

INTERNATIONAL DISTRIBUTORS

Strategies for optimizing international distributors



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ibtpartners, the go-to provider for companies seeking an optimal online presence in Europe and the USA.

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Produced by the ibtpartners publications team. More resources available at:

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WHO SHOULD BE READING THIS WHITEPAPER?

This whitepaper gives guidelines on how you can identify, engage, support and manage your distributors optimally both online and offline.

You should be reading this whitepaper, if you want to:

- ✓ Understand differences between distributors and agents
- ✓ Identify, recruit, engage distributors across geographic markets and industries
- ✓ Optimize and manage distributors across geographic markets and industries
- ✓ Provide marketing and sales support to your distributors: marketing materials, new product launches, pricing...
 - ✓ Leverage the internet to achieve the above



This whitepaper is designed for:

business owners, presidents, c-suite, marketing, sales, international business development directors and managers

It is both informative and practical. We will provide you with insight, understanding and most importantly, the capacity to implement and optimize your local online presence for distributors.

AGENTS VERSUS DISTRIBUTORS

Agent or Distributor? Advantages / Disadvantages

There are four traditional ways to enter a new market:

- ✓ Acquisitions/investment
- ✓ Partnerships/joint ventures
 - ✓ Direct exports
 - ✓ Indirect exports

Indirect exports

This means using an intermediary in the local market. This is by far the most common route to market for small and medium size companies. Agents and Distributors are the most common form of intermediary.

Agents

Agents represent your company in the local market in exchange for a commission and/or salary. You keep the ownership of your goods and cover all local cost of sales. Some agents have their own customer base. Note that some wholesalers only buy through agents.

Distributors

Distributors typically specialize in a market where they represent several complementary products. They require higher margins than agents, but take on greater responsibilities.

Distributors buy product from you and on-sell to their clients, adding a margin. They import and hold stock of your product. They share in marketing and promoting your products. Often they provide after sales services and direct or indirect maintenance services.

If you are targeting distributors in a specific market, state it clearly on your website – make it easy to get in touch with you.

AGENTS VERSUS DISTRIBUTORS

Agents

The advantages of an agent:

- ✓ Retaining control of end prices
- ✓ Retaining control of brand image
- ✓ Good visibility of the end client
- ✓ Your agent is fully focused on your product

The disadvantages of an agent:

- × Limited in-market resources
 - × No inventory
 - × No after sales or maintenance support
- × You bear the full costs of in-market representation, including marketing, trade shows, etc.
 - × You rely on a single person
 - × You bear the full risk

Distributors

The advantages of a distributor:

- ✓ Helps with importing administration
 - ✓ Maintain stock locally
 - ✓ Can provide local buyer financing
 - ✓ Provide after sales/warranty support
 - ✓ Shares in marketing, promotion costs
- ✓ You deal with only one customer per market
 - ✓ Shared in-market risks

The disadvantages of a distributor:

- × You share the profit margin
 - × You have limited contact with end clients
 - × Less control on pricing and your products are priced higher
- × Managing distributors consumes time and management resources
 - × You rely on your distributor for market information, trends, competitor news



International distributors

IDENTIFYING DISTRIBUTORS ONLINE

The best distributors find you!

Search engines

Any worthwhile distributor will have invested in his website. So the first place to look is online. Remember search engines prioritize results from local markets. For example, use google.de when looking for German distributors. Use the target market's search engine to optimize your search. The same applies for search queries – using local language will help identify local distributors.

Dedicated web page

Create a “Become a distributor” web page in your target market language and market it on social media to generate distributor enquires. If you create a country specific website optimized for local search engines, this will also allow distributors to find you while they're searching for innovative products for their portfolio. If you want to find out more about how your website can gain visibility in export markets, download our ebook [Optimizing websites for European search engines](#).

Social media networks

Social media, especially LinkedIn and similar B2B networks are very useful when you're looking for distributors. Even if you don't have your own website yet, you can join relevant groups and post messages to generate interest and appoint distributors. If you're looking for a distributor in Europe, download our ebook [Managing social media in Europe](#) to identify social media popular in your target countries.



