand slotting fees. Establishing success stories with these customers may validate more significant investments in paying fees at bigger accounts or facilitate negotiations for more favorable terms.

10 Strategies for Reducing Listing Fees:

5. Present an "All Inclusive" Annual Plan:

Develop a comprehensive annual plan encompassing various retailer profit centers, such as advertising, sampling, shelf rental, and display investments. Inclusion of product listings in the annual agreement may strengthen your negotiating position.

6. Negotiate Reductions for Multiple Items:

Negotiate listing fee reductions, especially for high-profile brand launches, leveraging distributor clout. Many retailers have published standard prices, but payment often varies based on distributor influence. Discounts may be offered for listing multiple items simultaneously.

7. Engage in Retailer Entertainment:

In some countries, buyers socialize with suppliers, presenting opportunities for relationship-building. Providing tickets to events or organizing factory visits can be a cost-effective alternative to hefty listing fees.

8. Offer Higher Everyday Margin:

Consider offering a higher margin than the category average to entice buyers into accepting lower listing fees. Total category margin is a critical metric for most buyers, and a higher margin may justify a reduced listing fee.

9. Seek Distributor Contribution:

Some distributors may be willing to cover or co-fund listing fees, particularly if it leads to increased sales and margin contribution. However, distributor willingness may vary due to contractual constraints and policies regarding brand owner responsibility for fees.

10. Appeal for Compassion:

Demonstrate the challenges of being a small company to buyers and appeal for leniency in listing fee demands. Long-term distributor relationships may facilitate occasional favors from accommodating buyers, and many retailers offer programs for entrepreneurial or local suppliers with lower-cost entry opportunities.

10 C's Collaboration Framework:

1. Case Presentation: The manufacturer provides a comprehensive business case outlining brand aspirations for the country. This includes key portfolio items, estimated pricing, volume/market share expectations, and investment plans.

2. Category Analysis: The distributor conducts a thorough local review of category competitors, pricing strategies, and merchandising practices.

3. Capability Assessment: The distributor shares detailed insights into organizational capabilities and customer coverage, potentially including references from existing suppliers. This step is crucial when evaluating multiple candidates.

4. Commitment and Costs: Establishing the Year 1 Plan and Forecast, including targeted listings, marketing activities, launch budget, and volume estimates associated with the spending plan.

5. Value Chain Evaluation: A line-by-line breakdown from port to retail store shelf, incorporating currency assumptions.

6. Compliance Overview: Highlighting product registration and label requirements, along with typical timelines for achieving compliance.

7. Team Leadership: Identification of the day-to-day brand manager or primary point of contact and the senior executive designated as the "Brand Champion."

8. Contractual Arrangements: Options for formal contracts, letters of understanding, or handshake agreements, emphasizing the importance of initiating this process early.

9. Consumer Engagement Strategy: Detailed plans for generating consumer trial and repeat purchases, encompassing trade marketing, consumer marketing, social media initiatives, and more.

10. Calendar and Closure: The distributor provides a comprehensive timeline of all activities, including the expected timeline for the first order and delivery to support the launch. Regular checkpoint calls or meetings are encouraged to ensure ongoing alignment and progress.

Objective	Goal	Results
Shipments to Distributor		
Distributor Sales to Customers		
Top 5 Customers		
Region: Sales Split by Area		
Channel: Sales Split by Channel		
Market Share		
Listings: Top 5 Customers		
Retail Pricing		
Shelf Positioning		
Shelf Space		
Sampling		
Social Media		
Displays		
Manufacturer Investment		
Brand Manager Performance		

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	

What are your attainable goals for a particular country? There exists a significant disparity between tactical exports and strategic brand establishment. While companies may succeed in smaller nations with a focus solely on exports, building a brand necessitates a financial investment. Both approaches have merit, but it's essential for companies to synchronize their market aspirations with their investment strategies.

