

Export Express

Insights to Accelerate International Expansion



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

Sweets – Middle East

Looking for international Confectionery distributors? How about 2,400 of them in 96 countries? Export Solutions’ distributor database now covers more than 8,000 distributors in 96 countries, including an average of 25 per country handling confectionery and snacks. New! Export Solutions’ Retailer database now tracks 2,200 retailers in 96 countries. Get ready for Gulfood! Our databases track more than 840 Middle East distributors plus 88 retailers in 12 Middle East countries. Order now at www.exportsolutions.com.

Hot Countries 2019: China or Canada?



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We’ve Got You Covered!

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

Fab 5

Exporters enjoy greater success targeting mid-size countries more dependent on imports for their food requirements. Export Solutions recommends 2019 focus and expansion in Canada, Malaysia, Morocco, Peru, and Saudi Arabia. 2019 represents the year to adjust resource allocation to our Fab 5 countries. These five countries all maintain populations between 30-40 million people and a history of openness to international products. Many companies claim sales to Fab 5 countries. However, my experience suggests that sales levels usually lag significantly below potential. Fab 5 appear as strong candidates to contribute a good return on your incremental investment and focus.

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Hot Countries 2019: China or Canada?

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Canada – Melting Pot

Canada's GDP ranks tenth in the world, larger than Russia, Spain, or Australia. Canada's population surpassed 36 million, + 10% in the last ten years. Canada's growth is fueled by immigration from Asia and Europe (Italy). Asian and European brands perform well, as Canadian newcomers are often "first generation," still homesick for their favorite brands. Most exporters know of leading retailers such as Loblaws, Sobeys, and Metro. The "big 3" supermarket chains operate multiple formats competing across far flung provinces of Canada, supplying many places to get started with your bilingual package. Export Solutions databases offer excellent coverage of Canada, including 74 retail customers and 183 international food distributors. Canada: worth a fresh look in 2019!

Malaysia – Land of Gold

There may be riches to be discovered in Malaysia's supermarket shelves, although gold is no longer mined in the country. Malaysia is a bright spot in Southeast Asia, with a population of 32 million and GDP growth averaging 5% percent since 2012. Malaysia benefits from its proximity to Singapore, its small but prosperous neighbor. Malaysia's retail segment is dominated by multinationals such as Tesco and Cold Storage (Dairy Farm). A strong distributor community exists, with 115 distributors of all sizes and specializations, ready to serve as your route to market partner.

Morocco – Magnet

Over 11 million tourists arrive each year to the experience the magic of Morocco. Morocco is a peaceful country, hugging the northwest African coast, close to Spain. Population exceeds 36 million people, with stable GDP growth averaging 4 percent. I visited last year, and checked impressive hypermarkets from Carrefour and Marjane, a chain owned by the king. The Morocco opportunity is amplified by the foodservice channel, catering to the tourists as well as a local population familiar with nearby European brands.

Peru – Latam Star

Peru stands out as a star in Latin America business development, approaching Chilean status as an outpost of dependability. This appears as a refreshing alternative in a continent dominated by the political and financial turbulence of its bigger neighbors in Brasil, Colombia, and Argentina. Peru will host 4.5 million tourists this year, lured by Machu Picchu. Lima has emerged as a gastronomic capital, with three of the world's top fifty restaurants. Export Solutions maintains good familiarity in Peru, through three recent distributor search projects and coverage of 76 distributors in our database.

Saudi Arabia – 50% of the Gulf

Most companies sell to Saudi Arabia, but few approach their true potential in the richest country in the Gulf. Normally, Saudi Arabia should represent 50 percent of your total Mid East business, if your sales are proportionate to population and the opportunity. This tends to be three times the level of tourist friendly Dubai. Why Saudi? Saudi boasts a population

of 36 million and the worlds second largest oil reserves. Saudi Arabia is an affluent country, with the government providing jobs, education, and other subsidies for their citizens. 2019 outlook is mixed, based upon the plunge in oil prices.

Still, tremendous

upside exists for most brand owners. I am always fond of Saudi Arabia, as I worked there for three years for a large FMCG and met my Irish wife at a wine tasting party!

Population	(millions)
Canada	36
Malaysia	32
Morocco	36
Peru	32
Saudi Arabia	34

USA – Bigger than BRICs

The USA development opportunity is the largest single priority for European brands. All European brands sell to the USA, but volumes are usually quite modest relative to the potential. USA features ten different trade channels and more than 300 retailers. Many chains are open to innovative products from overseas, as long as the manufacturer "does his homework" by supplying true category innovation. Trade promotion investments and payment of listing fees are mandatory in most cases. Normally, I urge my European clients to "start small" in the USA, focusing initially on ten northeast USA chains with 30-150 stores each. Hire your own USA business manager to work with local brokers and optimize your investments in critical trade promotion activity. Initial success validates the phase two investment levels required to compete effectively on the shelves of larger retailers such as Kroger, Ahold, or Publix.

China – Lessons Learned

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

2019 Guidance

There are no easy answers in the world of export. If export was easy, they wouldn't need us! Export Solutions advocates consideration for business improvement in attractive Fab 5 countries which offer good upside with more limited investment and complexity than China and India. The USA appears as a high priority for many in the 2019 post-Brexit world. USA winners must play the USA game, with USA factories (or copackers) paired with local brokers and a channel specific strategy. Export Solutions can help!