IDENTIFYING DISTRIBUTORS OFFLINE

The best distributors find you!

Trade associations

If your industry has a trade association in your country, it will have an equivalent in most other modern economies. Contact them directly as they often have lists of domestic distributors.

Suppliers and clients

In-market suppliers and existing clients are usually happy to share information about in-market distributors that they work well with. This route also helps your company gain credibility with prospective distributors.

Competitors

It is always wise to check out who your competitors are in a new market. One way to see what routes to market they favour in a new market is to see which distributor they are using and why. Often the best local distributor is one that has worked with a competitor in the past.

Trade shows

Business increasingly takes place online but trade shows provide a great venue for necessary face-to-face meetings. The difficulty is identifying and connecting with distributors at the trade show as they don't generally have stands. Distributors look for companies with high demand / high margin products. To attract distributors, showcase your innovations, new product launches, success stories.... Download our ebook on [Strategies for optimizing international trade shows](#).



International distributors

ENGAGING DISTRIBUTORS

Ensure the contracts cover

- ✓ The exact product(s) concerned
- ✓ What you provide (marketing support, pricing, product briefings, training)
 - ✓ Samples – on what terms?
- ✓ Definition of territory covered and whether they have exclusivity or not
 - ✓ How the goods will be supplied
 - ✓ How online sales will be managed
 - ✓ Terms of payment
 - ✓ Timeframe of the agreement
 - ✓ Reporting: timing and content
 - ✓ Regular communications
 - ✓ Customer service and warranty
 - ✓ Brand management
- ✓ Ownership of trademarks and intellectual property
 - ✓ Terms of distributing competing products
 - ✓ Responsibilities on product promotion
 - ✓ Sales targets
- ✓ At what point does ownership and risk pass to the distributor
 - ✓ Disclosure of confidential information
- ✓ Conditions and ramifications of terminating the contract by either party
 - ✓ Under whose jurisdiction is the contract – US or EU law for example?



ENGAGING DISTRIBUTORS ONLINE

Due diligence

Just as clients and distributors judge you by your website, check out the online presence of any distributor candidates. The distributor's website will also be one of his primary sales tools so make sure it is an outstanding and effective website! In many countries, all registered companies are obliged to publish minimum financial data which you can access to begin your due diligence. Notably seek out: revenue, number of employees, any ongoing legal disputes... There are also credit agencies that can provide information on company finances.

The best informed agencies tend to be the country-specific ones.

Suggested distributor checklist

Online presence

- ✓ Does design of distributor's website represent well your brand and value?
 - ✓ Will your products get adequate online promotion among other competitor products distributor is representing?
 - ✓ How many people visit distributor's website each month?
 - ✓ What is the level of inbound enquires for products?
- ✓ Does the competitor engage in social media to market products?
 - ✓ Does the competitor plan to use certain keywords to drive traffic to your products promoted on his website?



ENGAGING DISTRIBUTORS OFFLINE



Target and reporting

Set clear, realistic performance criteria which both you and the distributor agree on. Establish communication lines and set up regular update and reporting procedures. Annual, quarterly and monthly reports can cover key performance indicators such as sales, competitor activity, new products and market trends. Sales targets can trigger performance reviews and/or the right to terminate the relationship.

Suggested distributor checklist

Sales force

- ✓ Number of field sales
- ✓ How is staff compensated?
- ✓ How is staff trained?

Sales record

- ✓ Consistent?
- ✓ Stated objectives?

Territorial analysis

- ✓ Current and future plans
- ✓ Geographic overlap?

Product / service mix

- ✓ How many lines does it represent?
 - ✓ Compatibility?
 - ✓ Facilities and equipment
- ✓ Adequate warehouse facilities?
 - ✓ Stock control methods?
- ✓ Compatible computer systems?
 - ✓ Equipped to provide product servicing?
- ✓ Do you share investment costs?

Customer profile

- ✓ Customer and key account profiles
- ✓ What % of sales are key accounts?
 - ✓ Principals represented
- ✓ How many currently represented?
- ✓ % of sales your business represents?