	Export	**Brand Building**
Market Research	None	Local consumption habits
Product portfolio	Best sellers from home market	Tailored to country/region
Packaging	Standard packs stickered	Native language
Factory	Corporate headquarter based	Offshore
Marketing Investment	Trade marketing only (10 percent of sales?)	TV, 360 marketing 20-30 percent of sales
Retail Pricing	Premium to super premium	Equal to competitors
Route to Market	Distributor	Direct team or distributor
Oversight	Periodic visits	Dedicated country manager
Market Share Ambitions	Niche	Player
Complexity	Low	High

Export Countries	**Brand Building Countries**
Caribbean	USA
Malta, Cyprus, Portugal	Western Europe
Central America	Mexico
Hong Kong	China
Singapore	Japan
Taiwan	India
Nordics	Russia
Baltics	Turkey
Chile, Peru, Ecuador	Brasil

Direct Your Exports: When introducing a premium new brand, should your initial focus be securing a deal with Walmart or targeting upscale supermarkets? Export managers often prioritize the largest overseas retailers, overlooking the substantial costs and activation requirements necessary to establish a meaningful level of repeat sales. However, every country has a viable market entry strategy for those who strategically align their ambitions with their investment plans. The key to success is an approach grounded in channel-specific retailer profiling.

Retailer Profiling:

Across countries, similar channel dynamics exist, encompassing a range of retail outlets such as value supermarkets, mass grocers, upscale supermarkets, e-commerce platforms, hypermarkets, discounters, convenience stores, gourmet shops, ethnic stores, natural foods markets, drugstores, and specialty retailers. While larger countries feature well-defined channels, smaller countries often exhibit channel blurring, with conventional retailers striving to serve as comprehensive shopping destinations. Analyzing to segment overseas sales by channel and supermarket type can provide valuable insights for entering new markets or enhancing business strategies.

On-Ramp:

Prime prospects typically include upscale supermarkets, ethnic stores, e-commerce platforms, and gourmet outlets. These channels cater to more adventurous and affluent consumers who prioritize product quality over price and seek unique brands not readily available at mass supermarkets. Buyers at these retailers often monitor category dynamics and are eager to support overseas innovations, sometimes prioritizing product attributes over upfront payments.

Upscale Supermarkets:

High-end supermarkets serve as showcases for international brands, influencing other local retailers and setting industry standards. These stores offer a premium shopping experience with opportunities for product tastings and consumer education, making them an ideal starting point for market entry.

E-Commerce:

E-commerce platforms have revolutionized access to international products, allowing consumers to easily find their favorite brands from home with a few clicks. Expatriates and local consumers rely on online retailers like Amazon to access a wide range of imported goods, making e-commerce an increasingly important channel for international brands.

Ethnic Stores:

Dedicated to products from specific regions or countries, ethnic stores cater to expatriate communities and consumers interested in international cuisine. These stores prioritize product availability and are eager to partner with leading brands from the home country or successful innovations abroad.

Priorities:
Discounters, small shops, and value-oriented supermarket chains can be challenging channels to penetrate initially. While expanding distribution to all retailers may be a logical ambition in the home country, it's essential to prioritize retailers where the target consumer shops and allocate marketing investments accordingly to ensure impactful promotional activities.

From High Class to Mass:
Export development often entails transitioning from high-end to mass-market channels. Understanding the requirements for gaining shelf access at target retailers in the home country can provide valuable insights for successfully penetrating new markets abroad. Remember that as a premium newcomer from overseas, the journey may start with a crawl before progressing to a walk and ultimately a run.

New Country: Retailer Segmentation & Prioritization

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

**May vary by supplier*

What's the Strategy?

Finding the right distributor isn't an exact science. We've all had moments of frustration where we've questioned our choice and wondered, "Why did we choose that distributor?" Believe me, distributors have similar sentiments about their partners too! Often, partnerships are formed based on positive interviews or enthusiastic meetings at trade shows. There's a rush to negotiate prices, sign contracts, and secure the first order.

However, in many cases, decisions are made without a formal business plan outlining expectations, roadmaps, and KPIs (Key Performance Indicators). Unfortunately, a year later, both parties may find themselves disappointed with the results and pointing fingers at each other.

Recently, I conducted a distributor search project in the Middle East. We interviewed several promising candidates and identified two with high potential. Last month, the export manager informed me that one of the candidates had been selected. While I supported his decision, I questioned how the proposed plans of the two distributors compared. The vague response indicated there were no detailed plans, just a preference for one distributor over the other.

