PET HORIZONS

THE PET INDUSTRY CONSULTANTS

Ten Tips – Export Failures – Lessons Learned

What are the major reasons that export initiatives fail? The chief reason is that manufacturers obtain a case of "international amnesia" and forget the fundamental steps that are required to build a brand in any country: Research, Marketing, Investment, and Selecting the right sales partner.

Listed below are Hanson & Associates Ten Tips on why export programs do not meet expectations.

1. No market or category research prior to launch
Every market is different and you need to gain basic category information prior to committing to a launch strategy. Basic market research can be sourced by conducting a few store checks with likely retail customers.

2. Failure to establish a meaningful USP (Unique Selling Proposition)
Retailers scrutinize every new product offer to stock brands that deliver true innovation. With the increased visibility of private label, it is becoming tougher and tougher for a new brand to "break through" to retailer acceptance particularly in Western Europe & North America. What "news" does your product bring to the category? Is this "news" relevant to the consumer?

3. Lack of a strategic launch plan
Unfortunately, many launch plans consist of a product brochure and price list. Some manufacturers are happy to sell an initial container to a distributor with few clues on how the distributor intends to build the brand in the market.

4. Insufficient Due Diligence to select the Right Distributor/Partner
Too many distributors are selected based upon a quick meeting at a trade show without extensive research and evaluation. Proper partner selection should start with identifying what a distributor should do, what organisation, structure and market coverage is required as well as other cultural and financial considerations. Once identified and evaluated, it is essential to visit the companies in their home office, carry out local store checks to measure presence of their current brands, and reference checks with their existing brand partners.

5. Wrong person at the distributor leading your business
Careful attention should be placed at selecting the person who will manage the "day to day" issues on your business at the distributor. The company owner controls distributor resources, but may have little time to dedicate to your business. Brand owners should always meet the person who would manage their business to determine if the proposed brand manager is a good fit and is able to have enough influence with management and the sales operation.

6. No/Limited Investment in Consumer Awareness Activities
You cannot maintain high expectations for your brand to sell well without marketing investments. So often, investment follows sales rather than investing in building awareness of a

new product. Too many brands do nothing but gather dust on the shelf without any activity to attract consumer interest. Sales expectations should be in relation to your investment in brand support.

7. No Investment in Trade Incentives

There is a cost of doing business in every market. The retail trade is in the business to make a profit and trade spending is an important source of income. Distributors can stretch your investment but they cannot create miracles without the appropriate investments to play the game.

8. No Focus on Store Level Presence

Some distributors and manufacturers feel that their work is complete once they have secured headquarter authorization for their new product. Certain markets are more organized than others, but in most cases the job has only just begun. If your distributor does not have retail sales coverage or there is no focus on shelf objectives, you will lose at the critical “point of sale”.

9. Brand Owner does not visit the market

Some export managers manage “the world” and find it difficult to visit markets on a regular basis. Distributors require the active participation and presence of the brand owner to optimize shipments. Failure to visit, leaves the distributor free to direct their resources against brands with higher visibility.

10. Unrealistic expectations

Manufacturers that fail to do their advance “homework” may have unrealistic expectations on market potential and the competitive environment. Many brand owners and distributors are overly optimistic. Unfortunately, investment levels do not match the levels required to meet volume expectations. For a new brand, a crawl, walk, run approach may be the best way to proceed as investment can adapt to progress and the right level of support can de made .