Promotions

- ✓ Can it help you research the market?
 - ✓ What media does it use?
 - ✓ Budget allocated to advertising?
- ✓ Type and level of promotional activity

SUPPORTING YOUR DISTRIBUTORS ONLINE

As a supplier, your role is to encourage and support your distributor. But the time and level of management needed to effectively support, encourage and influence distributors is often under-estimated.

Make your website the primary tool for your distributors:

Inbound enquires and customer demand

- ✓ By building country specific websites optimized for local search engines, you can broaden reach of you distributors. If your brand is already recognize in your export markets this will make it easier for your customers to identify the closest distributor.
- ✓ Include a Distributors page with a form, so that your potential customers can get in touch with distributors directly. This transparent process will give you an overview of about inbound enquires and customer demand.

Trade shows

- ✓ Trade shows can be optimized via your website. Ahead of the show, highlight your participation, link with organizers and participants, engage in social media groups – all efforts will help your distributor reach the pre-set goals at the event.

Marketing materials

- ✓ Have a dedicated area (public or password-protected) to download latest marketing materials, such as brochures, photos and videos.
 - ✓ Maintaining a strong local website presence is the best way to control your brand image.

Case studies

- ✓ Adding country / industry specific case studies boosts your local credibility, reinforcing your distributor's image.

Data sheets, certifications and pricing

- ✓ Data sheets, certifications and pricings are kept on your website, giving you greater control and ensuring distributors have accurate information.



International distributors

SUPPORTING YOUR DISTRIBUTORS OFFLINE

Instigate formal reviews, say monthly – with clear agendas and fixed reporting requirements. A summary written report should be included. These should be part of contractual obligations.

Traditionally, suppliers provide three main areas of support to their distributors in export markets:

Price incentives

Offering regular price incentives or discounts allows your distributor to promote your products or use pricing to gain a new account.

Assistance at trade shows

Trade shows can be frustrating and expensive unless well prepared for. Distributors may lack resources so check in advance what trade shows they normally spend resources on. If you want your distributor to extend their reach, be prepared to step in with assistance. Preparing, organizing, sorting and planning are all key to making sure your distributors connect with the right people at the right time and have the appropriate training to sell your product.

Marketing materials / samples

Marketing materials include a vast array of product support from samples to brochures. Establish clear guidelines of your contributions and what the distributor will be adding. Define from the start the type and level of samples made available. Define how your brand is to be marketed and keep strict guidelines on brand image. In exchange, it is reasonable for your distributor to expect full marketing product support.



MANAGING DISTRIBUTOR NETWORKS ONLINE

Adapting your website to include distributor resources is the most effective method to manage distributor networks.

Brand consistency

- ✓ Brand consistency is especially challenging with multi-distributor networks. Don't rely on your distributors to optimize your brand online – maintain control of your brand by centralizing distributor information and requests on your website.

Product information

- ✓ When you control and centralize all product information on your website, parallel sales and pricing differentials are nearly impossible.

Centralization of information

- ✓ Centralizing information flow for your distributors through your website is the only way to have visibility and ongoing contact with end-clients.
 - ✓ Electronic data interface (EDI) between management information systems (MIS).

In-market management

- ✓ The distributor's role is then clearly delineated.



MANAGING DISTRIBUTOR NETWORKS OFFLINE

Exporters typically face two types of multi-distributor networks: horizontal and vertical networks

Horizontal networks

- ✓ Similar profiled distributors act in defined geographic markets.
- ✓ Horizontal networks tend to be easier to manage in terms of marketing support as there is more replication.
- ✓ The challenge often comes from knowing how local markets differ. Are the divergent performances of your distributors due to local market characteristics – or to different levels of distributor efficiency?
- ✓ There can also be overlap. Besides the obvious territorial disputes, this could also be risky for your brand image as distributors could offer divergent prices to the same client.
 - ✓ Clearly define the territory and terms of support

Vertical networks

- ✓ Distributors act in separate industry niches.
- ✓ Vertical networks are typically complex and difficult to manage. Each industry vertical has its own dynamic and its own support requirements.
 - ✓ At best, you hope to find synergy in after sales services and maintenance.
- ✓ The greatest challenge is coordinating information flow. New product launches, product training and revised price guidelines are therefore particularly difficult.
 - ✓ Brand image is often a major concern as your products can be marketed differently into the various verticals.
 - ✓ Maintain brand image and communication



OVERCOMING CHALLENGES

Distributors are the most common route to export markets for small and medium companies. There are however challenges.