Similarly, during another project in a different country, a new distributor had been appointed less than a year ago, but the initial results were far below expectations. When I asked the brand owner about the deviation from the original one-year business plan, there was a general understanding of the partnership's direction, but no alignment around specific KPIs and a logical roadmap.

Launching a new distributor relationship is akin to the birth of a child. Just as a mother provides constant care and attention to her newborn until it's healthy and self-sufficient, a supplier must offer frequent communication, support, and oversight to their new distributor partner during the crucial early months. Unfortunately, many distributors are appointed without any commitment from the manufacturer to visit the country for the sales launch meeting or conduct a retail sales audit within the first sixty days.

To ensure clarity and alignment in distributor partnerships, here are Cascadia Managing Brands' tips for creating a clear annual plan for each country and distributor partner:

1. Choose new distributors based on the quality of their year-one plan, including targeted listings, volume forecasts, and retail penetration. What are their commitments and timelines for achievement?

2. Ensure current distributors have a confirmed one-page plan outlining merchandising events, new listing targets, spending, and shipment targets. Treating distributors as valuable customers fosters successful partnerships, especially when both parties are committed to a straightforward, one-page plan.

Launch Plan Proposal - Year One*		
Brand Objective		
Volume:	Wtd. Distribution:	Share:
Costumer Marketing Activities		
Activity 1. 2. 3.	Rationale	Cost
Trade Marketing Activities		
Activity 1. 2. 3.	Volume	Cost
Listing Fees		
Customer 1. 2. 3.	#SKUs, Space, Promotion Support	Cost
Total Year One Volume	**Total Year One Cost**	**Wtd. Distribution**

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

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

Item	Amount	Comments
List Price (factory or port)		Compare to your domestic list price? Avoid diverting risk.
Exchange rate		Watch bank rate vs. distrubutor rate.
Freight (sea, truck or rail)		Target full containers. Consolidation is costly.
Duties		Apply corret Harmonized (HS) code. Confirm Free Trade Agreements
Customs clearance, insurance		Money and time!
Inland freight: port to distributor		Translate actual cost to case rate. Avoid flat percentage rates.
Landed Cost		
Product Stickering		Select countries.
Listing Fees		Flat free. One time only. Usually not in calculation.
Marketing found accrual		Typically, 10-20% of list price. Part of calculation or manufacturers price.
Distributor Margin		Normal range:15%-35%. Depends on size, complexy of brand, services, and "What trade spend is included
Other Distributor Fees		Should be part of distributor margin, Avoid hidden profit centers.
Price to Retailer		Fair and transparent model. Incentives for large costumers, extra performance.
Retailer promotions, incentives, rebates		10 -20% depending on the country.
Other Retailer Fees		All times for merchandising or central distribution Should be allocated from distrubutor margin.
Retailer Margin		Global average: 28% Range: 15%-45% based upton category, brand.
Sales Tax/VAT		Included in price in many countries. USA sales tax is on top of shelf price.
Consumer shelf price		Everyday prices and promotional prices.

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

What Brokers Appreciate:

1 **Recognition of Their Profit Goals**
Brokers, like manufacturers, have profit targets to meet. They assess total supplier contribution based on sales multiplied by gross margin. How much value do you perceive from your brokers relative to their profit goals?

2 **Investment in Brand Promotion**
Brokers favor companies that invest in above-the-line activities such as television advertising, radio spots, social media campaigns, print ads, and sampling programs. The volume distributed by brokers often correlates with your investment in brand promotion efforts. Increased marketing expenditures typically result in higher sales and profits for the distributor.

3 **Recognition and Awards**
Most brokers proudly showcase their awards, such as Distributor of the Year accolades, in their office lobby or executive conference room. Recognition can be granted for various achievements, such as surpassing $1 million in sales, notable improvements in store conditions, or long-term service milestones.

4 **Occasional Market Visits**
Intermittent market visits provide opportunities to exchange ideas, monitor progress, and address any concerns. These visits serve as motivational and relationship-building events, especially when spent together outside the office environment.

5 **Support for Local Marketing Initiatives**
Top-notch partners have the ability to develop unique local programs to enhance your brand presence. By investing in these marketing initiatives, you demonstrate your commitment and stimulate the team to deliver innovative ideas consistently.

6 **Incentive Trips - Quota Achievement**
While achieving annual targets is standard, brokers often go above and beyond to qualify for incentive trips to resort locations. These trips foster camaraderie and motivation among team members, who strive to meet their objectives to secure a spot on the next trip.

What Brokers Appreciate:

7

Access to Market Research

Brokers aim to position themselves as category experts. Access to syndicated data from sources like Nielsen, coupled with local consumer research, enables them to differentiate themselves and provide valuable insights to vendors.

8

Invitation to Corporate Headquarters

A visit to your corporate headquarters in the USA or Europe is a cherished opportunity for brand managers in emerging markets. Treating them as VIPs during their visit fosters loyalty and strengthens partnerships.

9

Recognition for Support Staff

Acknowledging the contributions of support staff, such as order processors and customer service representatives, is crucial. Treating them to lunch, a small gesture in terms of cost, can make a significant impact on morale and prioritization of orders.

10

Personalized Thank You Notes

In an age dominated by email communication, a handwritten letter sent via traditional mail expressing genuine gratitude for successful initiatives, creative promotions, or exceptional efforts goes a long way. Such personalized gestures are cherished and remembered indefinitely.

10 Displeasures Among Brokers:

1 **Unreasonable Expectations**
In mature markets where category growth typically ranges from 1% to 5%, demanding a 10% increase in sales can be unrealistic. While major boosts in marketing spending might make it feasible, business growth usually aligns with overall market conditions.

2 **Direct Engagement with Assigned Retailers**
When retailers attempt to circumvent brokers by contacting the brand owner directly, it can create complications. This often results in retailers seeking additional funds or expressing a desire to bypass the broker entirely. It's advisable to maintain politeness while redirecting the retailer to work through the broker or scheduling joint meetings for future interactions.

3 **Reductions in Marketing Budgets**
Dependable brokers rely on joint business plans, often formulated up to a year in advance. Last-minute budget squeezes, leading to cutbacks, can be disruptive. Brokers are left in the difficult position of delivering unwelcome news while still striving to meet sales targets, despite reduced support.

4 **Short Shipments**
Short shipments have adverse effects on all parties involved. Brokers may face penalties from retailers, and regaining lost shelf space at the store level becomes a challenge. Consistently maintaining a filled pipeline, especially during peak seasons, is essential.

5 **Price Increases**
Adjusting list prices due to rising raw material costs is often necessary. However, implementing price increases can be arduous in many countries. Brokers may bear the brunt of this until negotiations with retailers can be initiated.

6 **Excessive Reporting Demands**
Constant streams of reporting requests can burden brokers. It's essential to evaluate whether each report is genuinely necessary. Legitimate requests typically include forecasts, shipment results, major retailer listing maps, price surveys, and updates on new product launches.

What Brokers Appreciate:

7 **Frequent Market Visits**
Brokers require autonomy to fulfill their objectives without constant oversight. While occasional visits are appreciated, excessive or prolonged visits can disrupt productivity. The frequency of visits should align with the scale of the brand and market dynamics.

8 **Commission Reductions**
Brokers heavily rely on their commission to cover fixed overhead costs, such as logistics and sales team expenses. Commission reductions or increased costs challenge brokers' ability to maintain a financially sustainable business.

9 **Last-Minute Requests**
While end-of-year volume pushes and rush orders are inevitable, adhering to standard lead times generally leads to smoother operations. Distinguishing between urgent and non-urgent requests helps prioritize tasks effectively.

10 **Delayed Responses to Local Initiatives**
Brokers often seek quick decisions from manufacturers regarding unique local approaches to brand building or participation in special events. Lengthy deliberations within the manufacturer's hierarchy can frustrate brokers and hinder timely responses to market opportunities.