An effective, proactive website presence dedicated to international markets and distributor management will all these challenges.

- × Good distributors are hard to find
 - × Handing over your brand image
- × Consuming management time and resources
- × Relying on your distributor's resources to set the pace of in-market development
- × Relying on an outside source for market information, trends, competitor news
 - × Limiting your contact with end clients
 - × Reducing your control on pricing

Case studies

Issue:

A mid-sized machine tool company was failing to find distributors in several target markets.

Solution:

Invested in country specific websites=> company was contacted within 3 months by leading distributors of competitors, searching for better product lines.

Issue:

A high-end consumer product company liked their local distributor, but knew they were under-resourced for the upcoming trade shows.

Solution:

Used a country specific website to promote trade shows => the distributor had the best results ever.

BEST PRACTICE RECOMMENDATIONS

Best practices for identifying, engaging and optimizing international distributor networks:

Let the best distributor find you online

- ✓ Make your website visible and attractive to international target markets – investing in a country specific website = a local virtual presence!

Centralize your distributor support online

- ✓ Pricing, data sheets, marketing materials should all be available only on your own local website in order to:
 - 1) Harmonize pricings between distributors across territories and verticals.
 - 2) Avoid duplication, thereby saving management time and resources.

Generate demand with local search engine optimization

- ✓ Engaging in the local market boosts your local visibility and therefore your ability to attract new distributors and potential end clients.



Get known with local social media

- ✓ Access local market information and references to:
 - 1) Adapt and react rapidly
 - 2) Get a reality check on your distributor's performance
 - 3) Get a window on local competitors and trends

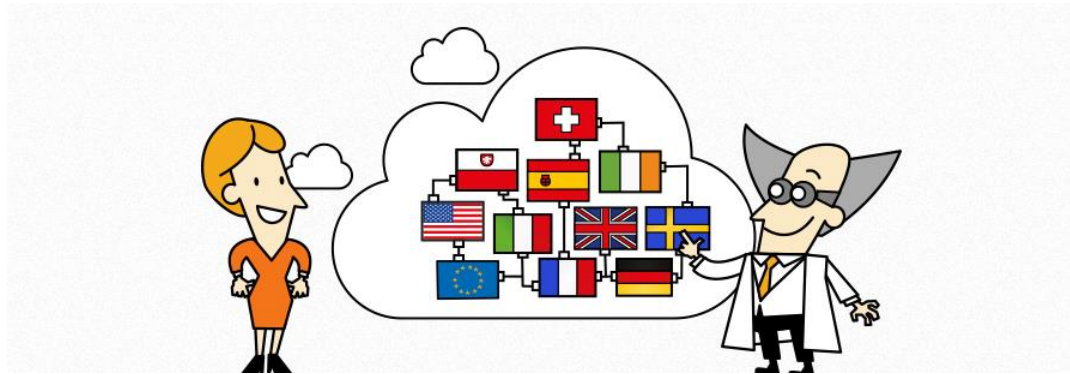


Build and manage your brand online

- ✓ Do this via your local website. If your corporate mission and values are important in your domestic market, they should be internationally too.

NEXT STEPS

Distributors have moved online. Get visible with [online presence](#). Speak with [online marketing](#). Our recommended next step is to download our ebooks on building and marketing country-specific websites below!