Converting Prospective Leads into Closed Sales:

Have you encountered a promising initial meeting with a distributor? There's strong alignment and a good fit; everyone leaves with smiles and agreed-upon timelines. However, sometimes, despite these positive beginnings, nothing progresses. The export manager may take up to six months to transition from viewing it as a "done deal" to realizing it's a "dead deal." There are two common reasons for this outcome.

Firstly, like competitive athletes, distributors initially pursue new business enthusiastically but may later reassess their interest in the brand. Secondly, a robust first meeting at a trade show or the distributor's office might lead to a relationship primarily sustained through email communication, lacking a personal touch.

Cascadia Managing Brands Ten Tips for transforming promising leads into tangible business partnerships are below.

1

Opt for Calls or Video Conferencing over Email

Motivated distributors still prioritize returning phone calls, as they often receive many emails daily. Phone calls or Video Conferencing meetings ensure more direct and personal communication, while emails can easily be overlooked or deleted.

2

Follow Up Promptly and Persistently

Set regular reminders for follow-ups to prevent time from slipping away amidst existing business priorities and daily challenges.

3

Focus on the 5 C's: Category Review, Calculation, Cost of Plan, Compliance, Contract
To transition a lead into actual shipments, focus on five crucial aspects:

- Category Review: Evaluate the category landscape in the target market, including size, competition, pricing, margins, and merchandising.
- Calculation: Understand the distributor's proposed cost structure from factory gate to store shelf, including duties, taxes, trade discounts, and margins.
- Cost of Plan: Develop a market entry plan, analyze key account sell-in, consumer and trade promotions, and assess multiple plan options.
- Compliance: Navigate product registration and labeling requirements, acknowledging varying timelines and complexities across countries.
- Contract: Prepare for delays due to contract negotiations, balancing business needs with legal requirements.

4

Request References and Conduct Due Diligence

Quickly request distributor references and run credit checks to verify credibility and capability, avoiding future setbacks.

5

Engage Beyond the Distributor Owner/MD

Identify key distributor organization stakeholders who can expedite decision-making and facilitate progress.

Cascadia Managing Brands Ten Tips for transforming promising leads into tangible business partnerships are below.

6 **Set Realistic Timelines**
Coordinate with category review schedules and avoid holiday periods. Understand that new distributor relationships often require at least six months from the initial meeting to the first shipment.

7 **Assess Distributor Response Time**
Responsive distributors demonstrate genuine interest and eagerness to begin selling your brand.

8 **Schedule Regular Checkpoint Calls**
Maintain frequent communication, using shared documents to track progress and responsibilities.

9 **Conduct On-Site Visits**
Arrange meetings at the distributor's office to accelerate progress and demonstrate commitment to the partnership.

10 **Pursue Parallel Paths with Multiple Candidates**
Consider multiple candidates simultaneously to mitigate risks and avoid restarting the process if the preferred choice falls through.

Navigating USA Labeling Regulations: Essential Tips for Exporters

So often, we hear, "Exporting to the USA is too complicated," but in reality, nothing could be further from the truth. Like every country, the USA has its own requirements and regulations, but it's manageable once you familiarize yourself with them. Whether you're a domestic producer or a foreign manufacturer, the regulations are the same. By understanding and adhering to these requirements, you're taking a significant step towards a successful sales journey in the United States. Here are some tips to help you get started:

1. **Clear Product Name:** Ensure that your product name is clear. If not, include a product description immediately following the name.

2. **Net Weight Statement:** Place the net weight statement in the lower 30% of the principal display panel (front label), including the USA measure and the metric equivalent.

3. **Nutrition Facts:**
   - Base serving size on the FDA's reference amounts, not on 100g.
   - Follow rounding rules.
   - Use only one of the FDA-established formats.
   - Adhere to type size requirements.

4. **Ingredient List:**
   - List ingredients in order of predominance by weight.
   - Use only USA-approved ingredients.
   - List components by their USA-accepted common or usual names.

5. **Contact Information:**
   - If you're the foreign manufacturer, include the country in the contact information, even if the country of origin declaration is nearby.
   - If you're not the manufacturer, include an explanatory function like "Imported by" or "Exclusively distributed by."

Avoiding Common FDA Labeling Errors:

1 **Type Size:**
Ensure that all mandatory information is legible, with a minimum type size of 1/16 inch (1.6 mm), increasing with package size. This excludes the Nutrition Facts.

2 **Rounding Rules:**
Follow rounding rules for calories, cholesterol, sodium, and vitamins in the Nutrition Facts.

3 **Ingredients:**
- Use permitted colors in the USA.
- Use common or usual names for ingredients.

4 **Allergen Labeling:**
- Clearly list all allergens in the ingredient statement without bolding or italicizing.
- Confirm allergens recognized in the USA.
- Declare trace allergens if applicable.

5 **Country of Origin Declaration:**
Ensure it's placed appropriately, separate from the contact information.

While this overview provides valuable insights, it's crucial to have a professional review your label to avoid unnecessary problems during importation.

Understanding USA Industry Terminology: Channel and Category Definitions

How familiar are you with the terminology used in the USA? Here's a breakdown of key terms related to channels, categories, store operations, supply chain, and promotions:

Consumer Packaged Goods (CPG): Refers to products in the industry, similar to FMCG.
All Commodity Volume (ACV): Describes brand penetration, e.g., 77% ACV availability.
Food, Drug, & Mass Channels (FDM): Encompasses supermarkets, pharmacies, and hypermarkets.

Vendorville: Nickname for Bentonville, Arkansas, the global headquarters for Walmart.

Club Channel: Membership warehouse clubs like Costco and Sam's Club.

Dollar Stores: Retailers selling items for $1 or similar, like Dollar Tree.

Foodservice Channel: Serves restaurants, institutions, and company cafeterias.

Convenience Store (C Store): Includes chains like 7-11, often aligned with gas stations.

Over the Counter (OTC): Healthcare products available without a prescription.

Health and Beauty Care (HBC): Products in the health and beauty category.

General Merchandise (GM): Non-food products.

Grocery: Shelf-stable food and basic consumer items.

Spectra: Database analyzing demographic purchasing info.

Dunhumby: Database analyzing purchase data, partly owned by Kroger.

Planogram: Official layout of store fixtures.

Modular: Term used by Walmart, same as Planogram.

Cut In: Process of making space for a product on the shelf.

Reset: Process of updating the planogram of a store or category.

Out of Stock (OOS): Condition at warehouse or store.

Understanding USA Industry Terminology: Channel and Category Definitions

Shelf Hog: A brand occupying more shelf space than others.

Cheater Pack: Item with fewer ounces/grams than competitors.

Broker: Agent providing sales and admin services for brands.

Distributor: Wholesale distributor stocking specialty food items.

Stock Keeping Unit (SKU): Individual item or brand size.

Retail Link: Walmart portal to share Point of Sale data.

Promotion Definitions:

Robinson Patman Act: Ensures all retail customers get the same price/promotional opportunity.

Every Day Low Price (EDLP): Strategy used by Walmart, fewer short-term promotions.

Hi Lo: Retailer strategy offering higher everyday prices with deep discount offers.

Accrual: Promotional fund for retailers based on purchases.

Deal: Special promotion or allowance to a retailer.

Temporary Price Reduction (TPR): 10-20% discount for 4 weeks, noted by in-store tag.

Loyalty Card: Card required by chains for discounts/special offers, analyzed for data.

Ad: Weekly flier/circular by supermarket chains with special promotions.

Menu Cost: Standard list price to participate in retailer activities.

Slotting Fee: Fixed fee for product entry onto retailer's shelf or wholesaler's warehouse.

BOGO: Buy One Get One Free promotion.

Scan Down: Discount paid to retailer on products scanned behind a TPR.

In & Out: Temporary stocking of an item, usually for holidays.

Understanding USA Industry Terminology: Channel and Category Definitions

Billback: Allowance paid by brand owner to retailer after proof of promotional performance.

Shipper: Promotional display piece with point of sale material.

Bonus Pack: Special size of a brand, e.g., 80 oz for price of 60 oz.

Lift: Incremental sales behind a promotional offer.

Dog: Slow-selling brand or item.

Point of Sale (POS): Promotional materials placed on shelf or display.

Coupon: Discount certificate providing immediate savings on a specific product.