**DOWNLOAD
COUNTRY SPECIFIC WEBSITES
IN THE UK, GERMANY AND FRANCE**

**DOWNLOAD
COUNTRY SPECIFIC WEBSITE AND
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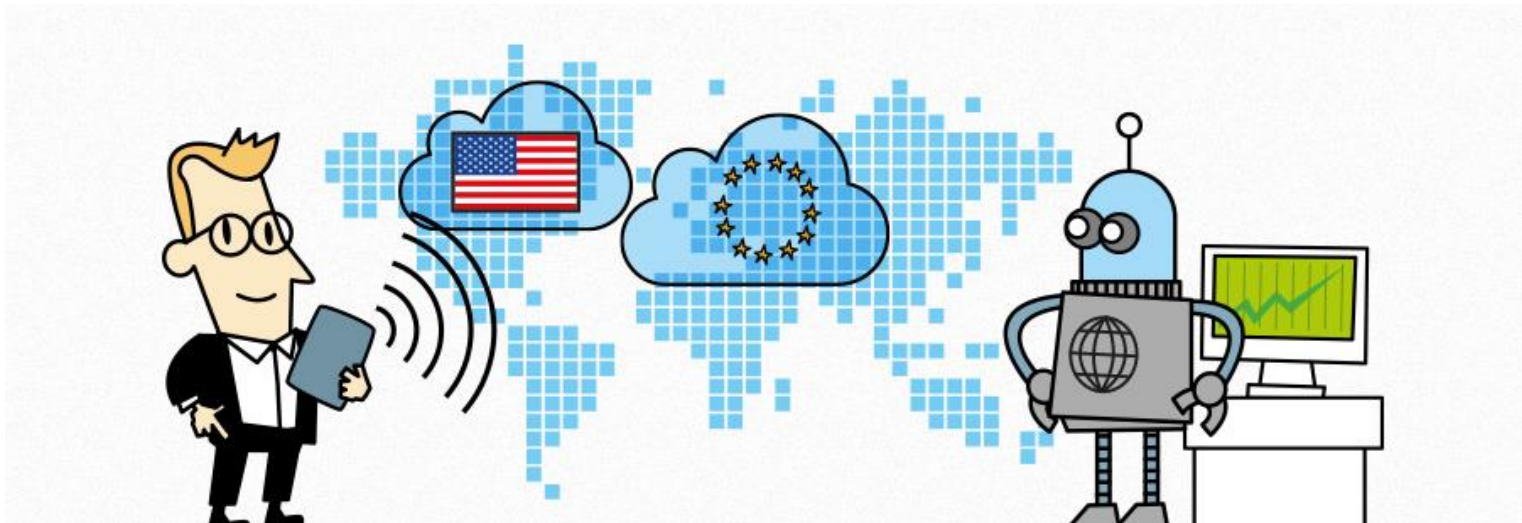
Please see our website for more information and help on international business development: www.ibtpartners.com

ABOUT IBT PARTNERS

We help **grow your European exports and business** by developing **country specific websites and online marketing** in your target markets. Our vision is to provide international business and trade development through the application of online technologies and services.

ibt partners is a team of experienced and professional web-savvy European business developers, based in the USA, the UK, Germany and France. Our clients are European and American mid-cap corporates and Economic Development Agencies supporting those corporates.

Get in touch! Email: info@ibtpartners.com You can also find us on [Twitter](#), [Facebook](#) and [LinkedIn](#)



USEFUL LINKS

American Chamber of Commerce to the EU <http://www.amchameu.eu/>

AWEX <http://www.awex.be/fr-BE/L'exportpratique/conseilexport/Introduction/Pages/Introduction.aspx>

CIA World Factbook www.cia.gov/library/publications/the-world-factbook/

European Commission <http://ec.europa.eu/trade/>

Entrepreneur - R Myers, Business in Main, May 2010 <http://www.entrepreneur.com/article/206810>

International Chamber of Commerce – Trade tools <http://www.iccwbo.org/products-and-services/tradefacilitation/>

International Strategic Analysis <http://www.isa-world.com/>

Norton & Rose <http://www.nortonrose.com/expertise/litigation-anddispute-resolution/>

OECD www.oecd.org

UBIFRANCE <http://www.ubifrance.com/>

British Chambers of Commerce <http://www.britishchambers.org.uk/business/international-trade/>

UKTI <http://www.ukti.gov.uk/export/exporting.html>

US Chamber of Commerce <http://www.uschamber.com/programs#international>

US Commercial Services http://export.gov/salesandmarketing/eg_main_018205.asp

World Bank - 'Ease of Doing Business' www.doingbusiness.org

World Trade Organization www.wto.org



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