Double Coupon: Retailers double value of coupons at their expense.

Neckhanger: Coupon or product literature attached to bottle neck.

FSI: Free Standing Coupon Insert distributed via Sunday newspaper.

SPIF: Incentive money for sales representatives.

Spender of the Year: Joke term for brands winning "Spenders of the Year" awards.

Distributor Selection Process: 10 Steps

1 **Define Country-Specific Brand Goals**
Determine if your brand aims to lead the market, compete as a major player, or target a niche segment.

2 **Establish Criteria for Distributor Selection**
Decide whether you prefer a large-scale distributor, a specialist in your product category, or a smaller entrepreneurial partner.

3 **Compile a List of Potential Candidates**
Utilize Export Solutions' extensive database, tracking 8,600 distributors across 96 countries.

4 **Assess Initial Interest from Candidates**
Initiate contact with an introductory email, followed by a prompt phone call within 48 hours.

5 **Gather Corporate Profiles of Candidates**
Obtain key information such as sales turnover, staff size, portfolio of represented brands, and specialization in relevant categories or channels.

6 **Conduct In-Person Interviews at Candidates' Offices**
Schedule meetings with a 4-6 weeks lead time, ensuring a thorough discussion with a prepared agenda.

7 **Conduct Independent Store Visits**
Gain insights into the distributor's performance by observing their handling of current brands within stores.

8 **Prepare for Interviews with a Comprehensive Toolkit**
Utilize Export Solutions' templates, including assessment scorecards and a set of key questions for every interview.

9 **Interview Potential Distributors, Targeting Three**
Evaluate each candidate's capabilities, warehouse facilities, cost structure, and enthusiasm for representing your brand.

10 **Define the Cooperation Model**
Finalize details such as the year-one plan, pricing strategy, and timeline for implementation.

Need a Hand? - 40 Great USA Resources

News Topic	
Analysis	http://www.morningnewsbeat.com
Beverages	http://www.bevnet.com
Brands	http://www.supermarketguru.com
Candy & Snacks	http://www.candysnacktoday.com
Gourmet	http://www.gourmetretailer.com
Gourmet	http://www.specialtyfood.com
Manufacturers	http://www.smartbrief.com
Manufacturers	http://www.progressivegrocer.com
Marketing	http://www.adage.com
Supermarkets	http://www.supermarketnews.com

Sector Facts	Specialty
Bevnet	Beverage
CIA Factbook	Country Facts
Consumer Brands Association	Manufacturers
Export Solutions	Retailer Database
Food Marketing Institute	Industry Facts
Foreign Agricultural Service	Reports/Stats
IDDBA	Dairy, Deli, Meat
Kantar	Retailer Insights
National Confectioners Association	Candy & Snacks
National Restaurant Association	Foodservice
Nasft	Specialty Food

Trade Shows	Specialty
Comida Latina	Hispanic Food
ECRM	Buyers Shows
Fancy Food	Gourmet
IDDBA	Dairy, Deli, Bakery
NACDS	Health & Personal care
NACS	Beverages
Natural Products Expo	Natural Foods
NRA	Food Service
PLMA	Private Label
Sweets and Snacks	Candy & Snacks

Strategies for Addressing Underperforming Markets:

1. **Assess Brand Ambition in Each Country**
   Identify whether your brand aims to lead, compete, or carve a niche within the market.

2. **Define Distributor Selection Criteria**
   Determine the ideal distributor profile, considering factors like scale, specialization, and entrepreneurial spirit.

3. **Compile a List of Potential Candidates**
   Leverage Export Solutions' database to identify potential partners tailored to each market.

4. **Gauge Initial Interest from Candidates**
   Initiate contact promptly and assess preliminary interest through communication and responsiveness.

5. **Gather Corporate Profiles of Candidates**
   Obtain key information about candidates' sales performance, employee count, and category expertise.

6. **Conduct In-Person Interviews at Candidates' Offices**
   Arrange face-to-face meetings with potential distributors to discuss objectives and expectations.

7. **Conduct Independent Store Visits**
   Gain firsthand insights into market dynamics and distributor performance through store visits.

Strategies for Addressing Underperforming Markets:

8 **Prepare for Interviews with Comprehensive Tools**
Utilize Export Solutions' templates and frameworks to streamline the interview process.

9 **Focus on In-Store Key Performance Indicators**
Shift focus from shipment numbers to in-store metrics to better evaluate brand presence and performance.

10 **Engage with Distributor Executives at Retail**
Spend time in retail environments with distributor executives to understand market realities and challenges.

11 **Solicit Direct Buyer Feedback**
Seek input from key buyers to gain valuable insights into market dynamics and preferences.

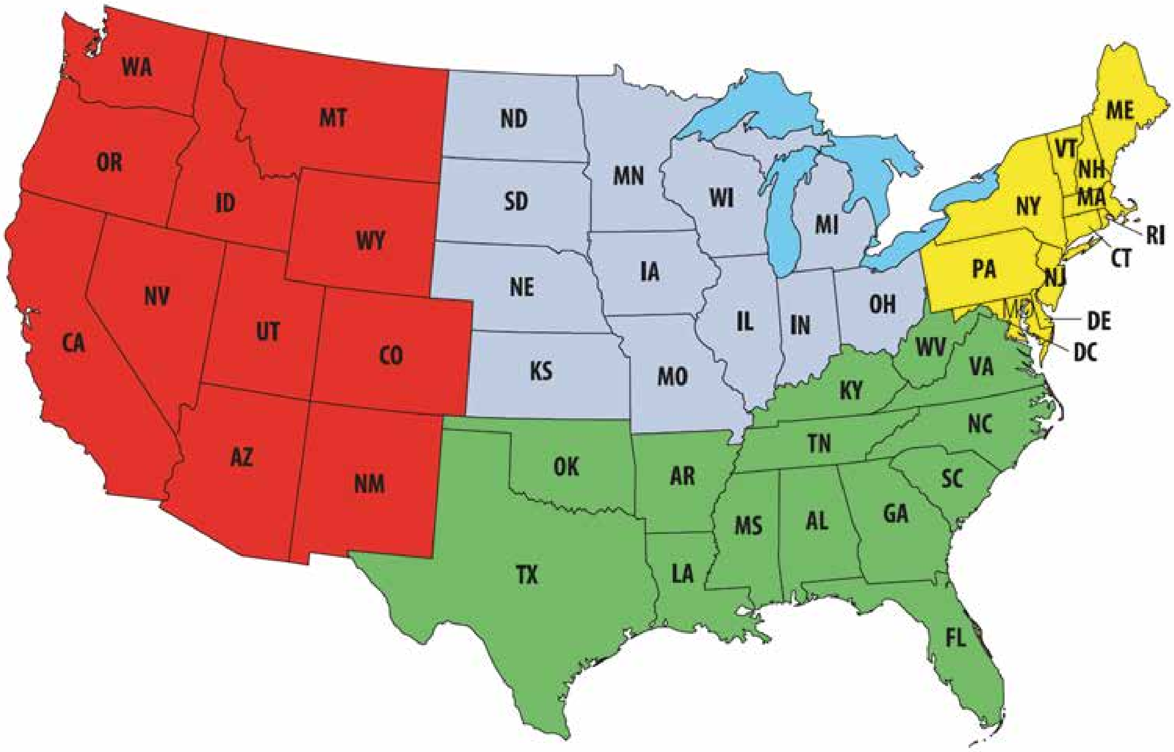
12 **Evaluate Distributor Brand Manager Effectiveness**
Assess the effectiveness of distributor brand managers and consider changes if necessary.

13 **Share Best Practices Across Similar Markets**
Identify commonalities between markets and share successful strategies and approaches.

14 **Maintain Active Involvement in Market Operations**
Invest time and resources in resolving issues and supporting distributor efforts.

15 **Consider Partner Change as a Last Resort**
Transition to a new distributor only after thorough evaluation and open communication with the existing partner.

USA Population by Region



Region	Population (millions)	Percentage of USA population
South	126	38%
Northeast	56	17%
Midwest	68	21%
Midwest	80	24%
Total	**330**	

CASCADIA

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